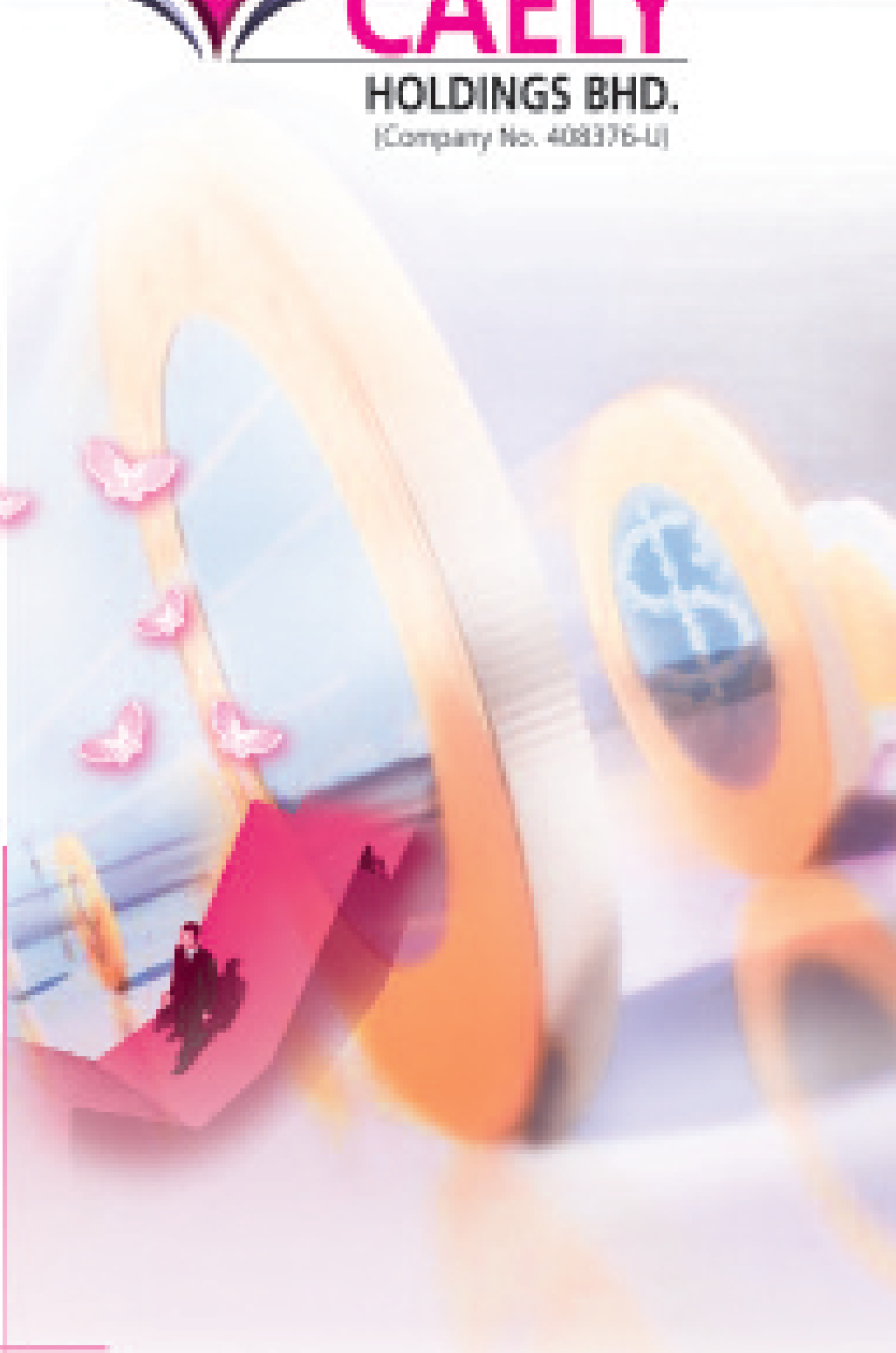
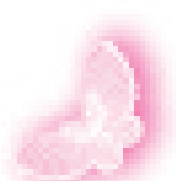




CAELY

HOLDINGS BHD.

[Company No. 408376-U]



Annual Report
2004

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BOARD OF DIRECTORS

Executive Chairperson : Fong Nyok Yoon

Deputy Chairman : Dato' Wan Mohamad Zin Bin Mat Amin

Managing Director : Chuah Chin Lai

Executive Directors :

Khor Mooi Soong
Lim Pow Choo

Independent Directors :

Siow Hock Lee
Ooi Say Teik
Hem Kan @ Chan Hong Kee

A Gesture of
Mutual Benefits

AUDIT COMMITTEE

Chairman
Siow Hock Lee

Members

Fong Nyok Yoon
Ooi Say Teik
Hem Kan @ Chan Hong Kee

COMPANY SECRETARIES

Chong Swee Yoon (MAISCA 7010242)
Catherine Mah Suik Ching (LS 01302)

AUDITORS

PricewaterhouseCoopers
Chartered Accountants
1st Floor, Standard Chartered Bank
Chambers 21-27, Jalan Dato'
Maharaja Lela P.O. Box 136
30710 Ipoh Perak Darul Ridzuan
Tel: 05-254 9427
Fax: 05-253 2366

REMUNERATION COMMITTEE

Chairman
Ooi Say Teik

Members

Fong Nyok Yoon
Siow Hock Lee

STOCK EXCHANGE LISTING

Second Board of the Bursa Malaysia
Securities Berhad
Stock Code: 7154

SHARE REGISTRARS

Mega Corporate Services Sdn Bhd
Level 15-2, Faber Imperial Court
Jalan Sultan Ismail
P.O.Box 12337
50774 Kuala Lumpur
Tel: 03-2692 4271
Fax: 03-2732 5388

NOMINATION COMMITTEE

Chairman
Hem Kan @ Chan Hong Kee

Members

Dato' Wan Mohamad Zin Bin
Mat Amin
Ooi Say Teik

REGISTERED OFFICE

22nd Floor, Wisma Cyclecarri
288, Jalan Raja Laut
50350 Kuala Lumpur
Tel: 03-2694 8788
Fax: 03-2693 9137

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad
Bumiputra-Commerce Bank Berhad

NOTICE OF NINTH ANNUAL GENERAL MEETING

CAELY HOLDINGS BHD. (408376-U) (Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of CAELY HOLDINGS BHD. ("CHB") will be convened and held at No. 47, Zone J4, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on 23 June 2005 at 10.00 a.m. to transact the following item of businesses :-



1. To receive and adopt the statutory financial statements for the year ended 31 December 2004 together with the Directors' and Auditors' Reports thereon.
2. To declare a first and final dividend of 3 sen per share less 28% income tax for the year ended 31 December 2004.
3. To approve the payment of Directors' fee of RM258,000/- in respect of the year ended 31 December 2004.
4. To re-elect Mr Chuah Chin Lai who retires in accordance to Article 124 of the Company's Articles of Association.
5. To re-elect Ms Lim Pow Choo who retires in accordance to Article 124 of the Company's Articles of Association.
6. To re-elect Mr Hem Kan @ Chan Hong Kee who retires in accordance to Article 124 of the Company's Articles of Association.
7. To re-appoint Messrs PricewaterhouseCoopers as auditors for the ensuing year and to authorise the Directors to fix their remuneration.

(Resolution 1)

(Resolution 2)

(Resolution 3)

(Resolution 4)

(Resolution 5)

(Resolution 6)

(Resolution 7)

SPECIAL BUSINESS

To consider and if thought fit, pass the following Ordinary Resolutions :-

8. **(a) Proposed Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature**

"THAT pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, authority be and is hereby given to the subsidiaries of CHB to enter into sale and purchase of materials of a revenue or trading nature with related parties as tabled in Section 3.2.2 (Pages 9-12) of the Circular to Shareholder dated 31 May 2005 which shall be considered and approved as separate mandates :-

- (i) Transaction between Caelygirl (M) Sdn Bhd with the following related parties :-
 - Rubysteel Metal Industry (M) Sdn Bhd
 - Central Aluminium Manufactory Sdn Bhd
 - Central Melamineware Sdn Bhd
 - Perusahaan Tacly
 - Yori-Samensa Ltd
 - Kimberlux Sdn Bhd
 - Kimberlux Construction Sdn Bhd
 - Brick By Brick Sdn Bhd
 - Prestige Gain Sdn Bhd

(Resolution 8)

- (ii) Transaction between Classita (M) Sdn Bhd with the following related parties :-

- Perusahaan Tacly
- Hongdy Enterprise
- Inner Beauty Enterprise
- Finatec Enterprise
- Nyok Lan Garments Sdn Bhd
- Kimberlux Construction Sdn Bhd

(Resolution 9)

- (iii) Transaction between Marywah Industries (M) Sdn Bhd with the following related parties :-

- Perusahaan Tacly
- Hongdy Enterprise
- Inner Beauty Enterprise
- Finatec Enterprise

(Resolution 10)

And THAT the aforesaid recurrent transactions of a revenue or trading nature is subject to the following :-

- (a) The transactions are in the ordinary course of business at an arm's length basis and on normal commercial terms that are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders.

- (b) Disclosure of the aggregate value of the recurrent transactions conducted during the financial year will be disclosed in the Annual Report for the said financial year AND that such approval shall continue to be in force until :-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at the AGM, the mandate is renewed;

(ii) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the Shareholders in general meeting;

whichever is earlier.

- (c) The Directors and / or any of them be and are hereby authorised to complete and do all such acts and things (including such documents as may be required) to give effect to the Proposal authorised by these Resolutions 8-10.

8. (b) Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965

(Resolution 11)

"THAT pursuant to Section 132D of the Act, 1965, and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and is hereby also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next AGM."

9. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT the First and Final Dividend of 3 sen per share less 28% income tax in respect of the financial year ended 31 December 2004, if approved at the Ninth AGM, will be paid on 29 July 2005 to all shareholders registered in the Record of Depositors at the close of business at 5.00 p.m. on 22 July 2005.

A Depositor shall qualify for entitlement only in respect of :-

- a) Shares transferred into the Depositors' Securities Account on or before 12.30 p.m. on 22 July 2005 in respect of ordinary transfers; and
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad

BY ORDER OF THE BOARD

CHONG SWEE YOON (MAICSA 7010242)

CATHERINE MAH SUIK CHING (LS 01302)

Joint Secretaries

Kuala Lumpur

31 May 2005

EXPLANATORY NOTES ON THE SPECIAL BUSINESS

- (i) The proposed Ordinary Resolutions 8 to 10 if passed, will empower the Directors from the date of the Ninth AGM, to deal with the related party transactions involving recurrent transactions of revenue or trading nature which are necessary for its day-to-day operations. These Recurrent Related Party Transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public. This authority, unless revoked or varied at a general meeting, will expire at the next AGM.
- (ii) The proposed Ordinary Resolution 11, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at general meeting, will expire at the next AGM.

NOTES :

- 1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
- 2. A member may appoint up to two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, the proxies shall not be valid unless the member specifies the proportions of his shareholdings to be represented by each proxy.
- 3. The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
- 4. The instrument appointing a proxy must be deposited at the Registered Office situated at 22nd Floor Wisma Cyclecarri 288 Jalan Raja Laut 50350 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

STATEMENT ACCOMPANYING NOTICE OF NINTH ANNUAL GENERAL MEETING

CAELY HOLDINGS BHD. (408376-U) (Incorporated in Malaysia)

NAME OF DIRECTORS STANDING FOR RE-ELECTION

Directors standing for re-election pursuant to Article 124 of the Company's Articles of Association (Retirement by rotation)

- i. Chuah Chin Lai
- ii. Lim Pow Choo
- iii. Hem Kan @ Chan Hong Kee

THE DETAILS OF ATTENDANCE OF EXISTING BOARD OF DIRECTORS MEETINGS

During the financial year ended 31 December 2004, there were five (5) meeting held. Details of the attendance of the Directors at the Board meetings are as follows:-

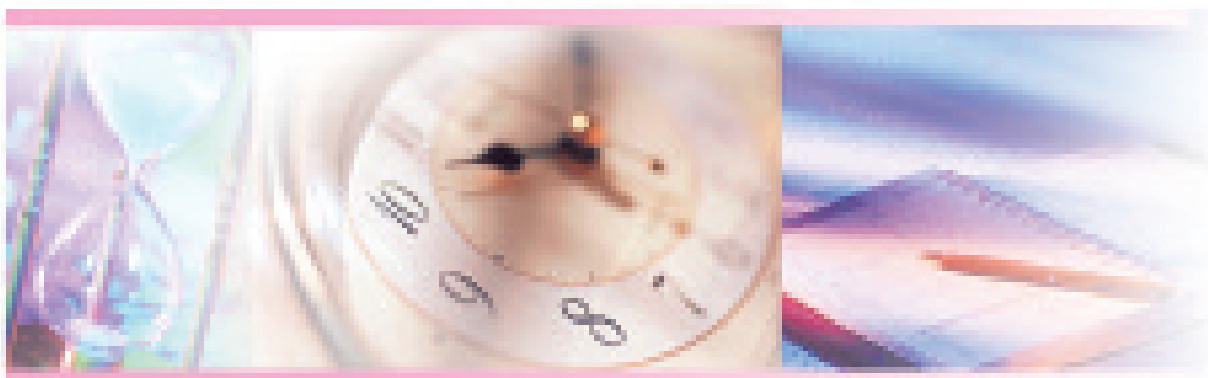
Name of Directors	No. of meetings attended from 24 February 2004 to 31 December 2004
Fong Nyok Yoon	4/5
Dato' Wan Mohamad Zin Bin Mat Amin	4/5
Chuah Chin Lai	5/5
Khor Mooi Soong	4/5
Lim Pow Choo	3/5
Siow Hock Lee	5/5
Ooi Say Teik	5/5
Hem Kan @ Chan Hong Kee	5/5

NINTH ANNUAL GENERAL MEETING OF CAELY HOLDINGS BHD

Place : No. 47, Zone J4, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur
Date : 23 June 2005
Time : 10.00 a.m.

DETAILS OF INDIVIDUALS WHO ARE STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

Details of the Directors who are standing for re-election are set out in the Profile of Directors appearing on pages 8 to 10 of this Annual Report whilst their shareholdings in the Company are presented in the Directors' shareholdings on page 67 of the same Annual Report.



