



ASIA KNIGHT BERHAD
(71024-T)

ANNUAL REPORT
2015

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE THIRTY-FOURTH (34th) ANNUAL GENERAL MEETING (“AGM”) OF ASIA KNIGHT BERHAD (“A-KNIGHT” OR “THE COMPANY”) WILL BE HELD AT ROYAL SELANGOR YACHT CLUB, JALAN LIMBONGAN, 42000 PORT KLANG, SELANGOR DARUL EHSAN ON THURSDAY, 10 DECEMBER 2015 AT 10.30 A.M. FOR THE FOLLOWING PURPOSES:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2015 together with the Reports of the Directors and Auditors thereon. (Note 5)
2. To approve the payment of Directors' Fees for the financial year ended 30 June 2015. **Resolution 1**
3. To re-elect Mr See Teck Wah as a Director of the Company retiring in accordance with Articles 78 & 79 of the Company's Articles of Association. **Resolution 2**
4. To re-elect Mr See Han Liong as a Director of the Company retiring in accordance with Articles 78 & 79 of the Company's Articles of Association. **Resolution 3**
5. To consider and if thought fit, to pass the following Resolution pursuant to Section 129(6) of the Companies Act, 1965:- **Resolution 4**

“That Mr See Seng Hong PJK retiring in accordance with Section 129(6) of the Companies Act, 1965 be and is hereby appointed a director of the Company to hold office until the conclusion of the next AGM”.
6. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors to hold office until the conclusion of the next AGM of the Company at a remuneration to be fixed by the Directors. **Resolution 5**

NOTICE OF ANNUAL GENERAL MEETING (Continued)

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

7. Proposed Retention of Independent Director in accordance with the Malaysian Code of Corporate Governance 2012 **Resolution 6**

“That, Mr Tan Teng Cheok who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company.” (Note 6)

8. Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 (Note 7) **Resolution 7**

“That, subject always to the Companies Act, 1965, Articles of Association of the Company and approvals of the relevant governmental/regulatory bodies where such approvals shall be necessary, the Directors be and are hereby authorised and empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time until the conclusion of the next annual general meeting 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 to be issued does not exceed 10% of the issued capital for the time being of the Company and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad”.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 34th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 56(c) of the Company’s Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 3 December 2015. Only a depositor whose name appears on the Record of Depositors as at 3 December 2015 shall be entitled to attend the said meeting or appoint a proxy to attend and vote on his/her behalf.

BY ORDER OF THE BOARD

Secretaries
LIM KUI SUANG (F)
MAICSA 0783327

LIM KING HUA (F)
MAICSA 0798613

PAUL IGNATIUS STANISLAUS
MACS 01330

Date: 18 November 2015
Klang.

NOTICE OF ANNUAL GENERAL MEETING (Continued)

NOTES

1. Every member entitled to attend and vote at the Meeting is entitled to appoint a proxy or attorney (or in the case of a corporation, to appoint a representative) to attend and vote in his/her stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
2. A member may appoint up to two (2) proxies to attend the same meeting provided that he specifies the proportion of his shareholding to be represented by each proxy.
3. The instrument appointing a proxy will not be treated as valid unless the instrument and the power of attorney or other authority (if any) under which the instrument is signed or a notarially certified copy of that power or authority, is deposited at the registered office of the Company, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.
4. Where a member is an exempt authorised nominee which holds ordinary shares on the Company for multiple beneficial owners in one securities account (“Omnibus Account”) there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. Directors’ Report, Audited Financial Statements and Auditors’ Report

Agenda No 1 is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 and the Articles of Association of the Company require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its AGM. Hence, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

6. Proposed Retention of Mr Tan Teng Cheok as Independent Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012

The proposed Ordinary Resolution 6, Mr Tan Teng Cheok, an Independent Non-Executive Director of the Company, has been an independent member of the Board of Directors of Asia Knight Berhad since 2001. Taking into consideration the spirit and intent of Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, his appointment as an Independent Non-Executive Director of the Company would therefore be regarded as having exceeded a term of nine years.

The Nomination Committee has assessed the independence of Mr Tan Teng Cheok, and recommended that he continues to act as an Independent Non-Executive Director of the Company on the following basis:-

- (i) he continues to be able to exercise independent judgement and to act in the best interest of the Company;
- (ii) he has detained knowledge of the business and has proven commitment, experience and competency to effectively advise and oversee the management of the Company; and
- (iii) he has met the criteria for independence as defined in Chapter 1 of the Listing Requirements of Bursa Securities.

The Board is therefore of the view of the retention of Mr Tan Teng Cheok as an Independent Non-Executive Director is in the best interests of the Company and recommends that you vote in favour of this resolution.

NOTICE OF ANNUAL GENERAL MEETING (Continued)

7. Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The Company had, during its Thirty-Third AGM held on 16 December 2014, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 (the "Act"). The Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 7 proposed under item 8 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors of the Company to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the issued and paid-up share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding investment project(s), working capital and/or acquisitions.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (Pursuant to Paragraph 8.28(2) of the Bursa Securities Main Market Listing Requirements)

1. Directors who are seeking re-election, re-appointment and/or retention are as follows:-
 - (i) Mr See Teck Wah, pursuant to Articles 78 & 79 of the Company's Articles of Association.
 - (ii) Mr See Han Liong, pursuant to Articles 78 & 79 of the Company's Articles of Association.
 - (iii) Mr See Seng Hong PJK, pursuant to Section 129(6) of the Companies Act, 1965.
 - (iv) Mr Tan Teng Cheok, pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012.
2. The details of the four (4) Directors seeking re-election, re-appointment and/or retention are set out in the Directors' Profile from page 7 to page 8 and the Directors' Shareholdings in Company on page 104 of the Annual Report.