CAELY HOLDINGS BHD. (408376-U) (Incorporated in Malaysia)



CAELY

HOLDINGS BHD.

(Company No. 408376-U)



CAELYGIRL HOLDINGS BHD.
(Company No. 408376-U)

100%



CLASSITA HOLDINGS BHD.
(Company No. 408376-U)

100%



CAELY HOLDINGS BHD.
(Company No. 408376-U)

100%



RENOVA HOLDINGS BHD.
(Company No. 408376-U)

100%

FONG NYOK YOON

(43 years of age - Malaysian)

Executive Chairperson / Non-Independent Director

Fong Nyok Yoon is the Executive Chairperson of Caely Holdings Bhd (CHB) and was appointed to the Board on 2 October 2002. She is also a member of the Audit Committee and the Remuneration Committee. She has extensive knowledge in the ladies undergarments industry having been in the business for the past 19 years. She was a winner of Ernst & Young Woman Entrepreneur 2003. She has no conflict of interest with CHB and has no conviction for offences within the past 10 years.

Fong Nyok Yoon and Lim Pow Choo are sisters. Fong Nyok Yoon is the spouse of Chuah Chin Lai and Lim Pow Choo is the spouse of Khor Mooi Soong. She attended four (4) out of five (5) Board Meetings of CHB held during the financial year ended 31 December 2004.

DATO' WAN MOHAMAD ZIN BIN MAT AMIN

(58 years of age - Malaysian)

Deputy Chairman / Non Independent Non-Executive Director

Dato' Wan Mohamad Zin Bin Mat Amin is the Deputy Chairperson of CHB and was appointed to the Board on 2 October 2002. He is a member of the Nomination Committee. He graduated from the Royal Military College in 1968 and completed his staff course in the Malaysian Armed Forces Staff College in 1981. He obtained his Master in Business Administration from Greenwich University, Australia in 2002. He is a major shareholder and Managing Director of a company that supplies electronic defence products and engine spare parts, an industry in which he more than 20 years of working experience. He is also a Director of Sunchirin Industries (Malaysia) Berhad. Dato' Wan has no family relationship with other Directors and major shareholders of CHB. He has no conflict of interest with CHB and has no conviction for offences within the past 10 years. Dato' Wan attended four (4) out of five (5) Board Meetings of CHB held during the financial year ended 31 December 2004.

CHUAH CHIN LAI

(45 years of age - Malaysian)

Managing Director

Chuah Chin Lai is the Managing Director of CHB and was appointed to the Board on 2 October 2002. He has been in the Group for the past 19 years and currently heads the direct selling division and is actively involved in the Group's export business. He has no conflict of interest with CHB and has no conviction of offences within the past 10 years. He is the spouse of Fong Nyok Yoon. His relationship with other Directors and major shareholders are stated in the profile of Fong Nyok Yoon. He attended all the Board Meetings of CHB held during the financial year ended 31 December 2004.

KHOR MOOI SOONG

(51 years of age - Malaysian)

Executive Director

Khor Mooi Soong is an Executive Director of CHB and was appointed to the Board on 2 October 2002. He has extensive business experience in various sectors including manufacturing and property development. Besides sourcing for materials / components, he also assists in the marketing of CHB's products. He has no conflict of interest with CHB and has no conviction of offences within the past 10 years. He is the spouse of Lim Pow Choo. His relationship with other Directors and major shareholders are stated in the profile of Fong Nyok Yoon. Mr. Khor attended four (4) out of five (5) Board Meetings of CHB held during the financial year ended 31 December 2004.

LIM POW CHOO

(45 years of age - Malaysian)

Executive Director

Lim Pow Choo is an Executive Director of CHB and was appointed to the Board on 2 October 2002. She has vast experience in the garment business, particularly in ladies undergarments. She is currently the head of the Group's manufacturing division, overseeing the production processes for the OEM market.

She has no conflict of interest with CHB and has no conviction of offences within the past 10 years. She is the spouse of Khor Mooi Soong. Her relationship with other Directors and major shareholders are stated in the profile of Fong Nyok Yoon. She attended three (3) out of the five (5) Board Meeting of CHB held during the financial year ended 31 December 2004.

SIOW HOCK LEE

(49 years of age - Malaysian)

Independent Non-Executive Director

Siow Hock Lee is an Independent Non Executive Director of CHB and was appointed to the Board on 5 June 2003. He is the Chairman of the Audit Committee and a member of the Remuneration Committee. He is a member of the Association of Chartered Certified Accountants and Malaysian Institute of Accountants and has extensive working experience of more than 20 years in providing audit and accounting related services. He is a Partner of a firm of accounting practice and an Independent Non-Executive Director of Amtel Holdings Berhad, a public company listed on the Second Board of Bursa Malaysia Securities Berhad. He has no family relationship with other Directors and major shareholders of CHB. He has no conflict of interest with CHB and has no conviction for offences within the past 10 years. Mr. Siow attended all the Board Meetings of CHB held during the financial year ended 31 December 2004.



CAELY HOLDINGS BHD. (408376-U) (Incorporated in Malaysia)

OOI SAY TEIK

(45 years of age - Malaysian)

Independent Non-Executive Director

Ooi Say Teik is an Independent Non-Executive Director and was appointed to the Board on 5 June 2003. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. He graduated from the University of Malaya in 1985 with a Bachelor of Arts (Hons), majoring in Economics. In 1990, he obtained his Bachelor of Laws (Hons) from the University of London and was called to the Malaysian Bar and admitted as an Advocate & Solicitor of the High court of Malaya in 1991. He is currently a Partner in Abraham Ooi and Partners, a firm of Advocates and Solicitors. He has been involved in a wide spectrum of the law, particularly in the areas of corporate, banking and litigation. He has no family relationship with the other Directors and major shareholders of CHB, no conflict of interest with CHB and has no conviction for offences within the past 10 years. He attended all the Board Meetings of CHB held during the financial year ended 31 December 2004.

HEM KAN @ CHAN HONG KEE

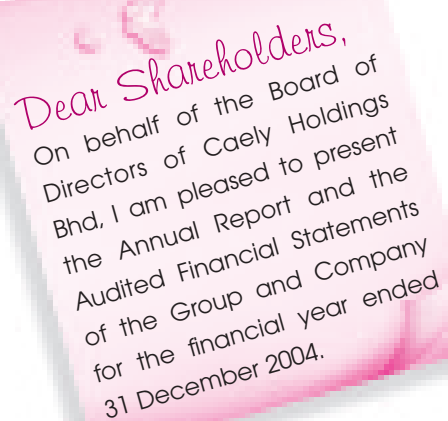
(64 years of age - Malaysian)

Independent Non-Executive Director

Hem Kan @ Chan Hong Kee is an Independent Non-Executive Director of CHB and was appointed to the Board on 5 June 2003. He is the Chairman of the Nomination Committee and a member of the Audit Committee. He obtained his Senior Cambridge Certificate in 1963. He has extensive business experience in various business sectors, including housing development and oil palm plantation. He is the Vice President of the Perak Chinese Chamber of Commerce and the President of the Lower Perak Chinese Chamber of Commerce. He is also the Board Chairman of San Min Secondary School, Teluk Intan and is an Honorary Chairman and Adviser to the Hilir Perak Dialysis Centre and a committee member of the Bethany Home for the Handicap. He also serves on the Board of various limited companies. He has no family relationship with other Directors and major shareholders of CHB, no conflict of interest with CHB and has no conviction for offences within the past 10 years. He attended all the Board Meetings of CHB held during the financial year ended 31 December 2004.

EXECUTIVE CHAIRPERSON'S STATEMENT

CAELY HOLDINGS BHD. (408376-U) (Incorporated in Malaysia)



Dear Shareholders,
On behalf of the Board of Directors of Caely Holdings Bhd, I am pleased to present the Annual Report and the Audited Financial Statements of the Group and Company for the financial year ended 31 December 2004.

FINANCIAL PERFORMANCE

We recorded a sharp rise in turnover of RM101.4 million for the year ended 31 December 2004, compared to RM68.7 million achieved in the previous corresponding period. Profit after tax increased from RM6.8 million in the previous financial year to RM7.0 million in the financial year under review.

Earnings per share for the financial year under review was 8.8 sen, whilst Group's shareholders' funds as at 31 December 2004 stood at RM74.2 million.

PERFORMANCE REVIEW

The OEM division remained the main contributor, accounting for approximately 86% of the Group's turnover for the financial year ended 31 December 2004. Despite registering a 51% improvement in turnover over the preceding year, profit margins from this division have declined due to escalating operating costs and competition.

The Direct Selling division also reported a 19% increase to RM12.5 million compared to the previous year's turnover of RM10.5 million. However, rising operating costs has led this division to record a marginal operating loss of RM74,000 for the financial year under review.

DIVIDENDS

The Board is pleased to recommend a first and final gross dividend of 3 sen per RM0.50 share less tax for the year.

PROSPECTS

The outlook for 2005 will generally remain favourable although global growth is expected to moderate on account of high oil prices, inflationary pressures, interest rate hikes and a probable slowdown in China's economy. The emergence of these risks that became apparent in the second half of 2004 is expected to continue into 2005.

Looking ahead, we will continue to focus on our existing core businesses, placing greater emphasis in improving our organisational efficiency, productivity and competitive edge. Barring any unforeseen circumstances, we are cautiously optimistic that the financial performance for the ensuing financial year will be encouraging.

APPRECIATION

On behalf the Board, I wish to convey my sincere appreciation to the Directors, management and employees of the Group for their continued diligence, dedication and commitment.

I wish also to express my gratitude to valued customers, suppliers, financiers and business associates for their continued support and confidence in us.

Lastly, to our shareholders, a very big "thank you" for placing trusts and confidence in the future of the Group.

Fong Nyok Yoon, A.M.P.
Executive Chairperson

The Board of Directors ("the Board") has reviewed the manner in which the Malaysian Code on Corporate Governance ("the Code") is applied in the Group. The Board is pleased to report compliance of the Group with the Best Practices set out in Part 2 of the Code except where otherwise stated.

THE BOARD OF DIRECTORS

The Board is responsible for the Group's objectives, policies and stewardship of the Group's resources. To this end, the Board has assumed the following specific responsibilities:

- Formulates, implements and review strategic plans;
- Oversees the conduct of the businesses to ensure that they are being properly managed;
- Identifies principal risks and ensures that appropriate systems are implemented to manage those risks;
- Formulates policies for succession planning, including recruiting, training, rewarding and, where appropriate, replacing senior management;
- Develops and implements an investor's relations program or shareholder communications policies; and
- Reviews the adequacy and the integrity of the internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board favours a more structured approach to formalise the existing process by which risks are identified, assessed, controlled and reviewed. As such, an enterprise-wide risk management program is being implemented to strengthen the current internal control system. The Board and the Audit Committee will continue to keep under review the Group's whole system of internal control including operational, compliance and risk management as well as financial controls.

Board Composition and Balance

The Board comprises four Executive Directors and four Non-Executive Directors, three of whom are Independent Directors. The role of the Executive Chairperson is clearly separated from the role of the Chief Executive Officer to ensure a balance of power and authority. The Executive Directors decide and implement operational decisions whilst the Non-Executive Directors contribute to the formulation of policies and decision-making through their knowledge and experience in other businesses and sectors. Their roles are clearly demarcated.

The Non-Executive Directors are independent of management and free from any business relationship which could materially interfere with the exercise of their independent judgment. Together, they play an important role in ensuring that the strategies proposed by the management are fully deliberated and examined, taking into accounts the long-term interests of the shareholders, employees, customers, and the many communities in which the Group conducts its business. The profile of the Directors is set out on pages 8 to 10 of the Annual Report.

In discharging its duties, the Board met five times during the financial year ended 31 December 2004.

Pursuant to Best Practices, the Board has identified Siow Hock Lee, the Chairman of the Audit Committee, as the Independent Non-Executive Director to whom concerns may be conveyed, who would bring the same to the attention of the Board.

Board Committees

The Board delegates certain responsibilities to Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee. All committees have written terms of reference and operating procedures. The Chairmen of the various Committees will report to the Board the outcome of their meetings.

Supply of Information

All Board members are supplied with information on a timely basis. Board papers are circulated prior to Board Meetings and the board papers provide among others, financial and corporate information, significant operational, financial and corporate issues, performance reports and management proposals for Board approvals.

Procedures are in place for Directors to seek both independent professional advice and services of the Company Secretary in the discharge of their duties and responsibilities.

Appointment to the Board

Pursuant to the principles of the Code, the Board has established a Nomination Committee in February 2004, consisting of three Non-Executive Directors, two of whom are Independent. The Nomination Committee is responsible for, among others, the nomination for appointment of new Board members.

Directors' Training

The Group acknowledges that continuous education is important for the Board member to keep abreast on the state of economy, technology advances, regulatory updates and management strategies. All the Directors have attended the Mandatory Accreditation Programme conducted by Bursa Malaysia Training Sdn Bhd. As the Continuous Education Programme (CEP) has been repealed by Bursa Malaysia with effect from 1 January 2005, the Board of Directors will adopt a training programme deemed appropriate for the Directors to further enhance their skills and knowledge.

Retirement and Re-election of Directors

In accordance with the Company's Articles of Association, one-third of the Directors shall retire from office at each Annual General Meeting and could offer themselves for re-election. Those Directors appointed during the financial year are eligible for election at the next Annual General Meeting following their appointments.

Nomination Committee ("NC")

The members of the NC are:

Hem Kan @ Chan Hong Kee, Chairman of NC

Dato' Wan Mohamad Zin Bin Mat Amin

Ooi Say Teik

The NC was established in February 2004 to assist the Board in nominating new nominees as Board members as well as assessing the Directors on an on-going basis as to their skills and experience and other qualities.

Remuneration Committee ("RC")

The members of the RC are:

Ooi Say Teik, Chairman of RC

Fong Nyok Yoon

Siow Hock Lee

The RC was established in February 2004 to assist the Board in their responsibilities in assessing the remuneration packages of the Directors of the Company and its subsidiaries. The RC is to recommend to the Board, the level of remuneration for the Directors. The Board will decide after considering the recommendations of the RC.