CORPORATE INFORMATION**DIRECTORS**

<u>Name</u>	<u>Address</u>	<u>Occupation</u>	<u>Nationality</u>
See Teck Wah <i>Chairman/Managing Director</i>	A924, Lorong Seri Kuantan 4 25250 Kuantan Pahang Darul Makmur	Company Director	Malaysian
See Seng Hong PJK <i>Executive Director</i>	6, Lengkok Haji Abbas, Kaw 15 Off Jalan Bukit Kuda 41300 Klang Selangor Darul Ehsan	Company Director	Malaysian
See Han Liong <i>Executive Director</i>	No. 3, Solok Kelabu, Off Jalan Kelabu 41300 Klang Selangor Darul Ehsan	Company Director	Malaysian
Andrew Su Meng Kit <i>Executive Director</i>	7, Jalan SS2/42, Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Tan Teng Cheok <i>Independent Non-Executive Director</i>	20, Jalan Serindit, Taman Eng Ann 41150 Klang Selangor Darul Ehsan	General Manager	Malaysian
Seah Cheong Wei <i>Independent Non-Executive Director</i>	F-9-5 (Suite 3) Block F, Setiawalk Persiaran Wawasan, Pusat Bandar Puchong, 47160 Puchong Selangor Darul Ehsan	Company Director	Malaysian
Lim Heng Gaul <i>Independent Non-Executive Director</i>	54, USJ 2/4R, Taman Seafield Jaya 47600 Subang Jaya Selangor Darul Ehsan	Company Director	Malaysian

AUDIT COMMITTEE

<u>Name</u>	<u>Position</u>	<u>Responsibility</u>
Tan Teng Cheok	Independent Non-Executive Director	Chairman
Seah Cheong Wei	Independent Non-Executive Director	Member
Lim Heng Gaul	Independent Non-Executive Director	Member

NOMINATION COMMITTEE

<u>Name</u>	<u>Position</u>	<u>Responsibility</u>
Tan Teng Cheok	Independent Non-Executive Director	Chairman
Seah Cheong Wei	Independent Non-Executive Director	Member
Lim Heng Gaul	Independent Non-Executive Director	Member

CORPORATE INFORMATION (Continued)

REMUNERATION COMMITTEE

<u>Name</u>	<u>Position</u>	<u>Responsibility</u>
See Teck Wah	Chairman/Managing Director	Member
Tan Teng Cheok	Independent Non-Executive Director	Member
Seah Cheong Wei	Independent Non-Executive Director	Member

COMPANY SECRETARIES

Lim Kui Suang (MAICSA 0783327)
No 10 Jalan Wangsa Murni 8
Wangsa Melawati, Setapak
53300 Kuala Lumpur

Lim King Hua (MAICSA 0798613)
3 Jalan Palas, Southern Park,
41200 Klang, Selangor Darul Ehsan

Paul Ignatius Stanislaus (MACS 01330)
138-H Jalan Kemboja, Taman Gembira,
41100 Klang, Selangor Darul Ehsan

REGISTERED OFFICE

No 9 Jalan Bayu Tinggi 2A/KS6
Taipan 2 Batu Unjur
41200 Klang
Selangor Darul Ehsan
Telephone: 03-33231916
Facsimile: 03-33233584

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46,
47301 Petaling Jaya
Selangor Darul Ehsan
Telephone: 03-78418000
Facsimile: 03-78418008

AUDITORS

Baker Tilly Monteiro Heng
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

PRINCIPAL BANKERS

CIMB Bank Berhad
No A 1, Lorong Tun Ismail
Sri Dagangan 2, 25000 Kuantan
Pahang Darul Makmur

PROFILE OF DIRECTORS

SEE TECK WAH

See Teck Wah, aged 66, is the Managing Director of A-Knight. He was appointed Chairman of A-Knight on 6 May 2009. He was appointed to the Board of Directors of A-Knight on 27 May 1981 and a member of Remuneration Committee on 29 November 2001. He started working in 1969 when A-Knight began its sawmill operation and a year later, its plywood operation. Mr See Teck Wah is the driving force behind the setting up of its particleboard business in 1981. Mr See Teck Wah is responsible for the future direction and successful operations of the A-Knight Group. Besides overall supervision and management, Mr See Teck Wah also oversees the marketing, distribution and purchasing functions of the Group. He also sits on the Board of several private limited companies. He is the nephew of Mr See Seng Hong PJK and father of Mr See Han Liong. He has no conflict of interest with the Company and no conviction for any offences within the past ten (10) years.

SEE SENG HONG PJK

See Seng Hong PJK, aged 78, is an Executive Director of A-Knight. He is also one of the founders of A-Knight. He has many years of working and management experience in wood-based industries especially in sawmilling, plywood and particleboard manufacturing. Mr See Seng Hong PJK is responsible for the general administration of the A-Knight Group. Mr See Seng Hong PJK also sits on the Boards of several private limited companies. He is the uncle of Mr See Teck Wah and Mr See Han Liong. He has no conflict of interest with the Company and no conviction for any offences within the past ten (10) years.

SEE HAN LIONG

See Han Liong, aged 39 was appointed as Executive Director of A-Knight on 19 October 2012. He obtained his Bachelor of Business (Economics and Finance) from Royal Melbourne Institute of Technology University in 2000. He joined Star Cruises in the finance department from 2000 to 2002. With the experience gained in Star Cruises (hospitality industry), he joined the A-Knight Group from year 2002 until to-date to oversee the hotel operations and assist in manufacturing division. He is the nephew of Mr See Seng Hong PJK and son of Mr See Teck Wah. He has no conflict of interest with the Company and no conviction for any offences within the past ten (10) years.

ANDREW SU MENG KIT

Andrew Su Meng Kit, aged 44, was appointed as an Executive Director of A-Knight on 25 May 2012. He is a member of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant (Malaysia) with the Malaysian Institute of Accountants. Started his career under articleship training with an international accounting firm where he qualified as a Certified Public Accountant. He was involved in various financial and top management positions in multi-national company, wood-based furniture product manufacturing company and internet based company. He was also a financial/corporate advisor to a company listed on the then Second Board of Bursa Securities and a Director of Corporate Finance in a merchant bank. He is also a Director of Mexter Technology Berhad, a company listed on the ACE Market of Bursa Malaysia and a Director of Acme Holdings Berhad, a company listed on the Main Market of Bursa Malaysia. He is also currently the Vice President of Advisory in a stockbroking company. He has no conflict of interest with the Company and does not have any relationship with any of the directors and/or major shareholders of the Company. He has no conviction for any offences within the past ten (10) years.

PROFILE OF DIRECTORS (Continued)

TAN TENG CHEOK

Tan Teng Cheok, aged 45 was appointed as an Independent Non-Executive Director of A-Knight and an Audit Committee member on 29 December 2001. He was appointed member of Nomination Committee and Remuneration Committee on 30 April 2003. He was appointed Chairman of Nomination Committee on 12 May 2011. He also the Chairman of Audit Committee. He obtained a Bachelor of Business (Accounting) from Monash University, Australia in 1994. Mr Tan Teng Cheok is a member of Malaysian Institute of Accountants (MIA) and Australian Society of Certified Practising Accountants (ASCPA). He has no conflict of interest with the Company and does not have any relationship with any of the directors and/or major shareholders of the Company. He has no conviction for offences within the past 10 years.

SEAH CHEONG WEI

Seah Cheong Wei, aged 42 was appointed as an Independent Non-Executive Director of A-Knight and an Audit Committee member on 18 November 2010. He was appointed member of Nomination Committee and Remuneration Committee on 12 May 2011. He completed Master of Business Administration (MBA) and Bachelor of Commerce in Accounting. He is a Chartered Accountant membership from Malaysian Institute of Accountants and Institute of Chartered Accountants of New Zealand. He is also a Certified Financial Planner (CFP) membership from Financial Planning Association of Malaysia. Currently he run his own firm providing services in Auditing, Accounting, Company Secretarial and Consultancy works. He has no conflict of interest with the Company and does not have any relationship with any of the directors and/or major shareholders of the Company. He has no conviction for any offences within the past ten (10) years.

LIM HENG GAUL

Lim Heng Gaul, aged 55 was appointed as an Independent Non-Executive Director of A-Knight and an Audit Committee member on 19 November 2014. He was appointed member of Nomination Committee on 19 November 2014. He obtained a Bachelor of Science (hons), Geology from University Malaya in 1985. Upon graduation, he joined University Malaya as Tutor in the Geology Department from 1985 to 1987. Subsequently, he served in the United States offshore oil exploration companies based in Singapore i.e. Exploration Logging Ltd., USA as Mud-logger from 1988 to 1989 and Inteq (Baker Hughes) Ltd., USA as Pressure Evaluation Geologies from 1990 to 1993. He is a licensed remisier under Bursa Malaysia from 1994 until to-date. He has no conflict of interest with the Company and does not have any relationship with any of the directors and/or major shareholders of the Company. He has no conviction for any offences within the past ten (10) years.

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the Annual Report and the audited financial statement of A-Knight Group for the financial year ended 30 June 2015.

FINANCIAL PERFORMANCE

During the 12 months financial year ended 30 June 2015, the Group generated revenue of RM8.0 million compared to revenue of RM7.3 million in the preceding 18 months financial period ended 30 June 2014. The increase in revenue was mainly due to higher sales recorded from the manufacturing of plastic parts division.

The Group incurred higher loss after taxation of RM24.3 million in the financial year ended 30 June 2015 against loss after taxation of RM9.8 million in the preceding year. This was mainly due to assets held for sale written off, provision for import duty and sales tax and provision for contingent liabilities.

REVIEW OF OPERATIONS

The manufacturing of plastic parts and the hotel operations were the two active businesses of the Group during the financial year. However, the result from the hotel operation was classified as a discontinued operation in the financial statements due to the disposal of hotel property, which was announced on 3 March 2015 and completed on 20 October 2015.

DIVIDENDS

In view of the loss, your Board is not recommending the payment of dividend.

PROSPECTS

The manufacturing industry continues to face strong competition and increasing operating costs. The prospect of the Group is expected to improve with the contribution of manufacturing of plastic parts business and upon completion of the proposed regularisation plan which was announced on 13 October 2015.

The Board is confident that, upon completion of proposed regularisation plan in the very near future, the financial position of the Company will be fundamentally strengthened to support the re-building of the Group in increasingly challenging conditions.

CHAIRMAN'S STATEMENT (Continued)

CORPORATE DEVELOPMENTS

On 31 October 2014, the Company announced that it is an Affected Listed Issuer pursuant to Paragraph 2.1(d) of the Practice Note 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company had on 13 October 2015 announced the proposed regularisation plan, including proposed capital reduction, proposed share premium reduction, proposed rights issue with warrants, proposed acquisition, proposed exemption, proposed placement, proposed employees' share option scheme, proposed increase in the authorised share capital and proposed amendments to the Memorandum and Articles of Association of the Company to regularise its financial position. The Company is awaiting the decision from Bursa Malaysia Securities Berhad for the extension of time until 30 March 2016 to submit its proposed regularisation plan.

The Company and a subsidiary of the Company, Natural Renewable Energy Sdn Bhd, had on 6 December 2012 entered into a joint venture agreement to jointly develop the Kuantan leasehold lands held under Title PN2487, Lot 9461 and Title PN 4663, Lot 16600 in the Mukim of Kuala Kuantan, District of Kuantan, State of Pahang. Subsequently, in view of the non-fulfillment of certain conditions precedents, the agreement was mutually terminated and the Company and Natural Renewable Energy Sdn Bhd had entered into a Sale and Purchase Agreement dated 11 June 2014 and a Supplemental Agreement dated 11 November 2014 for the disposal of the said Kuantan land. The disposal of Kuantan land had been completed on 12 December 2014.

The Company had on 3 March 2015 announced the disposal of freehold land held under Geran 10609 and Geran 10610, Lot 267 and Lot 268, both of Bandar Kuantan, Daerah Kuantan, Negeri Pahang together with hotel premises and assets erected thereon by its subsidiary, namely Citiview Hotel Sdn Bhd. Subsequent to the financial year, the Company had on 20 October 2015 successfully completed the disposal.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to thank the management and staff for their commitment and hard work.