Directors' Remuneration

The Executive Directors' remuneration is linked to performance, service seniority, experience and scope of responsibilities and comprises salary, fees, allowances and bonuses. Other customary benefits are also made available as appropriate. Other factors like market rates and industry practices are considered during the review of salaries, as and when the Board deems fit.

For instance, the basic salary paid takes into account the performance of the individual, the scope of responsibility, information from independent sources on the rates of salary for similar jobs and other relevant indicators. Bonuses paid to the Executive Directors are based on various performance measures of the Group, together with an assessment of each individual's performance during the period. Other customary benefits-in-kind, such as cars are made available as appropriate. Contributions are also made to the Employees Provident Fund where applicable.

Directors' fees payable to Non-Executive Directors are determined after considering comparable market rates.

Details of the nature and amount of each major element of the remuneration of each Director of the Company are as follows:-

	Fees RM	Salaries and other emoluments RM	Benefits in kind RM	Total RM
Executive Directors	178,000	789,540	17,400	984,940
Non-Executive Directors	132,000	8,500	-	140,500
	310,000	798,040	17,400	1,125,440

	Number of Directors		
	Executive Directors	Non-Executive Directors	Total
RM1 to RM 50,000	-	4	4
RM 50,001 to RM100,000	-	-	-
RM100,001 to RM150,000	1	-	1
RM150,001 to RM200,000	1	-	1
RM200,001 to RM250,000	-	-	-
RM250,001 to RM300,000	1	-	1
RM300,001 to RM350,000	-	-	-
RM350,001 to RM400,000	-	-	-
RM400,001 to RM450,000	1	-	1
	4	4	8

The Best Practices recommend the disclosure of the details of each individual director's remuneration. The Board is of the view that the transparency and accountability in this respect are appropriately served by the band disclosure made above.

SHAREHOLDERS

The Board acknowledges the importance of regular communication with shareholders and investors via annual reports, circulars to shareholders, and quarterly financial reports and various announcements made during the financial year, through which shareholders and investors can have an overview of the Group's performance and operations.

The Annual General Meeting ("AGM") of the Company represents the principal forum for dialogue and interaction between the shareholders and the Company. The Board at the AGM will present to the shareholders the performance of the Group and the shareholders are encouraged to communicate with the Board and to vote on all resolutions.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced and meaningful assessment of the Group's position and prospects to shareholders via its quarterly and annual financial announcements. In the preparation of financial statements, the Audit Committee and the Board review the financial statements for consistency and appropriateness of the application of accounting standards and policies and for reasonableness and prudence in making estimates, statements and explanations.

Internal Controls

The Directors recognise their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The internal control system is designed to meet the Group's particular needs and to manage the risks. Although every effort is made to provide the best possible system of internal control and risk management, the system can only provide reasonable but not absolute assurance against material misstatement or loss.

The Statement on Internal Control is set out in pages 22 to 23 of the Annual Report which provides an overview of the state of internal controls within the Group.

Relationship with Auditors

An appropriate relationship is maintained with the Group's auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both external auditors and internal auditors.

A full Audit Committee report enumerating its role in relation to the auditors is set out in pages 19 to 21 of the Annual Report.

DIRECTORS' RESPONSIBILITIES IN FINANCIAL REPORTING

The Listing Requirements of Bursa Malaysia require the Directors 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 as at the end of financial year and of their results and cash flows for the financial year. The Directors consider that in presenting the financial statements, the Group has used appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors have a general responsibility for ensuring that the Group and the Company keep accounting records and financial statements, which disclose with reasonable accuracy the financial position of the Group and of the Company. The Directors have taken steps to ensure that such financial statements comply with the Companies Act, 1965, applicable approved accounting standards in Malaysia and other regulatory provisions.

OTHER COMPLIANCE INFORMATION

Share Buybacks

During the financial year, there were no share buybacks by the Company.

Options, Warrants or Convertible Securities

During the financial year, the Company did not issue any options, warrants or convertible securities.

American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

During the financial year, the Company did not sponsor any ADR or GDR program.

Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

Non-Audit Fees

The non-audit fees paid to external auditors, Messrs. PricewaterhouseCoopers by the Company and its subsidiaries amounted approximately RM26,000.

Variation in Results

There were no profit estimate, forecast or projections or unaudited results released which differ by 10% or more from audited results for the financial year ended 31 December 2004.

Profit Guarantee

During the financial year, there was no profit guarantee given by the Company.

Revaluation Policy on Landed Properties

The Company has a policy of regular revaluation on the Group's landed properties. Details of the policy are stated in note 3(b) to the financial statements.

Contracts Involving Directors' and Major Shareholders' Interests

Other than the recurrent related party transactions disclosed below, there were no materials contracts entered into by the Company or its subsidiaries involving the interests of Directors and major shareholders during the financial year under review.

Recurrent Related Party Transactions

The aggregate value of recurrent related party transactions entered by the Company and its subsidiaries during the financial year ended 31 December 2004 are disclosed as follows:

Company in the Group Involved	Related Party	Interested Related Party	Nature of Transaction	Transaction Value for the Financial Year Ended 31 December 2004 RM
Caelygirl (M) Sdn Bhd ("CMSB")	Central Aluminium Manufactory Sdn Bhd ("CALuminium")	Khor Mooi Soong ^(a)	Purchase of stainless steel aluminium household products for its direct selling business	10,794
CMSB	Central Melamineware Sdn Bhd ("Cmelamineware")	Khor Mooi Soong ^(a)	Purchase of melamine household products for its direct selling business	876
CMSB	Perusahaan Tacly ("Tacly")	Chuah Chin Lai ^(b)	Purchase of garments for its direct selling business	65,190
CMSB	Kimberlux Sdn Bhd ("KSB")	Fong Nyok Yoon ^(c) Chuah Chin Lai Khor Mooi Soong Lim Pow Choo	Office rental receivable	3,600
CMSB	Kimberlux Construction Sdn Bhd ("KCSB")	Fong Nyok Yoon ^(d) Chuah Chin Lai Khor Mooi Soong Lim Pow Choo	Office rental receivable	6,000
CMSB	Brick By Brick Sdn Bhd ("BBBSB")	Fong Nyok Yoon ^(e) Chuah Chin Lai Khor Mooi Soong Lim Pow Choo	Office rental receivable	4,800
CMSB	Prestige Gain Sdn Bhd ("PGSB")	Fong Nyok Yoon ^(f) Chuah Chin Lai Khor Mooi Soong Lim Pow Choo	Office rental receivable	3,600

Company in the Caely Group Involved	Related Party	Interested Related Party	Nature of Transaction	Year Ended 31 December 2004 RM
Classita (M) Sdn. Bhd. ("CCSB")	Tacly	Chuah Chin Lai ^(b)	Sub-contractor who provides sewing services for products such as briefs and panties	400,905
CCSB	Hondy Enterprise ("Hongdy")	Chuah Chin Lai ^(b)	Sub-contractor who provides sewing services for products such as briefs and panties	428,608
CCSB	Inner Beauty Enterprise ("InBeauty")	Chuah Chin Lai ^(b)	Sub-contractor who provides sewing services for products such as briefs and panties	209,589
CCSB	Finatec Enterprise ("Finatec")	Chuah Chin Lai ^(b)	Sub-contractor who provides sewing services for products such as briefs and panties	168,362
Marywah Industries (M) Sdn. Bhd.	Finatec	Chuah Chin Lai ^(b)	Sub-contractor who provides sewing services for products such as briefs and panties	1,380

Notes:-

- (a) Tan Hong Cheng (brother-in-law of Khor Mooi Soong who is an Executive Director and a substantial shareholder of CHB) is the Managing Director and substantial shareholder in both CALuminium and CMelamineware. Khor Mooi Soong is deemed interested, by virtue of his relationship with Tan Hong Cheng and his direct and indirect shareholdings of 9,000,000 (11.25%) and 27,000,000 (33.75%) ordinary shares respectively in CHB.
- (b) Tacly, Hongdy, InBeauty and Finatec are owned by the by the siblings and brother-in-law of Chuah Chin Lai, the Managing Director and substantial shareholder of CHB. Chuah Chin Lai is deemed interested, by virtue of his direct and indirect shareholdings of 9,000,000 (11.25%) and 27,000,000 (33.75%) ordinary shares respectively in CHB.

The entities in which the siblings and brother-in-law of Chuah Chin Lai which have substantial interests are as follows:

Name of Entities	Name of Relatives	Relationship with Chuah Chin Lai
Tacly	Chuah Chin Kheng	Brother
Hongdy	Chuah Siew Kain	Sister
InBeauty	Chuah Mooi Keow	Sister
Finatec	Sam Choy	Brother-in-law

- (c) Fong Nyok Yoon, Chuah Chin Lai, Khor Mooi Soong and Lim Pow Choo, who are Directors and substantial shareholders in CHB are also Directors and substantial shareholders in KSB.
- (d) Fong Nyok Yoon, Chuah Chin Lai, Khor Mooi Soong and Lim Pow Choo, who are Directors and substantial shareholders in CHB are also Directors of KCSB. They are deemed to have an indirect interest of 95.00% in KCSB by virtue of their substantial shareholdings in KSB.
- (e) Fong Nyok Yoon, Chuah Chin Lai, Khor Mooi Soong and Lim Pow Choo, who are Directors and substantial shareholders in CHB are also Directors of BBBSB. They are deemed to have an indirect interest of 51.00% in BBBSB by virtue of their substantial shareholdings in KSB.
- (g) Fong Nyok Yoon, Chuah Chin Lai, Khor Mooi Soong and Lim Pow Choo, who are Directors and substantial shareholders in CHB are also Directors of PGSB and are deemed to have an indirect interest of 100% in PGSB by virtue of their substantial shareholdings in KSB.

AUDIT COMMITTEE REPORT

CAELY HOLDINGS BHD. (408376-U) (Incorporated in Malaysia)

Constitution

The Audit Committee ("AC") was established pursuant to a resolution of the Board of Directors ("the Board") passed on 5 June 2003.

Members

The present members of the AC are:-

- Siow Hock Lee, Chairman of the AC
~ Independent Non-Executive Director

- Ooi Say Teik
~ Independent Non-Executive Director

- Hem Kan @ Chan Hong Kee
~ Independent Non-Executive Director

- Fong Nyok Yoon
~ Executive Chairperson



TERMS OF REFERENCE

Composition

The Board shall elect the AC members from among themselves comprising not less than three (3) members, the majority of whom must be independent directors. The members of the AC shall elect a chairman from among themselves who shall be an independent director.

At least one (1) member:-

- i) must be a member of the Malaysian Institute of Accountants; or
- ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - has passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

No alternate director shall be appointed as a member of the AC.

Objectives

The primary objectives of the AC are to:

- assist the Board in discharging its statutory and fiduciary responsibilities relating to the Group's management of principal risks, internal control, financial reporting and compliance of statutory and legal requirements;
- ensure transparency, integrity and accountability in the Group's activities; and
- provide a line of communication between the Board, senior management, internal auditors and external auditors.

Frequency of meetings

Meetings will be held not less than four times a year. The external auditors may request a meeting if they consider one necessary.

Attendance at meetings

During the year ended 31 December 2004, the AC held five (5) meeting, attended by all the AC members, except for Miss Fong Nyok Yoon who attended four (4) meetings. The group financial controller was invited to attend all meetings. The external auditors attended two (2) of the meetings during this period. The AC had the opportunity to meet up with the external auditors without the presence of management. The AC may invite any person to be in attendance to assist it in its deliberations.

Quorum

A majority of the members, who are independent directors, present, being not less than two (2), shall form a quorum.

Authority

The AC has free access to all information and documents and is empowered by the Board to investigate any activity for the purpose of discharging its duties and responsibilities.

The AC has direct communication channels to deal with the internal and external auditors and is authorised to obtain outside legal or other independent professional advice as necessary.

Duties and responsibilities

- a) To review the maintenance of an effective accounting system and controls in the business process.
- b) To review the company's accounting policies and reporting requirements to ensure compliance with the relevant laws, standards, directives and guidelines.
- c) To assess the adequacy of management reporting.
- d) To review the scope of the external audit and internal audit (if applicable) to ensure no unjustified restrictions are imposed by the management.
- e) To review the assistance given by the company's officers to the auditors.
- f) To recommend the appointment and remuneration of external auditors.
- g) To liaise directly between the external auditors, the management and the Board as a whole, particularly with regard to the audit plan and audit report.
- h) To review the findings of internal and external auditors (as the case may be) on internal controls and other audit comments.
- i) To review the internal audit program, processes, the results of the internal audit program, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- j) To review the financial statements and annual report prior to submission to the Board.
- k) To review any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity.
- l) To consider and examine such other matters as the AC considers appropriate.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year included the following:-

- Review the external auditors' scope of work and audit plans for the year;
- Review with the external auditors the results of the audit, the audit report and the management letter, including management's response;
- Review and recommend to the Board the re-appointment of external auditors and their audit fees;
- Review the quarterly and annual financial statements, reports and announcements for the Board's consideration and approval;
- Review the related party transactions entered into by the Group;
- Review the internal audit plan prepared by the internal auditors; and
- Review and discuss internal audit reports of the internal auditors and assess the internal effectiveness of the system of internal control in the areas audited.

INTERNAL AUDIT FUNCTION

The Board believes that an internal audit will provide the AC with independent and objective reports on the risk assessment, risk evaluation and recommendation of control activities to manage such risks. The internal auditors will be in the position to report on the state of internal control and extent of compliance with policies and procedures.

To this end, the internal audit function was outsourced to a firm of consultants in 2004. During the financial year under review, the internal auditors carried out the following activities:-

- Reviewed the Group's operation systems and developed an internal audit plan and executed the internal audit in accordance with the approved audit plan;
- Conducted a risk assessment and evaluation of the adequacy and effectiveness of the internal control systems of certain key divisions of the Group;
- Reviewed the extent of compliance with the Group's policies and procedures; and
- Reported to the AC of the findings and recommendations for corrective actions on reported weaknesses.

Further details on the internal audit are set out in the Statement on Internal Control of this Annual Report.