I would also like to express my appreciation to all our customers, business associates, financiers, government and regulatory authorities for their long time support and services.

SEE TECK WAH
Chairman

Corporate Governance Statement

The Board of Directors

Presently, the Board has seven (7) Directors, comprising four (4) Executive Directors and three (3) Independent Non-Executive Directors. The roles and responsibilities of the Executive Chairman and Managing Director are assumed by the same director. Nonetheless, the Board believes the present composition of the Independent Directors in the Board balances the combined roles of the Executive Chairman and Managing Director. The Independent Non-Executive Directors provide shareholders with an alternative to convey their concerns and seek clarifications from the Board.

A description of the background of each director is presented on pages 7 to 8.

Management is responsible for providing information to the Board in order to enable the Board to discharge its responsibilities. Management is also invited to attend the Board and Audit Committee meetings and to provide explanations to the Board and Audit Committee on the operations of the Group. In addition, the Board is also briefed by the Company Secretary on new or changes in corporate regulatory requirements. The performance of the Group is reviewed by the Board in consideration of the quarterly financial results and explanation provided by management.

Six (6) board meetings were held during the financial year. The details of attendance by the Board members during their tenure of office are as follows:

Director	No. of Meetings Attended
See Teck Wah	6 of 6
See Seng Hong PJK	6 of 6
See Han Liong	6 of 6
Andrew Su Meng Kit	6 of 6
Tan Teng Cheok	4 of 6
Seah Cheong Wei	5 of 6
Lim Heng Gaul (appointed on 19/11/2014)	4 of 4

The Board maintains specific Board Committees namely Audit Committee, Nomination Committee and Remuneration Committee. The Chairman of the respective Board Committees would report to the Board during the Board meetings on significant matters and salient matters deliberated in the Committees.

In order to set out the fundamental structures for effective functioning of the board, the Board would carry out the following actions in due course:

- To set out the code of conduct;
- To implement communication channel and procedure to provide employee with a mechanism to monitor the compliance of code of conduct;
- To incorporate further areas of the directors' fiduciary duties in board meeting agenda and obtaining adequate information needed for the discussion of these agenda;
- To define and formalise its board charter and policies on business sustainability, gender diversity, management succession, directors' assessment and remuneration, selection

Corporate Governance Statement (Continued)

- and evaluation on external auditors and engagement of non-audit services and corporate disclosure; and
- v. To create a new page on corporate governance in the present corporate website in order to keep the public and shareholder informed of its progress and status of the above actions.

Appointment to the Board

The Nomination Committee is established and maintained to ensure that there is a formal and transparent procedure for the appointment of new directors to the Board and for the performance appraisal of directors. The current members of the Committee are made up of fully independent non-executive directors. The current composition of the Nomination Committee is as follows:

Chairman	:	Tan Teng Cheok (Independent Non-Executive Director)
Member	:	Seah Cheong Wei (Independent Non-Executive Director)
	:	Lim Heng Gaul (Independent Non-Executive Director)

During the financial year, the Nomination Committee conducted one meeting.

Board Independence

Independence is important for ensuring objectivity and fairness in board's decision making. In order to uphold independence of Independent Directors, the Board has adopted the following best practices:-

- i. Subject to Board justification and shareholders' approval, tenure of Independent Directors should not exceed a cumulative nine (9) years; and
- ii. Annual assessment of independence of its Independent Directors focusing on events that would affect the ability of Independent Directors to continue bringing independent and objective judgment to board deliberation and the regulatory definition of Independent Directors.

Directors' Training

The Board encourages its members to undergo continuous trainings to enhance their knowledge, expertise and professionalism in discharging their duties. As at to-date, all Directors have complied with the provision of MMLR in relation to Mandatory Accreditation Programme.

During the financial year, two in-house board trainings were conducted on 30 October 2014 and 12 December 2014 respectively. These were half day trainings covering the topics on "GST Awareness for Board Members" and "2015 Contemporary Issues on Risk Management". Both trainings were attended by all Board members.

Corporate Governance Statement (Continued)**Re-election of Directors**

Director re-election provides an opportunity for shareholders to renew their mandate conferred to the Directors. The Articles of Association of the Company provides that all Directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting (“AGM”). In addition, directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Directors’ Remuneration

The remuneration of the Executive Directors and Non-Executive Directors are reviewed by the Remuneration Committee and the Board respectively. Executive Directors are remunerated based on the Group’s performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. All Directors play no part in the decision of their own remuneration.

The current members of the Remuneration Committee are:

- Member : See Teck Wah (Executive Chairman/ Managing Director)
: Tan Teng Cheok (Independent Non-Executive Director)
: Seah Cheong Wei (Independent Non-Executive Director)

During the financial year, the Remuneration Committee conducted one meeting.

The number of Directors whose income falls within the following bands is set out as follows:

Remuneration Bands	Executive Directors	Non-Executive Directors
RM50,000 and below	-	3
RM50,001-RM100,000	1	-
RM150,001-RM200,000	2	-
RM250,001-RM300,000	1	-

The aggregate remuneration paid to all Directors of the Company are further categorised into the following components:

	Fees (RM)	Meeting allowances (RM)	Salaries and other emoluments * (RM)	Total (RM)
Executive Directors	72,000	12,000	605,292	689,292
Non-Executive Directors	54,000	6,500	-	60,500

* Other emoluments include contribution to Employees’ Provident Fund.

Corporate Governance Statement (Continued)

The Board suggests Directors' fee of RM72,000 for Executive Directors and RM54,000 for Non-Executive Directors to be payable for financial year ended 30 June 2015. These proposed fees are subject to shareholders' approval at the forthcoming AGM.

Risk Management

The Board acknowledges that risk management is inherent in all business activities. It is however, not the Group's objective to eliminate risk totally, but to prioritize and manage the risks involved in all the Group's activities and to balance between the cost of managing and treating risks, and the anticipated benefits that will be derived.

In order to further strengthening the present risk management and internal control systems in the Group, the Board would work with the management in formalising and approving the Group's Risk policy and board risk tolerance.

The Board has established an internal audit function which is currently outsourced to a professional firm. Functionally, the Internal Auditors report to the Audit Committee directly. Further details of the Group's state of risk management and internal control systems and processes are reported in the Statement on Risk Management and Internal Control on pages 17.

Shareholders

Information to shareholders is disseminated through various disclosures and announcements made to the Bursa Securities. This information is electronically published at the Bursa Securities website at <http://www.bursamalaysia.com> and it is accessible by public. The Company also maintains its website at <http://www.asiaknight.com>.

The AGM remains as the principal forum for dialogue with all shareholders while the Extraordinary General Meetings would be held as and when required. At general meetings, before proposed resolutions are put to a vote, the shareholders would be provided with opportunities to seek clarifications.

Financial Reporting

The Board is responsible to ensure that the quarterly financial reporting of the Company presents a fair and balance view and assessment of the Group's financial position, performance and prospects. The Board ensures that the Group's financial statements are drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards. The Board is assisted by the Audit Committee in reviewing the overall accuracy, adequacy and completeness of the disclosure of financial information and ensuring the Group's financial statements comply with applicable financial reporting standards.

The External Auditors confirmed that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Corporate Governance Statement (Continued)

Annually, the Audit Committee also reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the AGM. The Audit Committee would convene meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group as and when necessary.

Directors' Responsibility Statement

The Directors are responsible for ensuring that:

- a. The annual audited financial statements of the Group and of the Company are drawn up in accordance with the MFRS, International Financial Reporting Standards and the provisions of the Companies Act, 1965 and the Listing Requirements of the Bursa Securities so as to give a true and fair view of the state of affairs of the Group and the Company for the financial year, and
- b. Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors have prepared the financial statements for the financial year ended 30 June 2015 on-going concern basis that the Group and the Company have adequate resources to continue operations for the foreseeable future and adopted appropriate accounting policies and have applied them consistently in the financial statement with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.

Corporate Social Responsibility

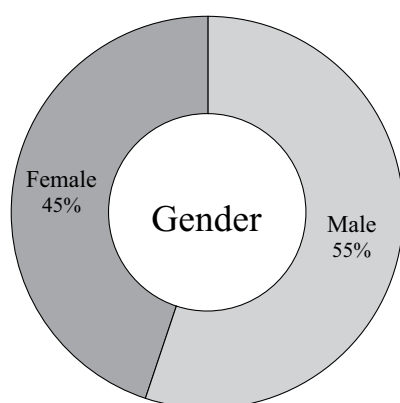
The Company would continue to participate in community activities which are appropriate.

Corporate Governance Statement (Continued)

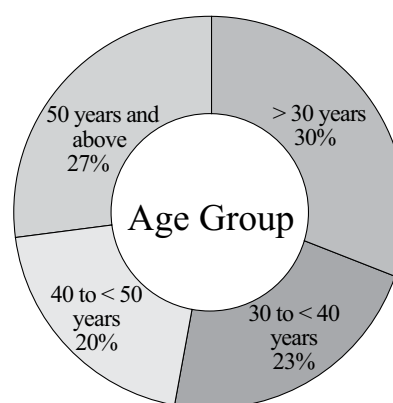
Workplace Diversity

The Group embraces age, gender and ethnicity diversities at workplace. Following diagrams illustrate the composition of the category, ethnicity, age and gender of the employees in the Group (excluding the non-executive members of the Board) as at 30 June 2015.

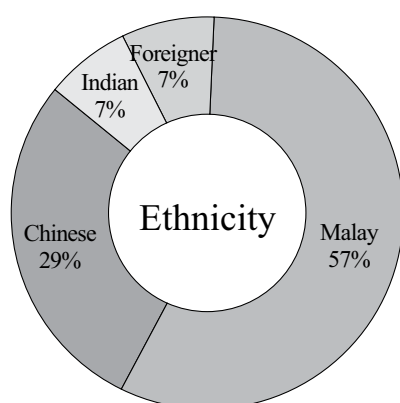
a. Employee's Gender Composition



b. Employee's Age Group Composition



c. Employee's Ethnicity Composition



2015 Statement on Risk Management and Internal Control

The Board of Directors of Asia Knight Berhad acknowledges the importance of the systems risk management and internal control and recognises its responsibilities to:

- i. Maintain a sound system of risk management and internal control;
- ii. Ensure the implementation of appropriate systems to manage risks; and
- iii. Review the adequacy and integrity of the Group's systems of internal control.

In discharging these responsibilities, the Board is assisted and advised by Executive Directors and management to identify the key business risks of the Group and to implement measures to manage risks. Executive Directors are responsible to the Board for identifying and assessing risks, implementing and maintaining sound systems of risk management and internal control and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could affect the Group's achievement of its objective and performance.

The key review activities undertaken by the Board are the review of financial and operating performances of the Group on quarterly basis; discussions and review with management on the progress of business operations and corporate exercises and review of audit findings reported by the Audit Committee.

The internal auditors have carried out reviews on selected active companies and reported their findings to the Audit Committee. Executive Directors and management further supplemented the Audit Committee's understanding of the current business activities and risks when presenting their quarterly financial performance and results in the Audit Committee meetings.

For the financial year in review, the Board was satisfied that the existing level of systems of internal control and risk management are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses that would require separate disclosure in the Annual Report.

The Board wishes to reiterates that the risk management and systems of internal control would be continuously improved parallel with the evolving business development. Nonetheless, it should be noted that all risk management and internal control systems control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, the risk management and internal control systems in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

Before producing this Statement, the Board has received assurance from the Managing Director and Executive Director responsible for the financial affairs of the Group that, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

Audit Committee Report

1. COMPOSITION OF AUDIT COMMITTEE

Tan Teng Cheok
Chairman- Independent Non-Executive Director

Seah Cheong Wei
Member- Independent Non-Executive Director

Lim Heng Gaul
Member- Independent Non-Executive Director (Appointed on 19 November 2014)

2. TERMS OF REFERENCE

• MEMBERSHIP

The Committee members shall be appointed by the Board of Directors from amongst the Directors excluding Alternate Directors and must consist of not less than 3 non-executive directors with a majority of them being independent non-executive directors.