STATEMENT ON INTERNAL CONTROL

CAELY HOLDINGS BHD. (408376-U) (Incorporated in Malaysia)

Introduction

This Statement is made in accordance with Paragraph 15.27(b) of the Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB") with regard to the Group's compliance to the Principles and Best Practices provisions relating to the internal controls as stipulated in the Malaysian Code of Corporate Governance.

In pursuance thereof, the Board of Directors ("the Board") of Caely Holdings Berhad. is pleased to set out below its Statement of Internal Control providing a status review of the Group's state on internal control.

Responsibility for Risk and Internal Controls

The Board and the senior management recognise their responsibilities to maintain a sound system of internal controls that covers financial, operational, compliance and risk management practices in the organisation. The Board acknowledges its overall responsibility for reviewing the adequacy of the system of internal controls organisation-wide with consistent integrity designed to manage rather than eliminate risk to improve the governance process of the organisation. However, it is recognised that evaluation and implementation of the system can only provide reasonable assurance of the Group achieving its objectives. The system will not provide absolute assurance against any material loss occurrence. The Group has in place an ongoing process for identifying, evaluating and managing the significant risks that may affect the achievement of its business objectives. The system of internal controls was in place during the financial year and the system is subject to regular reviews by the Board.

Risk Management Framework

The Board has established an organisation structure with clearly defined lines of accountability and delegated authority. In the last financial year, a risk assessment has been conducted with the objectives of gauging our management perception towards risks and the Group's risk exposure. The Group continues to develop and implement a more structured risk management policy and framework incorporating the following activities:-

- Identify the various risk factors (financial and non-financial) that can potentially have a significant impact on the Group's success and continuity.
- Establish a risk coverage policy and rank each of these risks according to its relative weight.
- Assess each of these risks (using the risk factors and relative weight) on the Group's core business lines, i.e. manufacture and sale of undergarment products.
- Establish an overall risk profile in order of priority.
- Establish an overall audit plan that covers all risk areas.
- Conduct reviews of control activities on high-risk areas.
- Evaluate the control activities on the systems of internal controls.
- Monitor changes in business conditions and operating style.
- Evaluate changes against risks identified earlier and internal control systems.

Internal Audit Function

The Group has outsourced its internal audit function to BDO Governance Advisory Sdn Bhd ("BDOGA"). BDOGA provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal controls. BDOGA independently reviews the system of internal controls and report to the Audit Committee on a quarterly basis, following the establishment of the risk management framework. Based on the internal controls in the key activities of the Group's business, a three year internal audit strategy and a detailed annual audit plan have been adopted by the Audit Committee in the last financial year. A risk-based approach is adopted and the audit strategy and plan is based on the risk profiles of the major business units of the Group.

Other Key Elements of Internal Control

Apart from risk management and internal audits, the other key elements of the Group's internal control systems are as follows:-

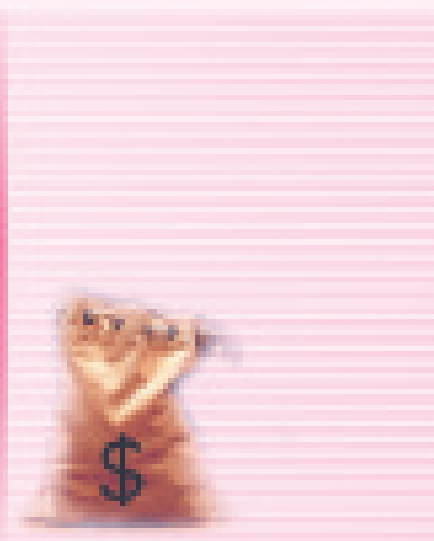
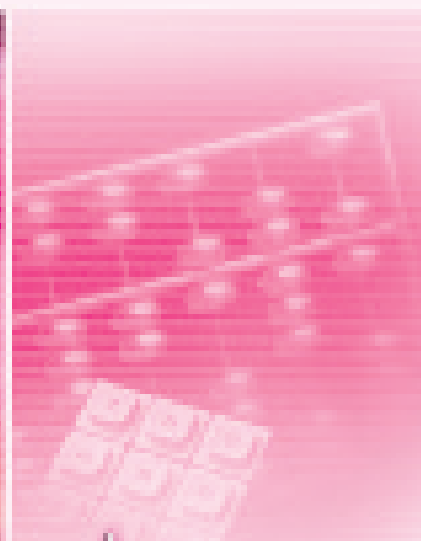
- The Board has put in place an organisation structure, which formally defines lines of responsibility and delegation of authority.
- Internal control procedures are set out in a series of standard operating policies and procedures. These procedures are the subject of regular reviews and improvements to reflect changing risks or to resolve operational deficiencies.
- A detailed budgeting process where operating units prepare budgets for the coming financial year which are approved both at the operating unit level and by the Board.
- Quarterly performance reports are provided to the Board with comprehensive information on financial performance and key business indicators.
- The monitoring of the quarterly results of the Group against budget, which major variances being followed up and management action taken, where necessary.

Weaknesses in Internal Controls that Result in Material Losses

A number of internal control weaknesses were identified during the year under review. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board is of the view that the current system of internal control in place throughout the Group is sufficient to safeguard shareholders' investment and the Group's assets. The Board continues to take appropriate measures and ongoing commitment to strengthen the internal control environment and processes.

The statement was adopted at the Board of Directors' Meeting held on 26, April 2005.



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DIRECTORS' REPORT

The directors are pleased to submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are shown in Note 13 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	7,025,133	1,818,133

DIVIDENDS

Dividends declared, paid and payable since 31 December 2003 are as follows:

In respect of the financial year ended 31 December 2003;	RM
as shown in the Directors' report of that year:	
- a first and final gross dividend of 2 sen per share	
less tax at 28% was paid on 19 July 2004	1,152,000

The directors now recommend the payment of a first and final gross dividend of 3 sen per share less tax at 28%, amounting to RM1,728,000 in respect of the financial year ended 31 December 2004 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

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

DIRECTORS

The directors who have held office since the date of the last report are:

Fong Nyok Yoon A.M.P.	Executive Chairperson
Dato' Wan Mohamad Zin bin Mat Amin	Deputy Chairman
Chuah Chin Lai	Managing Director
Khor Mooi Soong	
Lim Pow Choo	
Siow Hock Lee	
Ooi Say Teik	
Hem Kan @ Chan Hong Kee	

In accordance with the Company's Articles of Association, Chuah Chin Lai, Lim Pow Choo and Hem Kan @ Chan Hong Kee retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.



DIRECTORS' REPORT *(continued)*

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those 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 he is a member, or with a company in which he has a substantial financial interest (other than those disclosed in Note 25 to the financial statements).

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares of RM0.50 each			
	As at 1.1.2004	Bought	Sold	As at 31.12.2004
Direct interest				
<i>Caely Holdings Bhd. (The Company)</i>				
Chuah Chin Lai	9,000,000	-	-	9,000,000
Dato' Wan Mohamad Zin bin Mat Amin	8,028,000	-	7,000,000	1,028,000
Fong Nyok Yoon	9,000,000	-	-	9,000,000
Khor Mooi Soong	9,000,000	-	-	9,000,000
Lim Pow Choo	9,000,000	-	-	9,000,000
Indirect interest				
<i>Caely Holdings Bhd. (The Company)</i>				
Chuah Chin Lai	27,000,000	-	-	27,000,000
Fong Nyok Yoon	27,000,000	-	-	27,000,000
Khor Mooi Soong	27,000,000	-	-	27,000,000
Lim Pow Choo	27,000,000	-	-	27,000,000
Siow Hock Lee	-	135,000	-	135,000

By virtue of their substantial interests in shares in Caely Holdings Bhd., Chuah Chin Lai, Fong Nyok Yoon, A.M.P., Khor Mooi Soong and Lim Pow Choo are deemed to have interests in the shares in all the subsidiaries of the Company.

Other than as disclosed above, none of the other directors held any interest in shares in the Company or its related corporations during the financial year.



DIRECTORS' REPORT *(continued)*

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets of the Group and 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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and the Company had been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and 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 the Company misleading or inappropriate.

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 or the Company to meet their obligations when they fall due.

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

- (a) any charge on the assets of the Group or 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 or the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION

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



DIRECTORS' REPORT *(continued)*

OTHER STATUTORY INFORMATION (CONTINUED)

In the opinion of the directors:

- (a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution dated 26 April 2005.

KHOR MOOI SOONG
EXECUTIVE DIRECTOR

CHUAH CHIN LAI
MANAGING DIRECTOR

Teluk Intan, Perak Darul Ridzuan



INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Note	GROUP		COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
Revenue	6	101,393,343	68,714,208	3,000,024	1,875,015
Cost of sales		(76,658,502)	(47,530,611)	-	-
Gross profit		24,734,841	21,183,597	3,000,024	1,875,015
Other operating income		1,604,206	1,069,104	149,575	55,627
Selling and distribution costs		(8,404,802)	(5,731,774)	-	-
Administrative expenses		(8,463,901)	(6,851,224)	(566,642)	(175,531)
Profit from operations	7	9,470,344	9,669,703	2,582,957	1,755,111
Finance cost	8	(529,612)	(676,344)	(28,202)	-
Profit from ordinary activities before taxation		8,940,732	8,993,359	2,554,755	1,755,111
Taxation	9	(1,915,599)	(2,209,429)	(736,622)	(528,915)
Net profit for the financial year		7,025,133	6,783,930	1,818,133	1,226,196
Earnings per share (sen)					
- basic	10	8.8	10.3		
Proposed final (sen)					
- gross dividend per share	11	3.0	2.0		



BALANCE SHEETS

AS AT 31 DECEMBER 2004

		GROUP		COMPANY	
	Note	2004 RM	2003 RM	2004 RM	2003 RM
NON-CURRENT ASSETS					
Property, plant and equipment	12	31,263,312	27,398,977	2,091,889	-
Subsidiaries	13	-	-	54,034,421	54,034,421
		<u>31,263,312</u>	<u>27,398,977</u>	<u>56,126,310</u>	<u>54,034,421</u>
CURRENT ASSETS					
Inventories	14	43,342,405	33,836,199	-	-
Debtors, deposits and prepayments	15	23,671,949	16,046,816	9,659,743	9,328,033
Tax recoverable		499,337	267,915	123,493	5,004
Marketable securities	16	1,139,944	695,866	1,139,944	695,866
Deposits, bank and cash balances	17	1,032,750	3,211,192	8,858	1,259,713
		<u>69,686,385</u>	<u>54,057,988</u>	<u>10,932,038</u>	<u>11,288,616</u>
CURRENT LIABILITIES					
Creditors and accruals	18	10,854,308	8,321,731	22,158,414	22,231,398
Hire-purchase creditors	19	182,983	-	-	-
Short term bank borrowings					
- bank overdrafts	20	3,046,129	2,998,091	-	-
- others	20	8,757,100	100,706	-	-
Term loan	21	101,413	-	101,413	-
Current tax liabilities		585,815	26,798	-	-
		<u>23,527,748</u>	<u>11,447,326</u>	<u>22,259,827</u>	<u>22,231,398</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>46,158,637</u>	<u>42,610,662</u>	<u>(11,327,789)</u>	<u>(10,942,782)</u>
NON-CURRENT LIABILITIES					
Hire-purchase creditors	19	356,354	-	-	-
Term loan	21	1,040,749	-	1,040,749	-
Deferred tax liabilities	22	1,854,246	1,712,172	-	-
		<u>3,251,349</u>	<u>1,712,172</u>	<u>1,040,749</u>	<u>-</u>
		<u>74,170,600</u>	<u>68,297,467</u>	<u>43,757,772</u>	<u>43,091,639</u>
CAPITAL AND RESERVES					
Share capital	23	40,000,000	40,000,000	40,000,000	40,000,000
Reserves	24	34,170,600	28,297,467	3,757,772	3,091,639
Shareholders' equity		<u>74,170,600</u>	<u>68,297,467</u>	<u>43,757,772</u>	<u>43,091,639</u>



STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

GROUP	Share capital RM	Share premium RM	Non-distributable Revaluation reserve RM	Reserve on consolidation RM	Distributable Retained profits RM	Total RM
At 1 January 2003	27,708,000	-	4,382,446	80,344	15,506,314	47,677,104
Prior year adjustment relating to deferred taxation on adoption of MASB 25	-	-	(470,800)	-	115,938	(354,862)
As restated	27,708,000	-	3,911,646	80,344	15,622,252	47,322,242
Issue of shares: Issue of 24,584,000 ordinary shares of RM0.50 each at issue price of RM0.65 each	12,292,000	3,687,600	-	-	-	15,979,600
Share issue cost	-	(1,788,305)	-	-	-	(1,788,305)
Net profit for the financial year	-	-	-	-	6,783,930	6,783,930
At 31 December 2003	40,000,000	1,899,295	3,911,646	80,344	22,406,182	68,297,467
At 1 January 2004	40,000,000	1,899,295	3,911,646	80,344	22,406,182	68,297,467
First and final dividend in respect of financial year ended 31 December 2003 of 2 sen per share, less tax at 28%	-	-	-	-	(1,152,000)	(1,152,000)
Net profit for the financial year	-	-	-	-	7,025,133	7,025,133
At 31 December 2004	40,000,000	1,899,295	3,911,646	80,344	28,279,315	74,170,600



STATEMENTS OF CHANGES IN EQUITY *(continued)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

COMPANY	Share capital RM	Non-distributable Share premium RM	Distributable Retained profits RM	Total RM
At 1 January 2003	27,708,000	-	(33,852)	27,674,148
Issue of shares:				
Issue of 24,584,000 ordinary shares of RM0.50 each at issue price of RM0.65 each	12,292,000	3,687,600	-	15,979,600
Share issue cost	-	(1,788,305)	-	(1,788,305)
Net profit for the financial year	-	-	1,226,196	1,226,196
At 31 December 2003	40,000,000	1,899,295	1,192,344	43,091,639
At 1 January 2004	40,000,000	1,899,295	1,192,344	43,091,639
First and final dividend in respect of financial year ended 31 December 2003 of 2 sen per share, less tax at 28%	-	-	(1,152,000)	(1,152,000)
Net profit for the financial year	-	-	1,818,133	1,818,133
At 31 December 2004	40,000,000	1,899,295	1,858,477	43,757,772



CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	7,025,133	6,783,930	1,818,133	1,226,196
Adjustments for:				
Property, plant and equipment				
-depreciation	1,645,421	1,400,037	34,033	-
-(gain)/loss on disposal	(423,022)	568	-	-
Interest expense	440,964	627,179	28,202	-
Taxation	1,915,599	2,209,429	736,622	528,915
Interest income	(51,921)	(83,402)	(8,009)	(46,457)
Gross dividend income from a subsidiary	-	-	(3,000,024)	(1,875,015)
Gross dividend income from a corporation				
quoted in Malaysia	(18,228)	-	(18,228)	-
Gain on disposal of marketable securities	(39,338)	(9,170)	(39,338)	(9,170)
	10,494,608	10,928,571	(448,609)	(175,531)
Net movements in working capital:				
Inventories	(9,506,206)	(6,675,480)	-	-
Debtors	(7,625,133)	(3,547,757)	382,854	(242,044)
Creditors	2,532,577	2,502,097	156,100	(4,410,023)
Cash flows generated (used in)/from operations	(4,104,154)	3,207,431	90,345	(4,827,598)
Dividend received from a subsidiary	-	-	2,160,017	1,350,011
Interest paid	(440,964)	(627,179)	(28,202)	-
Tax paid	(1,440,826)	(948,806)	(10,000)	(10,115)
Net operating cash flow	(5,985,944)	1,631,446	2,212,160	(3,487,702)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(5,324,934)	(3,981,898)	(2,125,922)	-
Proceeds from disposal of property, plant				
and equipment	848,200	6,200	-	-
Interest income received	51,921	83,402	8,009	46,457
Marketable securities				
- payments for investments	(524,078)	(781,293)	(524,078)	(781,293)
- proceeds from disposals	119,338	94,597	119,338	94,597
- dividend received	13,124	-	13,124	-
Net investing cash flow	(4,816,429)	(4,578,992)	(2,509,529)	(640,239)



CASH FLOW STATEMENTS *(continued)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from/(repayments of)				
short term bank borrowings	8,656,394	(2,886,696)	-	-
Repayments of hire-purchase creditors	(70,663)	(364,885)	-	-
Repayments of term loans	(57,838)	(3,395,257)	(57,838)	-
Drawdown of term loan	1,200,000	-	1,200,000	-
Dividend paid	(1,152,000)	-	(1,152,000)	-
Withdrawal of fixed deposits pledged as security	-	790,707	-	-
Advances to subsidiaries	-	-	(943,648)	(8,810,221)
Proceeds from issuance of shares	-	15,979,600	-	15,979,600
Payment of share issue cost	-	(1,788,305)	-	(1,788,305)
Net financing cash flow	8,575,893	8,335,164	(953,486)	5,381,074
Net movement in cash and cash equivalents	(2,226,480)	5,387,618	(1,250,855)	1,253,133
Cash and cash equivalents at beginning of the financial year	(260,241)	(5,647,859)	1,259,713	6,580
Cash and cash equivalents at end of the financial year (Note 17)	(2,486,721)	(260,241)	8,858	1,259,713



NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are shown in Note 13 to the financial statements.

The number of persons employed by the Group at the financial year end were 1,119 (2003: 954). The Company did not employ any staff as at financial year end (2003: Nil).

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

The addresses of the registered office and principal place of business of the Group and the Company are as follows:

Registered office	Principal place of business
22nd Floor, Wisma Cyclecarri	Lot 2661, 3rd Mile
288 Jalan Raja Laut	Jalan Maharaja Lela
50350 Kuala Lumpur	36000 Teluk Intan
	Perak Darul Ridzuan

2 BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared under the historical cost convention except as disclosed in the significant accounting policies note. The financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

3 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The subsidiaries were acquired via an internal group reorganisation exercise which meets the conditions of a merger in accordance with MASB Standard 21 "Business Combinations". The results of the Company and the subsidiaries are consolidated using the merger method of accounting.

Under the merger method of accounting, the results of the subsidiaries are consolidated and presented as if the merger had been effected throughout the current and previous financial years. On consolidation, the difference between the carrying value of the investment in subsidiaries over the nominal value of the shares acquired is taken to merger deficit. The merger deficit is set off against the retained profits.

Intragroup transactions, balances and unrealised gains on transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The gain or loss on disposal of a subsidiary of the Group is the difference between net disposal proceeds and the Group's share of its net assets as at date of disposal.



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OTES TO THE FINANCIAL STATEMENTS (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) *Property, plant and equipment*

All property, plant and equipment are initially stated at cost.

Land and buildings were subsequently shown at valuation, based on valuations by external independent valuers, less subsequent amortisation/depreciation/impairment losses. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Additions between revaluation periods are carried at cost.

The Group adopted the policy of regular revaluation of land and buildings. The land and buildings are appraised by external independent professional valuers once in every five years.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement.

No depreciation is provided on the freehold land. Long leasehold land is amortised on the straight line basis over the remaining lease period of 88 years. Capital work in progress is not depreciated. Depreciation on assets under construction commences when the assets are ready for their intended use.

All other property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets or their revalued amounts to their residual values over their estimated useful lives at the following annual rates:

Buildings	2%
Plant, equipment and vehicles	5% - 20%

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are charged to the income statement.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit from operations. On disposal of revalued assets, amounts in revaluation reserves relating to those assets are transferred to retained profits.

(c) *Investments*

Investment in subsidiaries are shown at the nominal value of equity shares issued. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount as set out in accounting policy Note (d) on impairment of assets.

Marketable securities (within current assets) are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increase/decrease in the carrying amount of marketable securities are credited/charged to the income statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) *Impairment of assets*

Property, plant and equipment and other non-current assets are reviewed for impairment losses at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level of which there is separately identifiable cash flows.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued amount in which case it is taken to revaluation surplus.

(e) *Inventories*

Inventories comprising raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw materials (determined on the weighted average cost method) comprises cost of purchase and cost of bringing the inventories to their present condition and location. Cost of work in progress and finished goods (determined on the weighted average cost method) includes cost of direct materials, direct labour and an appropriate proportion of production overheads.

Net realisable value is the estimate selling price in the ordinary course of business, less the costs of completion and selling expenses.

(f) *Trade debtors*

Trade debtors are carried at anticipated realisable value. Bad debts are written off in the financial year in which they are identified. An estimate is made for doubtful debtors based on a review of all outstanding amounts at the financial year end.

(g) *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand, balances with bankers, demand deposits, bank overdrafts and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) *Employee benefits*

(i) *Short term employee benefits*

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of Group and the Company.

(ii) *Post-employment benefits*

The Group contributes to the Employees Provident Fund (EPF), the national defined contribution plan. The contributions are charged to the income statement in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) *Hire-purchase arrangements*

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statement over the hire-purchase periods to give a constant periodic rate of interest on the remaining liabilities.

Property, plant and equipment acquired under hire-purchase arrangements are depreciated over the useful lives of the assets.

(j) *Income taxes*

Current tax expense is determined according to the tax laws of Malaysia and includes all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred tax.

(k) *Revenue recognition*

Sales of goods are recognised upon delivery of goods to customers, net of returns and discounts, and after eliminating sales within the Group.

Rental and interest income are recognised on accrual basis.

Dividend income from subsidiaries are recognised when the shareholders' right to receive payment is established.

(l) *Foreign currencies*

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange approximating those ruling at the date of transactions. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the approximate rates ruling at that date.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The principal closing rates used in the translation of the Group's foreign currency monetary assets and liabilities are as follows:

	2004 RM	2003 RM
Assets:		
1 US Dollar	3.77	3.77
1 Euro	5.12	4.70
1 Singapore Dollar	2.00	2.00
Liabilities:		
1 US Dollar	3.82	3.82
1 Euro	5.22	4.82
100 Hong Kong Dollars	49.35	48.25



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OTES TO THE FINANCIAL STATEMENTS *(continued)*

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) *Financial instruments*

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

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(i) *Financial instruments recognised on the balance sheet*

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

(ii) *Financial instruments not recognised on the balance sheet*

The Group enters into foreign currency forward contracts with a licensed bank. This financial instrument is not recognised in the financial statements on inception.

The purpose of entering into these foreign currency forward contracts is to protect the Group from movements in the exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

All other exchange gains and losses relating to hedge instruments are recognised in the income statement in the same period as the exchange differences on the underlying hedged items. Gains and losses in contracts which are no longer designated as hedges are included in the income statement.

(iii) *Fair value estimation for disclosure purposes*

The fair value of foreign currency forward contracts is determined using the market forward rates at the balance sheet date. The market value of marketable securities based on quoted market prices at the balance sheet date reflect their fair values.

The fair values of financial liabilities with fixed interest rates are estimated by discounting the future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. The carrying amounts of financial liabilities with floating interest rates are assumed to approximate their fair values.

The face values for the financial assets (less any estimated credit adjustments) and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values.



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OTES TO THE FINANCIAL STATEMENTS *(continued)*

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall risk management is to minimise the effects of such volatility on its financial performance. The nature of these risks and the Group's approaches in managing these risks are listed below:

(i) **Credit risk**

The Group operates locally in Malaysia for its direct selling activities and also exports its ladies undergarments products mostly to the European Community, Canada and the United States of America. For the local market, where a substantial portion of its revenue is transacted on credit terms, the Group applies due credit approval and monitoring processes and assesses the credit worthiness of its customers on a periodic basis. For overseas customers, most of the trade debtors are secured via Letter of Credit or Document Against Payment at Sight and only a few customers are on credit.

(ii) **Interest rate risk**

The Group's exposure to changes in interest rates relate mainly to debt obligations and deposits placed with financial institutions in Malaysia. Borrowings are contracted on both fixed and variable terms. It is the Group's policy to maintain a mixture of fixed and variable rate debt instruments to minimize interest rate risk.

(iii) **Liquidity risk**

The Group maintains sufficient cash and ensures availability of funding through an adequate but flexible amount of credit facilities obtained from financial institutions in Malaysia. Borrowings are maintained with varying maturities to ensure sufficient cash inflow from operations is available to meet all repayment requirements.

(iv) **Foreign currency exchange risk**

The Group's sales are mostly denominated in US Dollar and to a lesser extent the Euro whilst purchases are denominated in US Dollar, Euro and Hong Kong Dollar.

The Group enters into foreign currency forward contracts to hedge its exposure on the foreign currency receivables and payables.

5 SEGMENT REPORTING

The Group operates in Malaysia and is organised into three main business segments:

- Direct selling - involving in multi-level marketing of undergarments, garments, leather goods, sportswear and household products.
- Manufacturing and sales of undergarments under Original Equipment Manufacturer arrangement ("OEM") mainly to Europe, Canada and United States of America.
- Manufacturing and sales of own brand of undergarments under the "Caelygirl" trademark, mainly to cater for direct selling business and the China market.



NOTES TO THE FINANCIAL STATEMENTS (continued)

5 SEGMENT REPORTING (CONTINUED)

Intersegment sales comprise sales of undergarments under "Caelygirl" trademark to the direct selling business segment.

(a) Primary reporting format - business segment

2004 Sales	Direct selling RM	Manufacturing sales (OEM) RM	Manufacturing sales (own brand) RM	Others RM	Group RM
Total sales	12,532,159	87,298,060	2,363,361	4,330,799	106,524,379
Intersegment sales	-	-	(800,237)	(4,330,799)	(5,131,036)
External sales	12,532,159	87,298,060	1,563,124	-	101,393,343
Results					
Segment result (external)	62,444	9,707,679	6,818	(449,384)	9,327,557
Unallocated income					142,787
Profit from operations					9,470,344
Finance cost					(529,612)
Profit from ordinary activities before taxation					8,940,732
Taxation					(1,915,599)
Net profit for the financial year					7,025,133
2004 Other information					
Segment assets	15,396,220	65,493,359	16,153,191	2,237,646	99,280,416
Unallocated assets					1,669,281
Total assets					100,949,697
Segment liabilities	4,348,038	16,208,795	2,258,972	1,523,231	24,339,036
Unallocated liabilities					2,440,061
Total liabilities					26,779,097
Capital expenditure	249,101	3,600,720	29,191	2,125,922	6,004,934
Depreciation	249,608	1,117,775	243,994	34,044	1,645,421



NOTES TO THE FINANCIAL STATEMENTS (continued)

5 SEGMENT REPORTING (CONTINUED)

(a) Primary reporting format - business segment (continued)

2003 Sales	Direct selling RM	Manufacturing sales (OEM) RM	Manufacturing sales (own brand) RM	Others RM	Group RM
Total sales	10,518,683	57,800,374	1,339,161	3,003,871	72,662,089
Intersegment sales	-	-	(944,010)	(3,003,871)	(3,947,881)
External sales	10,518,683	57,800,374	395,151	-	68,714,208
Results					
Segment result (external)	310,463	9,087,921	226,632	(88,880)	9,536,136
Unallocated income					133,567
Profit from operations					9,669,703
Finance cost					(676,344)
Profit from ordinary activities before taxation					8,993,359
Taxation					(2,209,429)
Net profit for the financial year					6,783,930
2003 Other information					
Segment assets	15,012,595	48,934,673	14,754,041	2,475,741	81,177,050
Unallocated assets					279,915
Total assets					81,456,965
Segment liabilities	3,978,287	6,003,435	1,244,040	194,766	11,420,528
Unallocated liabilities					1,738,970
Total liabilities					13,159,498
Capital expenditure	793,026	2,900,067	328,805	-	4,021,898
Depreciation	246,924	904,221	248,743	149	1,400,037



NOTES TO THE FINANCIAL STATEMENTS (continued)

5 SEGMENT REPORTING (CONTINUED)

(b) Secondary reporting format - geographical segments

Although all the business segments are located in Malaysia, the OEM segment exports the undergarments to China, Europe, Canada and United States of America.

	Sales		Total assets		Capital expenditure	
	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM
Canada	20,120,592	24,174,731	-	-	-	-
China	259,326	1,151,927	-	-	-	-
Denmark	7,746,652	6,298,398	-	-	-	-
Germany	9,548,603	5,284,385	-	-	-	-
France	1,490,401	5,075,968	-	-	-	-
United Kingdom	17,720,162	7,963,640	-	-	-	-
United States of America	30,192,531	6,929,635	-	-	-	-
Malaysia	13,807,207	10,572,344	100,949,697	81,456,965	6,004,934	4,021,898
Other countries	507,869	1,263,180	-	-	-	-
	<u>101,393,343</u>	<u>68,714,208</u>	<u>100,949,697</u>	<u>81,456,965</u>	<u>6,004,934</u>	<u>4,021,898</u>

6 REVENUE

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Direct sales	12,532,159	10,518,683	-	-
Sales of finished goods	88,861,184	58,195,525	-	-
Gross dividend income from an unquoted subsidiary	-	-	3,000,024	1,875,015
	<u>101,393,343</u>	<u>68,714,208</u>	<u>3,000,024</u>	<u>1,875,015</u>

7 PROFIT FROM OPERATIONS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit from operations is stated after charging/(crediting):				
Auditors' remuneration				
- current financial year	82,800	82,800	15,000	15,000
- underprovision in respect of previous financial year	-	3,500	-	-
Allowance for doubtful debts	163,919	168,519	-	-
Inventories				
- allowance for slow moving inventories	78,094	-	-	-
- write down	172,652	-	-	-



NOTES TO THE FINANCIAL STATEMENTS (continued)

7 PROFIT FROM OPERATIONS (CONTINUED)

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit from operations is stated after charging/(crediting):				
Property, plant and equipment				
- depreciation	1,645,421	1,400,037	34,033	-
- (gain)/loss on disposal	(423,022)	568	-	-
Rental expenses				
- premises	9,601	13,400	-	-
- machinery	21,478	7,457	-	-
Staff costs	13,838,261	11,216,560	314,400	146,400
Interest income	(51,921)	(83,402)	(8,009)	(46,457)
Net realised foreign exchange gains	(828,759)	(459,543)	-	-
Rental income of premises	(33,300)	(35,495)	(84,000)	-
Gain on disposal of marketable securities	(39,338)	(9,170)	(39,338)	(9,170)
Gross dividend income from an unquoted subsidiary	-	-	(3,000,024)	(1,875,015)
Gross dividend income from a corporation quoted in Malaysia	(18,228)	-	(18,228)	-
Included in staff costs are:				
- directors' fees	310,000	192,000	258,000	140,000
- directors' emoluments other than fees	691,400	617,500	14,400	6,400
- defined contribution plan expenses	680,386	556,774	-	-
Money value of benefits given to certain directors	17,400	17,400	-	-

Defined contribution plan expenses of the Group includes contributions in respect of directors amounting to RM106,640 (2003: RM88,704).

8 FINANCE COST

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Bank commissions on trade finance facilities	41,979	49,165	-	-
Bank charges	46,669	-	-	-
Interest expense	440,964	627,179	28,202	-
	529,612	676,344	28,202	-



NOTES TO THE FINANCIAL STATEMENTS (continued)

9 TAXATION

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Income tax:				
Current financial year	1,859,167	1,978,996	736,828	529,000
(Over)/under accrual in prior financial years	(85,642)	24,123	(206)	(85)
	1,773,525	2,003,119	736,622	528,915
Deferred taxation:				
Origination of temporary differences	142,074	206,310	-	-
Tax expense	1,915,599	2,209,429	736,622	528,915
Current taxation:				
Current financial year	1,882,119	1,995,863	736,828	529,000
Benefits from utilisation of previously unrecognised tax losses	(22,952)	(16,867)	-	-
(Over)/under accrual in prior financial years	(85,642)	24,123	(206)	(85)
Deferred taxation:				
Origination of temporary differences	142,074	206,310	-	-
Tax expense	1,915,599	2,209,429	736,622	528,915

The explanation of the relationship between tax expense and profit from ordinary activities before taxation is as follows:

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit from ordinary activities before taxation	8,940,732	8,993,359	2,554,755	1,755,111
Tax calculated at the Malaysian income tax rate 28% (2003: 28%)	2,503,404	2,518,140	715,331	491,431
Tax effects of				
- expenses not deductible for tax purposes	83,964	96,828	21,497	37,569
- expenses eligible for double deduction	(128,446)	(134,478)	-	-
- reinvestment allowance claimed	(252,702)	(239,660)	-	-
- income not subject to tax	(134,027)	(23,942)	-	-
- utilisation of previously unrecognised tax losses	(22,952)	(16,867)	-	-
- tax rate of 20% on initial RM500,000 (2003: RM100,000) of chargeable income	(48,000)	(14,715)	-	-
- (over)/under accrual in respect of prior financial years	(85,642)	24,123	(206)	(85)
Tax expense	1,915,599	2,209,429	736,622	528,915



NOTES TO THE FINANCIAL STATEMENTS (continued)

10 EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2004	2003
Net profit for the financial year (RM)	7,025,133	6,783,930
Weighted average number of ordinary shares in issue	80,000,000	65,659,333
Basic earnings per share (sen)	8.8	10.3

The Company has no potential dilutive ordinary shares as at 31 December 2004 and 31 December 2003.

11 DIVIDENDS

A first and final gross dividend in respect of the financial year ended 31 December 2003 of 2 sen per share less tax at 28%, amounting to RM1,152,000 was paid on 19 July 2004.

At the forthcoming Annual General Meeting, a first and final gross dividend in respect of the financial year ended 31 December 2004 of 3 sen per share less tax at 28%, amounting to RM1,728,000 will be proposed for members' approval. These financial statements do not reflect this final dividend which will be accrued as a liability in the financial year ending 31 December 2005.

12 PROPERTY, PLANT AND EQUIPMENT

GROUP 2004	Freehold land RM	Long leasehold land RM	Buildings RM	Plant, equipment and vehicles RM	Capital work in progress RM	Total RM
Opening net book value	4,750,672	253,402	15,622,194	5,792,366	980,343	27,398,977
Additions	-	310,015	1,279,783	4,269,097	146,039	6,004,934
Disposals	(150,000)	-	(314,302)	(30,876)	-	(495,178)
Depreciation charge	-	(5,049)	(335,839)	(1,304,533)	-	(1,645,421)
Closing net book value	4,600,672	558,368	16,251,836	8,726,054	1,126,382	31,263,312



NOTES TO THE FINANCIAL STATEMENTS (continued)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	Freehold	Long		Plant,	Capital	
2004	land	leasehold	Buildings	equipment	work in	Total
	RM	land	RM	and	progress	RM
		RM		vehicles		
				RM		
Cost	190,672	310,014	8,907,651	16,813,343	1,126,382	27,348,062
Valuation	4,410,000	260,000	8,320,000	-	-	12,990,000
Accumulated depreciation	-	(11,646)	(975,815)	(8,087,289)	-	(9,074,750)
Net book value	4,600,672	558,368	16,251,836	8,726,054	1,126,382	31,263,312
2003						
Cost	190,672	-	7,627,868	13,250,784	980,343	22,049,667
Valuation	4,560,000	260,000	8,670,000	-	-	13,490,000
Accumulated depreciation	-	(6,598)	(675,674)	(7,458,418)	-	(8,140,690)
Net book value	4,750,672	253,402	15,622,194	5,792,366	980,343	27,398,977
COMPANY						
2004						
Opening net book value	-	-	-	-	-	-
Additions	-	310,015	1,240,060	575,847	-	2,125,922
Depreciation charge	-	(2,095)	(12,401)	(19,537)	-	(34,033)
Closing net book value	-	307,920	1,227,659	556,310	-	2,091,889
2004						
Cost	-	310,015	1,240,060	575,847	-	2,125,922
Valuation	-	-	-	-	-	-
Accumulated depreciation	-	(2,095)	(12,401)	(19,537)	-	(34,033)
Net book value	-	307,920	1,227,659	556,310	-	2,091,889
2003						
Net book value	-	-	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS (continued)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The details of the revaluation of land and buildings are as follows:

(i) Valuations carried out by Thoo Sing Choon on 18 June 2001.

	Valuation method	Valuation amount net of disposal RM
Freehold land	Cost	4,070,000
Buildings	Cost	7,750,000
Freehold land	Comparative	340,000
Leasehold land	Comparative	260,000
Buildings	Comparative	420,000
		<u>12,840,000</u>

(ii) Valuation carried out by Subramaniam A/L Arumugam on 16 May 2001.

	Valuation method	Valuation amount RM
Buildings	Comparative	<u>150,000</u>

The details of the external independent valuers are as follows:

Thoo Sing Choon, Registered Valuer
Colliers, Jordan Lee & Jaafar Sdn. Bhd.
Suites 3 & 6, Tingkat Kedua
Labrooy House, Jalan Dato Sagor
30000 Ipoh, Perak Darul Ridzuan; and

Subramaniam A/L Arumugam, Registered Valuer
Colliers, Jordan Lee & Jaafar Sdn. Bhd.
Level 6, Block G North
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur

The net book value of land and buildings that would have been included in the financial statements, had these assets been carried at cost less accumulated depreciation and impairment losses are as follows:

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Freehold land	1,168,063	1,348,063	-	-
Long leasehold land	138,585	140,406	-	-
Buildings	6,642,542	7,185,580	-	-
	<u>7,949,190</u>	<u>8,674,049</u>	-	-

Net book value of property, plant and equipment pledged as securities for the bank borrowings of the Group and the Company as disclosed in Note 20 and 21 to the financial statements are RM30,707,002 (2003: RM27,398,977) and RM1,535,579 (2003: RMNil) respectively.



NOTES TO THE FINANCIAL STATEMENTS (continued)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property, plant and equipment being acquired under hire-purchase arrangements are as follows:

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Plant, equipment and vehicles				
- additions during the financial year, at cost	917,366	46,265	-	-
- net book value at financial year end	826,645	-	-	-

13 SUBSIDIARIES

	COMPANY	
	2004 RM	2003 RM
Unquoted shares at cost	54,034,421	54,034,421

Details of the subsidiaries which are all incorporated in Malaysia, are as follows:

Name of company	Group's effective interest		Principal activities
	2004	2003	
Caelygirl (M) Sdn. Bhd.	100%	100%	Direct sales of undergarments, garments, leather goods, sportswear and household products
Classita (M) Sdn. Bhd.	100%	100%	Manufacture and sales of undergarments
Marywah Industries (M) Sdn. Bhd.	100%	100%	Manufacture and sales of undergarments and trading of related raw materials
Renova Garments Sdn. Bhd.	100%	100%	Provision of sewing services

14 INVENTORIES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
At cost				
Raw materials	11,907,611	10,902,061	-	-
Work in progress	3,617,045	3,766,524	-	-
Finished goods	27,378,273	19,167,614	-	-
	42,902,929	33,836,199	-	-



NOTES TO THE FINANCIAL STATEMENTS (continued)

14 INVENTORIES (CONTINUED)

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
At net realisable value				
Raw materials	32,217	-	-	-
Finished goods	407,259	-	-	-
	<u>439,476</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>43,342,405</u>	<u>33,836,199</u>	<u>-</u>	<u>-</u>

15 DEBTORS, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade				
Trade debtors, net of allowance for doubtful debts				
- normal trade terms	19,900,117	12,886,440	-	-
- instalment schemes	239,934	353,959	-	-
	<u>20,140,051</u>	<u>13,240,399</u>	<u>-</u>	<u>-</u>
Non trade				
Other debtors	142,135	89,320	-	-
Deposits	338,230	176,266	3,000	1,000
Prepayments	3,021,533	2,528,831	131,958	516,812
Amounts owing by subsidiaries	-	-	9,524,785	8,810,221
Rentals receivable from companies in which certain directors have controlling interest	30,000	12,000	-	-
	<u>3,531,898</u>	<u>2,806,417</u>	<u>9,659,743</u>	<u>9,328,033</u>
	<u>23,671,949</u>	<u>16,046,816</u>	<u>9,659,743</u>	<u>9,328,033</u>
The currency exposure profile of trade debtors are as follows:				
- Ringgit Malaysia	4,353,993	3,660,071	-	-
- US Dollar	15,272,794	8,683,240	-	-
- Euro	513,264	897,088	-	-
Total trade debtors	<u>20,140,051</u>	<u>13,240,399</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)

15 DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

The Group has no significant concentration of credit risk for trade debtors other than 58% of trade debtors as at 31 December 2004 which were due from three major debtors located in Canada, China and United States of America. The Group's historical experience in collection of trade debtors falls within the recorded allowances. The directors believe that no additional credit risk beyond amounts allowed for collection loss is inherent in the Group's trade debtors.

Credit terms of trade debtors of the Group are as follows:

- (i) normal trade terms - payment in advance to 120 days (2003: payment in advance to 90 days); and
- (ii) instalment schemes - 4 months to 12 months (2003: 4 months to 12 months).

All non trade balances are denominated in Ringgit Malaysia. Non trade balances with related parties are unsecured, interest free and have no fixed terms of repayment. Rental income receivable from companies in which certain directors have controlling interest does not pose significant credit risk as the rentals are based on terms agreed between the parties.

Included in prepayments of the Group as at 31 December 2003 was the payment for installation works amounting to RM153,000 to Kimberlux Construction Sdn. Bhd., a company which certain directors have controlling interest, with a total contract sum of RM230,000.

16 MARKETABLE SECURITIES

	GROUP AND COMPANY	
	2004 RM	2003 RM
Shares at cost in corporations, quoted in Malaysia	1,139,944	695,866
Market value of quoted shares	1,229,315	789,528

17 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Fixed deposits with licensed banks	473,342	1,482,403	-	1,009,061
Bank and cash balances	559,408	1,728,789	8,858	250,652
Deposits, bank and cash balances	1,032,750	3,211,192	8,858	1,259,713
Fixed deposits with a licensed bank pledged as security	(473,342)	(473,342)	-	-
Bank overdrafts (Note 20)	(3,046,129)	(2,998,091)	-	-
	(2,486,721)	(260,241)	8,858	1,259,713



NOTES TO THE FINANCIAL STATEMENTS (continued)

17 CASH AND CASH EQUIVALENTS (CONTINUED)

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
The currency exposure profile of deposits, bank and cash balances are as follows:				
- Ringgit Malaysia	966,797	2,491,869	8,858	1,259,713
- US Dollar	56,893	688,574	-	-
- Euro	8,517	4,672	-	-
- Singapore Dollar	543	26,077	-	-
Total deposits, bank and cash balances	1,032,750	3,211,192	8,858	1,259,713

	GROUP		COMPANY	
	2004 %	2003 %	2004 %	2003 %
Weighted average effective interest rates at the balance sheet date are as follows:				
Fixed deposits with a licensed bank	3.0	3.0	-	3.0
Bank balances held at call with a licensed bank	2.1	1.1	-	-

The remaining bank and cash balances of the Group and the Company are deposits placed in current accounts of various licensed banks in Malaysia and cash in hand which do not earn any interest.