All members of the Committee should be financially literate and at least one member should be a member of an accounting association or body.

In order to form a quorum for any meeting of the Committee, the majority of members present must be independent non-executive directors. In the event of any vacancy in the Committee resulting in non-compliance of the above composition requirement, the Company must fill the vacancy within three (3) months.

The Board of Directors must review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and its members have carried out their duties in accordance with their terms of reference.

The Chairman shall be elected by the Committee from among their members who shall be an Independent Non-Executive Director. The Chairman should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to keep informed of matters affecting the Company.

• RIGHTS

The Committee shall:

- i. Have authority to investigate any matter within its terms of reference;
- ii. Have the resources which are required to perform its duties;
- iii. Have full and unrestricted access to any information pertaining to the Group;

Audit Committee Report (Continued)

- iv. Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any); and
- v. Be able to obtain independent professional or other advice.

- **FUNCTIONS**

The Audit Committee shall review and report to the Board on the following key matters:

- i. To review the appointment, resignation, conduct and audit plans of the internal and external auditors;
- ii. To review the assistance given by the employees of the Group to the external auditors and the internal auditors;
- iii. To review the quarterly results and year end financial statements, prior to the approval by the Board;
- iv. To review any related party transactions and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- v. To review and report to the Board of the state of the system of internal control of the Group.
- vi. To consider the independence, performance and fees of the external auditors and assess whether there is reason to believe that the external auditor is not suitable for re-appointment or nomination; and
- vii. To review and report such other matters as may be delegated by the Board from time to time.

4. ACTIVITIES OF THE AUDIT COMMITTEE

The activities undertaken by the Audit Committee during the financial year are as follows:

- (a) Reviewed the quarterly financial results and announcements for the financial quarters prior to submission to the Board for consideration and approval;
- (b) Reviewed the annual audited financial statements;
- (c) Reviewed and discussed with the External Auditors on the audit plan, scope of work and results of their examination on audit, management letter and significant accounting issues in relation to their audit;
- (d) Reviewed with the Internal Auditors on the internal audit findings, report, management comments on audit recommendation and audit status; and

Audit Committee Report (Continued)

- (e) Reviewed the status of various corporate exercise, financial due diligence report and legal cases with the Executive Directors.

5. INTERNAL AUDIT FUNCTION

The Group had established its internal audit function and this function is outsourced to an internal audit services company. Functionally, the internal audit team reports to the Audit Committee directly.

Internal audit reviews are carried out on selected entities and reported to the Audit Committee during the Audit Committee meetings. Prior to the presentation of the internal audit reports to the Audit Committee, findings and recommendations are discussed with management and comments from management are obtained and incorporated into the internal audit findings and reports.

The cost accrued for the internal audit function in respect of the financial year ended 30 June 2015 was RM36,000 (2014: RM50,000, for eighteen (18) months).

OTHER INFORMATION**SHARE BUY-BACKS**

There were no share buy-backs transactions during the financial year.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities issued during the financial year.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year.

SANCTIONS AND / OR PENALTIES

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

NON-AUDIT FEES

There was no amount of non-audit fees paid to external auditors for the financial year.

PROFIT GUARANTEE

The Company did not issue any profit guarantee during the financial year.

PROFIT FORECAST AND UNAUDITED RESULTS VARIATION

There was no profit forecast issued by the Company in respect of the financial year. The audited consolidated results for the financial year did not deviate by more than 10% of the unaudited consolidated results previously announced by the Company.

MATERIAL CONTRACTS

There were no material contracts or contracts related to loan entered into by A-Knight or its subsidiaries involving the directors' and major shareholders' interests during the financial year.

UTILISATION OF PROCEEDS

During the financial year, there were no proceeds raised by the Company from any corporate proposals except for the progressive payments of RM7.8 million received under the joint venture agreement dated 6 December 2012 (which was subsequently replaced by the sale and purchase agreement dated 11 June 2014 and the supplemental agreement

OTHER INFORMATION (Continued)

dated 11 November 2014) in relation to the Kuantan land, out of which, RM5.1 million had been utilized for redemption of banking facilities and the balance had been utilised for working capital purposes. In addition, the Group also received deposit payment of RM1.7 million from the disposal of Citiview hotel property pursuant to the sale & purchase agreement dated 3 March 2015. The deposit payment had been utilised for working capital and defray of expenses related to the disposal of hotel property during the financial year.

RECURRENT RELATED PARTY TRANSACTION DURING THE FINANCIAL YEAR

There were no recurrent related party transactions during the financial year.

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 30th June 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 5 to the financial statements.

There have been no significant change in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year	(24,278,186)	(13,471,280)
Other comprehensive income	-	-
Total comprehensive loss for the financial year	<u>(24,278,186)</u>	<u>(13,471,280)</u>
Loss attributable to:		
Owners of the Company	(24,278,186)	(13,471,280)
Non-controlling interests	-	-
	<u>(24,278,186)</u>	<u>(13,471,280)</u>

RESERVES AND PROVISIONS

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

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial period.

The directors do not recommend the payment of any dividends in respect of the financial year ended 30th June 2015.

DIRECTORS' REPORT (Continued)

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts and the provision of doubtful debts, in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

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

VALUATION METHODS

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS' REPORT (Continued)**ISSUE OF SHARES AND DEBENTURES**

The Company did not issue any shares and debentures during the financial year.