Fixed deposits with a licensed bank of the Group have maturity period of 30 days (2003: 30 days).

18 CREDITORS AND ACCRUALS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade				
Trade creditors	8,503,884	7,135,410	-	-
Amounts owing to companies where a substantial shareholder of those companies is connected with a director of the Company	-	4,919	-	-
	8,503,884	7,140,329	-	-
Non trade				
Other creditors and accruals	2,350,424	1,181,402	315,000	158,900
Amount owing to a subsidiary	-	-	21,843,414	22,072,498
	2,350,424	1,181,402	22,158,414	22,231,398
	10,854,308	8,321,731	22,158,414	22,231,398



NOTES TO THE FINANCIAL STATEMENTS (continued)

18 CREDITORS AND ACCRUALS (CONTINUED)

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
The currency exposure profile of trade creditors is as follows:				
- Ringgit Malaysia	6,504,665	5,979,401	-	-
- US Dollar	1,768,366	1,150,770	-	-
- Hong Kong Dollar	226,308	1,840	-	-
- Euro	4,545	3,399	-	-
Total trade creditors	8,503,884	7,135,410	-	-

Credit terms of trade payables granted to the Group vary from payment in advance to 90 days (2003: payment in advance to 90 days).

Non trade balances with related parties are denominated in Ringgit Malaysia. They are unsecured, interest free and have no fixed terms of repayment.

Included in other creditors as at 31 December 2004 of the Group are downpayments of RM70,000 received from a buyer for the sale of properties belonging to the Group for a total consideration of RM700,000. The sale of these properties is not finalised as at 31 December 2004.

19 HIRE-PURCHASE CREDITORS

	GROUP	
	2004 RM	2003 RM
Payable within one year	210,216	-
Payable later than one but not later than two years	187,074	-
Payable later than two year but not later than five years	194,170	-
	591,460	-
Less: Finance charges	(52,123)	-
	539,337	-
Present value of hire-purchase liabilities:		
Current		
Payable within one year	182,983	-
Non current		
Payable later than one but not later than two years	171,659	-
Payable later than two year but not later than five years	184,695	-
	356,354	-
	539,337	-



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

19 HIRE-PURCHASE CREDITORS (CONTINUED)

All hire-purchase of the Group are denominated in Ringgit Malaysia. The effective interest rates of hire-purchase creditors of the Group ranged from 5.10% to 10.23% (2003: Nil) per annum.

Hire-purchase creditors are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

20 SHORT TERM BANK BORROWINGS

	Secured RM	GROUP Unsecured RM	Total RM
2004			
Bank overdrafts	2,817,288	228,841	3,046,129
Others:			
Bankers acceptances	6,385,000	882,000	7,267,000
Revolving credits	490,100	1,000,000	1,490,100
	6,875,100	1,882,000	8,757,100
Total short term bank borrowings	9,692,388	2,110,841	11,803,229
2003			
Bank overdrafts	2,998,001	90	2,998,091
Trust receipts	100,706	-	100,706
Total short term bank borrowings	3,098,707	90	3,098,797

The short term bank borrowings of the subsidiaries are secured, where applicable by:

- (i) fixed charges on the land and buildings of the respective subsidiaries;
- (ii) debentures incorporating fixed and floating charges over all the present and future assets of the respective subsidiaries; and
- (iii) a fixed deposit of RM473,342 of a subsidiary.

The short term bank borrowings of the subsidiaries are also jointly and severally guaranteed by certain directors of the respective subsidiaries.



NOTES TO THE FINANCIAL STATEMENTS (continued)

20 SHORT TERM BANK BORROWINGS (CONTINUED)

	GROUP	
	2004 RM	2003 RM
The currency exposure profile of short term bank borrowings is as follows:		
- Ringgit Malaysia	11,313,129	3,098,797
- US Dollar	490,100	-
	<u>11,803,229</u>	<u>3,098,797</u>

	GROUP	
	2004 %	2003 %
Weighted average effective interest rates at the balance sheet date are as follows:		
- bank overdrafts	7.6	8.2
- bankers acceptances	4.5	-
- revolving credits	4.8	-
- trust receipts	-	8.0

The ranges of credit periods of these short term bank borrowings are 91 to 183 days (2003: 120 days).

21 TERM LOAN

	GROUP AND COMPANY	
	2004 RM	2003 RM
Current		
Repayable within one year	101,413	-
Non current		
Repayable later than one year and not later than five years	433,998	-
Repayable later than five years	606,751	-
	<u>1,040,749</u>	<u>-</u>
	<u>1,142,162</u>	<u>-</u>

The term loan which is denominated in Ringgit Malaysia is secured by fixed charges over a leasehold land and building of the Company. This term loan obtained from a licensed bank is repayable by 119 instalments commencing July 2004 and carries effective interest rate of 4.38% (2003: Nil) per annum.

The interest on this loan is calculated based on floating interest rate which may be varied any time at the bank's discretion.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

22 DEFERRED TAX LIABILITIES

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

	GROUP	
	2004 RM	2003 RM
Deferred tax liabilities		
- subject to income tax	1,701,853	1,559,779
- subject to real property gains tax	152,393	152,393
	<u>1,854,246</u>	<u>1,712,172</u>

The movements in deferred tax liabilities during the financial year comprise the following:

	GROUP	
	2004 RM	2003 RM
At 1 January	1,712,172	1,505,862
Charged/(credited) to income statement:		
- property, plant and equipment	144,592	191,040
- unrealised profit on inventories	7,407	15,270
- others	(9,925)	-
	<u>142,074</u>	<u>206,310</u>
At 31 December	<u>1,854,246</u>	<u>1,712,172</u>
Subject to income tax:		
Deferred tax assets (before offsetting)		
- unrealised profit on inventories	(93,261)	(100,668)
- unutilised capital allowances	(99,801)	-
- others	(9,925)	-
	<u>(202,987)</u>	<u>(100,668)</u>
Offsetting	<u>202,987</u>	<u>100,668</u>
Deferred tax assets (after offsetting)	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)

22 DEFERRED TAX LIABILITIES (CONTINUED)

	GROUP	
	2004 RM	2003 RM
Subject to income tax -		
Deferred tax liabilities (before offsetting)		
- property, plant and equipment	1,904,840	1,660,447
Offsetting	(202,987)	(100,668)
Deferred tax liabilities (after offsetting)	1,701,853	1,559,779
Subject to real property gains tax -		
Deferred tax liabilities		
- property, plant and equipment	152,393	152,393
Deferred tax liabilities (after offsetting)	1,854,246	1,712,172

The amount of unutilised tax losses of the Group for which no deferred tax asset is recognised in the balance sheet amounted to RMNil (2003: RM108,361).

23 SHARE CAPITAL

	GROUP AND COMPANY			
	2004 No. of shares	2004 RM	2003 No. of shares	2003 RM
Authorised:				
Ordinary shares of RM0.50 each				
At 1 January/31 December	100,000,000	50,000,000	100,000,000	50,000,000
Issued and fully paid-up:				
Ordinary shares of RM0.50 each				
At 1 January	80,000,000	40,000,000	55,416,000	27,708,000
Issuance of new ordinary shares of RM0.50 each	-	-	24,584,000	12,292,000
At 31 December	80,000,000	40,000,000	80,000,000	40,000,000

During the previous financial year, the Company issued 24,584,000 ordinary shares of RM0.50 each at an issue price of RM0.65 per share by way of a Public Issue payable in full on application in connection with the listing of the Company on the Second Board of Bursa Malaysia Securities Berhad. These new shares were fully subscribed for and the entire issued shares were successfully listed on the Second Board of Bursa Malaysia Securities Berhad on 31 July 2003. The proceeds from the issuance of these shares were used to acquire property, plant and equipment, repay term loan and bank borrowings, and finance its working capital and share issue cost. The new shares rank pari passu in all respects with the existing ordinary shares of the Company.



NOTES TO THE FINANCIAL STATEMENTS (continued)

24 RESERVES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Distributable				
Retained profits/(Accumulated losses):				
At 1 January as previously reported	22,406,182	15,506,314	1,192,344	(33,852)
Prior year adjustment relating to deferred taxation on adoption of MASB 25	-	115,938	-	-
At 1 January as restated	22,406,182	15,622,252	1,192,344	(33,852)
First and final dividend in respect of financial year ended 31 December 2003 of 2 sen per share, less tax at 28%	(1,152,000)	-	(1,152,000)	-
Net profit for the financial year	7,025,133	6,783,930	1,818,133	1,226,196
At 31 December	28,279,315	22,406,182	1,858,477	1,192,344
Non-distributable				
Reserve on consolidation:				
At 1 January/31 December	80,344	80,344	-	-
Share premium:				
At 1 January	1,899,295	-	1,899,295	-
Arising from issue of shares	-	3,687,600	-	3,687,600
Share issue cost	-	(1,788,305)	-	(1,788,305)
At 31 December	1,899,295	1,899,295	1,899,295	1,899,295
Revaluation reserve:				
Surplus on revaluation of buildings	1,020,891	1,020,891	-	-
Surplus on revaluation of land	3,361,555	3,361,555	-	-
	4,382,446	4,382,446	-	-
Less: Deferred tax liabilities	(470,800)	(470,800)	-	-
At 31 December	3,911,646	3,911,646	-	-
Total reserves	34,170,600	28,297,467	3,757,772	3,091,639

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credits under Section 108(6) of the Income Tax Act, 1967 to distribute all the Company's retained profits as at 31 December 2004, if paid out as dividends.



NOTES TO THE FINANCIAL STATEMENTS (continued)

25 SIGNIFICANT RELATED PARTY DISCLOSURES

The significant related parties and their relationship with the Group and the Company are as follows:

Related party	Relationship
Caelygirl (M) Sdn. Bhd.	Subsidiary
Classita (M) Sdn. Bhd.	Subsidiary
Marywah Industries (M) Sdn. Bhd.	Subsidiary
Renova Garments Sdn. Bhd.	Subsidiary
Kimberlux Construction Sdn. Bhd.	A company in which certain directors have controlling interests
Kimberlux Sdn. Bhd.	A company in which certain directors have controlling interests
Brick by Brick Sdn. Bhd.	A company in which certain directors have controlling interests
Prestige Gain Sdn. Bhd.	A company in which certain directors have controlling interests
Rubysteel Metal Industry (M) Sdn. Bhd.	A company in which a director has financial interest
CAM Resources Bhd. ("CAM")	A company where a substantial shareholder is connected with a director of the Group and the Company
Central Aluminium Manufactory Sdn. Bhd.	A subsidiary of CAM where a substantial shareholder of CAM is connected with a director of the Group and the Company
Central Melamineware Sdn. Bhd.	A subsidiary of CAM where a substantial shareholder of CAM is connected with a director of the Group and the Company
Finatec Enterprise	Business entity owned by close family members of certain directors of the Group and the Company
Hongdy Enterprise	Business entity owned by close family members of certain directors of the Group and the Company
Inner Beauty Enterprise	Business entity owned by close family members of certain directors of the Group and the Company
Perusahaan Tacly	Business entity owned by close family members of certain directors of the Group and the Company

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company have the following significant transactions with related parties based on terms agreed between the parties:

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Purchases of goods/services rendered by:				
A company in which certain directors have controlling interests				
- Kimberlux Construction Sdn. Bhd.	-	1,249,469	-	-
Subsidiaries of CAM where a substantial shareholder of CAM is connected with a director of the Group and the Company	11,670	18,847	-	-



NOTE TO THE FINANCIAL STATEMENTS *(continued)*

25 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Business entities owned by close family members of certain directors of the Group and the Company				
- Finatec Enterprise	169,742	147,575	-	-
- Hongdy Enterprise	428,608	207,731	-	-
- Inner Beauty Enterprise	209,589	170,378	-	-
- Perusahaan Tacly	466,095	292,092	-	-

The balances outstanding for the Group in connection with the transactions stated above are disclosed in Note 15 and Note 18 to the financial statements.

26 CAPITAL COMMITMENT

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Capital expenditure authorised and contracted but not provided for in the financial statements are as follows:				
Buildings	353,961	-	-	-
Plant, equipment and vehicles	170,963	100,398	-	-
	524,924	100,398	-	-

27 NON CASH TRANSACTIONS

The principal non cash transactions of the Group during the financial year are as follows:

- (i) the acquisition of property, plant and equipment by means of hire-purchase of RM610,000 (2003: RM40,000); and
- (ii) the disposal of motor vehicles with a total sales consideration of RM70,000 (2003: RMNil) used as trade-in for the purchase of new motor vehicles.



NOTE TO THE FINANCIAL STATEMENTS *(continued)*

28 FINANCIAL INSTRUMENTS

(i) Foreign currency forward contracts

Foreign currency forward contracts are entered into by the Group in currencies other than their functional currency to manage exposure to fluctuations in foreign currency exchange rates on specific transactions.

At 31 December 2004, the settlement date on open forward contract ranged between 1 month and 2 months (2003: 1 month and 3 months). The details of the outstanding forward contract are as follows:

2004 Hedged item	Currency bought	Currency sold	Contractual rate	RM equivalent
---------------------	--------------------	------------------	---------------------	------------------

Trade debtors

- US Dollar 8,568,189	RM	US Dollar	3.8003	32,561,713
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The fair value of this outstanding forward contract at the balance sheet date was a favourable net position of RM38,500.

2003 Hedged item	Currency bought	Currency sold	Contractual rate	RM equivalent
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Trade debtors

- US Dollar 2,000,000	RM	US Dollar	3.8109	7,621,860
- Euro 200,000	RM	Euro	4.4998	899,950

The fair value of this outstanding forward contract at the balance sheet date was an unfavourable net position of RM35,190.