DIRECTORS

The Directors of the Company who held office since the date of the last report are as follows:

See Teck Wah
See Seng Hong, PJK
Andrew Su Meng Kit
See Han Liong
Tan Teng Cheok
Seah Cheong Wei
Lim Heng Gaul

- Appointed on 19.11.2014

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares in the Company during the financial year ended 30th June 2015 are as follows:-

	Number of Ordinary Shares of RM1/- each in the Company			
	At 1.7.2014	Acquired	Disposed	At 30.6.2015
The Company				
<i>Asia Knight Berhad</i>				
Direct Interests				
See Teck Wah	2,176,912	1,800,000	-	3,976,912
See Seng Hong, PJK	429,000	-	-	429,000
See Han Liong	5,181,800	-	(4,063,500)	1,118,300
Indirect Interests				
See Teck Wah#	39,623,233	2,270,000	(12,403,500)	29,489,733
See Seng Hong, PJK*	18,608,060	-	(1,000,000)	17,608,060
See Han Liong^	36,618,345	4,070,000	(8,340,000)	32,348,345

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS (Continued)

- # Deemed interests pursuant to Section 6A of the Companies Act 1965 by virtue of his interests in Pahangply Holdings Berhad, NGE Leasing & Credit Sdn. Bhd., See Seng Lai & Sons Realty Sdn. Bhd., Nanyang General Enterprises Sdn. Bhd., Nanyang Timber Industry Sdn. Bhd., Prime Forest Products (M) Sdn. Bhd., Far East Navigation (Malaysia) Sdn. Bhd. and See Han Liong.
- * Deemed interests pursuant to Section 6A of the Companies Act 1965 by virtue of his interests in Pahangply Holdings Berhad, See Seng Lai & Sons Realty Sdn. Bhd., NGE Leasing & Credit Sdn. Bhd., Nanyang General Enterprises Sdn. Bhd., Nanyang Timber Industry Sdn. Bhd. and Far East Navigation (Malaysia) Sdn. Bhd.
- ^ Deemed interests pursuant to Section 6A of the Companies Act 1965 by virtue of his interests in Pahangply Holdings Berhad, See Seng Lai & Sons Realty Sdn. Bhd., NGE Leasing & Credit Sdn. Bhd., Nanyang General Enterprises Sdn. Bhd., Nanyang Timber Industry Sdn. Bhd., Prime Forest Products (M) Sdn. Bhd., Far East Navigation (Malaysia) Sdn. Bhd. and See Teck Wah.

Mr. See Teck Wah, Mr. See Seng Hong, PJK and Mr. See Han Liong by virtue of their interests in the shares of the Company are also deemed interested in the shares of all the Company's subsidiaries during the financial year to the extent the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

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

Neither during nor at the end of the financial year was the Company or any of its related corporations to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SIGNIFICANT EVENT

Details of the significant event during the year are disclosed in note 32 to the financial statements.

SUBSEQUENT EVENT

Details of the subsequent event are disclosed in note 33 to the financial statements.

DIRECTORS' REPORT (Continued)**OTHER STATUTORY INFORMATION**

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate of any substantial extent; and
 - (ii) the values attributed to the current assets in these financial statements misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liabilities of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liabilities has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due.
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

DIRECTORS' REPORT (Continued)

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

.....
See Teck Wah
Director

.....
Andrew Su Meng Kit
Director

Klang

Date: 29 October 2015

STATEMENT BY DIRECTORS

We, **See Teck Wah** and **Andrew Su Meng Kit**, being two of the directors of Asia Knight Berhad, do hereby state that in the opinion of the directors, the financial statements are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 30th June 2015 and of their financial performance and cash flows of the Group and the Company for the financial year then ended.

The supplementary information set out on page 101 has been prepared in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

.....
SEE TECK WAH
Director

.....
ANDREW SU MENG KIT
Director

Klang

Date: 29 October 2015

STATUTORY DECLARATION

I, **Andrew Su Meng Kit**, being the director primarily responsible for the financial management of Asia Knight Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 34 to 100 and the supplementary information set out on page 101 are 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.

.....
ANDREW SU MENG KIT

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 29 October 2015.

Before me,

PESURUHJAYA SUMPAH
Zulkifla Mohd Dahlim (W541)

.....
Commissioner for Oaths

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ASIA KNIGHT BERHAD**
(Incorporated in Malaysia)**Report on the financial statements**

We have audited the financial statements of Asia Knight Berhad, which comprise the statements of financial position as at 30th June 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 100.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ASIA KNIGHT BERHAD (Continued)**
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30th June 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1.1 to the financial statements which discloses the premise upon which the Group and the Company have prepared its financial statements by applying the going concern assumption, notwithstanding that the Group and the Company incurred net losses of RM24,278,186/- and RM13,471,280/- respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Act, we also report the followings:-

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

Other Reporting Responsibilities

The supplementary information set out on page 76 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and does not form part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the *Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ASIA KNIGHT BERHAD (Continued)**
(Incorporated in Malaysia)

Other Matters

The financial statements of the Group and the Company for the financial period ended 30th June 2014 were audited by another firm of Chartered Accountants who issued a disclaimer of opinion and did not express an opinion in their report dated 30th October 2014 on those financial statements as detailed in note 34.1.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Ng Boon Hiang
No. 2916/03/16 (J)
Chartered Accountant

Kuala Lumpur

Date: 29th October 2015

**STATEMENTS OF FINANCIAL POSITION
AS AT 30TH JUNE 2015**

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	4	2,220,447	21,088,415	105,004	127,504
Investments in subsidiaries	5	-	-	3,206,364	6,299,999
Quoted investments	6	-	5,628	-	5,628
Total Non-current Assets		2,220,447	21,094,043	3,311,368	6,433,131
Current Assets					
Inventories	7	589,657	1,097,228	-	-
Trade receivables	8	1,790,519	2,892,406	-	-
Other receivables, deposits and prepayments	9	1,047,701	451,826	101,782	117,881
Amount due from subsidiaries	10	-	-	4,976,135	6,138,348
Tax recoverable		148,609	74,570	187	187
Deposits placed with licensed banks	11	592,298	92,082	-	-
Cash and bank balances		1,064,401	950,846	177,251	112,173
		5,233,185	5,558,958	5,255,355	6,368,589
Assets classified as held for sale	12	17,000,000	25,079,667	-	15,664,198
Total Current Assets		22,233,185	30,638,625	5,255,355	22,032,787
TOTAL ASSETS		24,453,632	51,732,668	8,566,723	28,465,918