(ii) Fair values

The carrying amounts of financial assets and liabilities of the Group and the Company as at 31 December 2004 and 31 December 2003 approximated their fair values except for marketable securities which are based on the quoted market prices.

29 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution at the Board of Directors on 26 April 2005.



STATEMENT BY DIRECTORS

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

We, Khor Mooi Soong and Chuah Chin Lai being two of the directors of Caely Holdings Bhd., state that, in the opinion of the directors, the financial statements set out on pages 29 to 61 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2004 and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 26 April 2005.

KHOR MOOI SOONG
EXECUTIVE DIRECTOR

CHUAH CHIN LAI
MANAGING DIRECTOR

Teluk Intan, Perak Darul Ridzuan

STATUTORY DECLARATION

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

I, Loo Swee Cheng, being the officer primarily responsible for the financial management of Caely Holdings Bhd., do solemnly and sincerely declare that the financial statements set out on pages 29 to 61 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.

LOO SWEE CHENG
SENIOR FINANCE MANAGER

Subscribed and solemnly declared by the abovenamed Loo Swee Cheng at Teluk Intan in the state of Perak Darul Ridzuan, Malaysia on 26 April 2005.

Before me,

KOAY HEAN BENG, PPT.
NO. A 059
COMMISSIONER FOR OATHS



REPORT OF THE AUDITORS

TO THE MEMBERS OF CAELY HOLDINGS BHD.

We have audited the financial statements set out on pages 29 to 61. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and the Company as at 31 December 2004 and of the results and cash flows of the Group and the Company for the financial year ended on that date;
- and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

Our audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of section 174 of the Act.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

Ipoh, Perak Darul Ridzuan

26 April 2005

LIM TEONG KEAN
(No. 2499/12/05 (J))
Partner of the firm



LIST OF PROPERTIES

AS AT 31 DECEMBER 2004

Title and Location	Description	Tenure / Age of buildings	Year of expiry	Land area / Built-up area (Square feet)	Date of last valuation* /acquisition#	Net book value (RM)
Caely Holdings Bhd.						
PM 3351 Lot 21475, Mukim Petaling, Negeri Wilayah Persekutuan	Land	Leasehold	05.04.2078	2,300	15.03.2004#	1,227,659
PM 3351 Lot 21475, Mukim Petaling, Negeri Wilayah Persekutuan	Building (4 storey shophouse)	Leasehold 1 year	05.04.2078	9,060	15.03.2004#	307,920
Caelygirl (M) Sdn. Bhd.						
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	Land	Freehold	-	45,466	18.06.2001*	577,480
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	2-storey hostel	Freehold 10 years	-	15,250	18.06.2001*	437,846
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	3-storey hostel	Freehold 8 years	-	11,100	18.06.2001*	447,710
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	3-storey factory building	Freehold 6 years	-	28,140	18.06.2001*	1,593,460
PT 780, H.S.(D) 7645, Mukim of Durian Sebatang, District of Hilir Perak	Land	Freehold	-	13,689	31.07.2003#	169,000
Lot No. 014329, Pajakan Negeri 20383, Mukim of Durian Sebatang, District of Hilir Perak	Land and building (3 1/2-storey shophouse)	Leasehold 17 years	28.12.2080	1,615 5,650	18.06.2001*	125,197 160,783
Parcel No. 13, Storey No. 7 Sri Pelangi Condominium Blok B, Wilayah Persekutuan	Condominium	Freehold 5 years	-	927	16.05.2001*	140,592



LIST OF PROPERTIES *(continued)*

AS AT 31 DECEMBER 2004

Title and Location	Description	Tenure / Age of buildings	Year of expiry	Land area / Built-up area (Square feet)	Date of last valuation* /acquisition#	Net book value (RM)
Marywah Industries (M) Sdn. Bhd.						
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	Land	Freehold	-	274,972	18.06.2001*	3,514,192
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	2-storey factory building	Freehold 9 years	-	69,928	18.06.2001*	4,653,462
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	3-storey factory building	Freehold 2 years	-	76,800	26.12.2002#	7,364,870
Lot No. 014330, Pajakan Negeri 20384, Mukim of Durian Sebatang, District of Hilir Perak	Land and building (3 1/2-storey shophouse)	Leasehold 17 years	28.12.2080	1,605 5,740	18.06.2001*	125,252 160,854
Classita (M) Sdn. Bhd.						
Lot No. 13, Geran 11402, Town of Teluk Intan, District of Hilir Perak	Land	Freehold	-	29,926	18.06.2001*	300,000
Lot No. 15644 H.S.(D) LP 10747, Mukim of Durian Sebatang, District of Hilir Perak	Land and Building (2-storey residential property for staff)	Freehold 4 years	-	1,200 1,693	18.06.2001*	40,000 71,600



ANALYSIS OF SHAREHOLDINGS

AS AT 29 APRIL 2005

Authorised Capital	:	RM50,000,000
Issued and Paid-up Capital	:	RM40,000,000
Class of Shares	:	Ordinary shares of RM0.50 each
Total Number of Shares Issued	:	80,000,000
Voting Rights	:	1 vote per ordinary share
No. of Shareholders	:	3,226

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 29 APRIL 2005

Size of Shareholding	No. of Shareholders	%	No of Shares	% of Issued Capital
1 - 99	1	0.03	50	Negligible
100 - 1,000	663	20.55	635,700	0.79
1001 - 10,000	2,056	63.73	9,203,550	11.50
10,001 - 100,000	468	14.51	13,632,400	17.04
100,001 - 4,000,000	34	1.06	26,238,300	32.80
4,000,001 and above	4	0.12	30,290,000	37.86
TOTAL	3,226	100	80,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 29 APRIL 2005

	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Fong Nyok Yoon	9,000,000	11.25	27,000,000 ^(a)	33.75
Chuah Chin Lai	9,000,000	11.25	27,000,000 ^(b)	33.75
Khor Mooi Soong	9,000,000	11.25	27,000,000 ^(c)	33.75
Lim Pow Choo	9,000,000	11.25	27,000,000 ^(d)	33.75

Notes:-

- (a) Deemed interested by virtue of the shareholding of her spouse, Chuah Chin Lai, her sister and her spouse, Lim Pow Choo and Khor Mooi Soong.
- (b) Deemed interested by virtue of the shareholding of his spouse, Fong Nyok Yoon, his sister-in-law and spouse, Lim Pow Choo and Khor Mooi Soong.
- (c) Deemed interested by virtue of the shareholding of his spouse, Lim Pow Choo, his sister-in-law and spouse, Fong Nyok Yoon and Chuah Chin Lai.
- (d) Deemed interested by virtue of the shareholding of her spouse, Khor Mooi Soong, her sister and her spouse, Fong Nyok Yoon and Chuah Chin Lai.



ANALYSIS OF SHAREHOLDINGS *(continued)*

DIRECTORS' SHAREHOLDINGS AS AT 29 APRIL 2005

	Direct Interest No. of shares	%	Deemed Interest No. of shares	%
Fong Nyok Yoon	9,000,000	11.25	27,000,000 ^(a)	33.75
Dato' Wan Mohd Zin Bin Mat Amin	1,028,000	1.29 ^(b)	-	-
Chuah Chin Lai	9,000,000	11.25 ^(c)	27,000,000 ^(d)	33.75
Khor Mooi Soong	9,000,000	11.25 ^(e)	27,000,000 ^(f)	33.75
Lim Pow Choo	9,000,000	11.25	27,000,000 ^(g)	33.75
Siow Hock Lee	-	-	135,500 ^(h)	0.17
Ooi Say Teik	-	-	-	-
Hem Kan @ Chan Hong Kee	-	-	-	-

Notes:-

- (a) Deemed interested by virtue of the shareholding of her spouse, Chuah Chin Lai, her sister and her spouse, Lim Pow Choo and Khor Mooi Soong.
- (b) 1,028,000 shares are held through nominee companies.
- (c) 3,710,000 shares are held through nominee companies.
- (d) Deemed interested by virtue of the shareholding of his spouse, Fong Nyok Yoon, his sister-in-law and spouse, Lim Pow Choo and Khor Mooi Soong.
- (d) Deemed interested by virtue of the shareholding of his spouse, Lim Pow Choo, his sister-in-law and spouse, Fong Nyok Yoon and Chuah Chin Lai.
- (e) 2,000,000 shares are held through nominee company.
- (f) Deemed interested by virtue of the shareholding of his spouse, Lim Pow Choo, his sister-in-law and spouse, Fong Nyok Yoon and Chuah Chin Lai.
- (g) Deemed interested by virtue of the shareholding of her spouse, Khor Mooi Soong, her sister and her spouse, Fong Nyok Yoon and Chuah Chin Lai.
- (h) Deemed interested by virtue of the shareholding of his spouse, Chen Bee Yoke.

THIRTY LARGEST SHAREHOLDERS AS PER THE REGISTER OF MEMBERS AS AT 29 APRIL 2005

	Name of Shareholder	No. Shares Held	%
1.	Fong Nyok Yoon	9,000,000	11.25
2.	Lim Pow Choo	9,000,000	11.25
3.	Khor Mooi Soong	7,000,000	8.75
4.	Chuah Chin Lai	5,290,000	6.61
5.	RHB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Ng New Soon (CST)	3,000,300	3.75
6.	Citicorp Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Chuah Chin Lai (474038)	2,710,000	3.39



ANALYSIS OF SHAREHOLDINGS *(continued)*

AS AT 29 APRIL 2005

	Name of Shareholder	No. Shares Held	%
7.	Kuala Lumpur City Nominees (Tempatan) Sdn Bhd Qualifier: Boston Asset Management Pte Ltd for Tan Ooi Thiam	2,686,300	3.36
8.	Loi Hsien Yin	2,337,500	2.92
9.	RHB Capital Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Khor Mooi Soong (CEB)	2,000,000	2.50
10.	HLB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Ng Weng Keong	1,354,800	1.69
11.	Koid Hun Kian	1,196,800	1.50
12.	Employees Provident Fund Board	1,177,400	1.47
13.	Al Wakalah Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Chuah Chin Lai	1,000,000	1.25
14.	CIMSEC Nominees (Tempatan) Sdn Bhd Qualifier: CIMB for Wan Mohamad Zin Bin Mat Amin (Margin-MY0113)	984,300	1.23
15.	Awang Adek Bin Hussin	928,000	1.16
16.	SJSEC Nominees (Tempatan) Sdn Berhad Qualifier: Pledged Securities Account for Ng Yoke Pheng	908,200	1.14
17.	Citicorp Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Koid Hun Kian (474064)	905,000	1.13
18.	Kuala Lumpur City Nominees (Tempatan) Sdn Bhd Qualifier: Boston Asset Management Pte Ltd for Tan Yeng Fatt	694,600	0.87
19.	CIMSEC Nominees (Tempatan) Sdn Bhd Qualifier: CIMB for Cheang Kim Leong (Margin-MY0021)	488,100	0.61
20.	AFFIN-ACF Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Ng Weng Keong	480,400	0.60
21.	CIMSEC Nominees (Tempatan) Sdn Bhd Qualifier: CIMB for Ng Yoke Pheng (Margin-MM1178)	440,100	0.55
22.	HLB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Goh Hock Leong	411,400	0.51
23.	Tan Leng Mooi	326,000	0.41
24.	HLB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Tan Chin Chan	222,600	0.28
25.	Mayban Nominees (Tempatan) Sdn Berhad Qualifier: Pledged Securities Account for Huan Dee Lam (08319AQ0112)	215,000	0.27
26.	RHB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Ta Kin Yan (CST)	195,000	0.24
27.	Low Kien Feui	155,800	0.19
28.	Ng Bay	143,000	0.18
29.	Tan Khim Guan	140,000	0.18
30.	AFFIN Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Thong Weng Kin (TH00037C)	140,000	0.18
	Total	55,530,600	69.41

PROXY FORM



No. of ordinary shares held

I/We _____
(Full Name in Capital Letters)

of _____
(Full Address)

being a Member/Members of CAELY HOLDINGS BHD. hereby appoint * the Chairman of the meeting or _____

_____ of _____
(Full Name in Capital Letters) (Full Address)

or failing him _____ of _____
(Full Name in Capital Letters) (Full Address)

as * my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the Ninth Annual General Meeting of the Company, to be held at No. 47 Zone J4 Jalan Radin Anum Bandar Baru Sri Petaling 57000 Kuala Lumpur on 23 June 2005 at 10.00 a.m and, at every adjournment thereof to vote as indicated below :

		FOR	AGAINST
Resolution 1	ORDINARY BUSINESS Adoption of the Statutory Financial Statements for the year ended 31 December 2004 and the Reports of the Directors and Auditors' thereon	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	To declare a first and final dividend of 3 sen per share less 28% income tax for the year ended 31 December 2004	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	To approve the payment of directors' fee of RM258,000/- in respect of the year ended 31 December 2004	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-election of Mr. Chuah Chin Lai as Director	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Re-election of Ms. Lim Pow Choo as Director	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Re-election of Mr. Hem Kan @ Chan Hong Kee as Director	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Re-appointment Messrs PricewaterhouseCoopers as Auditors, and to authorise the Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
	SPECIAL BUSINESS To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Transaction between Caelygirl (M) Sdn Bhd and related parties	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Transaction between Classita (M) Sdn Bhd and related parties	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Transaction between Marywah Industries (M) Sdn Bhd and related parties	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965	<input type="checkbox"/>	<input type="checkbox"/>

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

The proportion of my holdings to be represented by my *proxy/proxies are as follows :-

First name Proxy _____ %
Second name Proxy _____ %
100 %

In case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf.

As witness my hand _____ day of _____ 2005.

* Strike out whichever is not desired.

Signature _____

Notes :

- A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
- A member may appoint up to two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office at 22nd Floor Wisma Cyclecarri, 288 Jalan Raja Laut, 50350 Kuala Lumpur at least forty-eight (48) hours before the time approved for holding the meeting or any adjournment thereof.

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Affix
Stamp

CAELY HOLDINGS BHD.
(408376-U)

22nd Floor, Wisma Cyclecarri
288, Jalan Raja Laut
50350 Kuala Lumpur

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