**STATEMENTS OF FINANCIAL POSITION
AS AT 30TH JUNE 2015 (Continued)**

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	13	58,132,908	58,132,908	58,132,908	58,132,908
Capital reserve	14	2,502,440	2,502,440	2,502,440	2,502,440
Accumulated losses		(53,596,643)	(29,318,457)	(59,561,831)	(46,090,551)
		7,038,705	31,316,891	1,073,517	14,544,797
Non-controlling interests		-	-	-	-
Total equity		7,038,705	31,316,891	1,073,517	14,544,797
Non-current Liabilities					
Deferred tax liabilities	15	1,129,649	1,528,401	-	-
Other payables, accruals and deposits received	17(a)	-	670,000	-	670,000
Total Non-current Liabilities		1,129,649	2,198,401	-	670,000
Current Liabilities					
Trade payables	16	2,095,020	1,881,050	188,869	320,712
Other payables, accruals and deposits received	17(a)	12,484,330	10,266,028	5,661,533	7,322,228
Provision for liabilities	17(b)	1,642,804	-	1,642,804	-
Borrowings	18	-	6,061,797	-	5,608,181
Taxation		63,124	8,501	-	-
Total Current Liabilities		16,285,278	18,217,376	7,493,206	13,251,121
Total Liabilities		17,414,927	20,415,777	7,493,206	13,921,121
TOTAL EQUITY AND LIABILITIES		24,453,632	51,732,668	8,566,723	28,465,918

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

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2015**

		Group		Company	
		1.7.2014 to 30.6.2015 (12 months)	1.1.2013 to 30.6.2014 (18 months)	1.7.2014 to 30.6.2015 (12 months)	1.1.2013 to 30.6.2014 (18 months)
	Note	RM	RM	RM	RM
Continuing operations					
Revenue	19	8,037,851	7,346,719	-	-
Cost of sales		(10,009,660)	(10,773,378)	-	-
GROSS LOSS		(1,971,809)	(3,426,659)	-	-
Other income		2,053,780	1,832,128	2,037,694	1,629,500
Administrative expenses		(3,241,993)	(4,570,315)	(1,910,114)	(3,656,853)
Selling and distribution		-	(133,455)	-	(47,557)
Other expenses		(19,940,011)	(2,042,134)	(13,434,779)	(10,073,780)
Results from operating activities		(23,100,033)	(8,340,435)	(13,307,199)	(12,148,690)
Finance costs	20	(164,081)	(482,608)	(164,081)	(482,608)
LOSS BEFORE TAXATION		(23,264,114)	(8,823,043)	(13,471,280)	(12,631,298)
Taxation	21	100	(140)	-	-
Loss from continuing operations		(23,264,014)	(8,823,183)	(13,471,280)	(12,631,298)
Discontinued operation					
Loss from discontinued operation	22	(1,014,172)	(943,988)	-	-
Loss for the financial year	23	(24,278,186)	(9,767,171)	(13,471,280)	(12,631,298)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the financial year		(24,278,186)	(9,767,171)	(13,471,280)	(12,631,298)
Loss attributable to:					
Owners of the Company		(24,278,186)	(9,667,564)	(13,471,280)	(12,631,298)
Non-controlling interests		-	(99,607)	-	-
		(24,278,186)	(9,767,171)	(13,471,280)	(12,631,298)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2015 (Continued)**

	Note	Group		Company	
		1.7.2014 to 30.6.2015 (12 months) RM	1.1.2013 to 30.6.2014 (18 months) RM	1.7.2014 to 30.6.2015 (12 months) RM	1.1.2013 to 30.6.2014 (18 months) RM
Total comprehensive loss attributable to:					
Owners of the Company		(24,278,186)	(9,667,564)	(13,471,280)	(12,631,298)
Non-controlling interests		-	(99,607)	-	-
		<u>(24,278,186)</u>	<u>(9,767,171)</u>	<u>(13,471,280)</u>	<u>(12,631,298)</u>
Basic loss per ordinary share (sen)					
from continuing operations	24	(40.02)	(18.79)		
from discontinued operation	24	(1.74)	(2.01)		
		<u>(41.76)</u>	<u>(20.80)</u>		
Basic loss per ordinary share (sen) -annualised					
from continuing operations	24	(40.02)	(12.53)		
from discontinued operation	24	(1.74)	(1.34)		
		<u>(41.76)</u>	<u>(13.87)</u>		

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

**STATEMENTS OF CHANGES OF EQUITY
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2015**

	← Attributable to owner of the Company →				Non-controlling	Total
	Share Capital RM	Capital Reserve RM	Accumulated Losses RM	Total RM	Interests RM	Equity RM
Group						
At 1 January 2013	44,083,200	38,497	(19,650,893)	24,470,804	99,607	24,570,411
Total comprehensive loss for the financial year	-	-	(9,667,564)	(9,667,564)	(99,607)	(9,767,171)
Issuance of shares	14,049,708	2,463,943	-	16,513,651	-	16,513,651
At 30th June 2014	58,132,908	2,502,440	(29,318,457)	31,316,891	-	31,316,891
Total comprehensive loss for the financial year	-	-	(24,278,186)	(24,278,186)	-	(24,278,186)
At 30th June 2015	58,132,908	2,502,440	(53,596,643)	7,038,705	-	7,038,705
	Share Capital RM	Capital Reserve RM	Accumulated Losses RM	Total RM		
Company						
At 1st January 2013	44,083,200	38,497	(33,459,253)	10,662,444		
Total comprehensive loss for the financial year	-	-	(12,631,298)	(12,631,298)		
Issuance of shares	14,049,708	2,463,943	-	16,513,651		
At 30th June 2014	58,132,908	2,502,440	(46,090,551)	14,544,797		
Total comprehensive loss for the financial year	-	-	(13,471,280)	(13,471,280)		
At 30th June 2015	58,132,908	2,502,440	(59,561,831)	1,073,517		

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

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2015**

		Group		Company	
		1.7.2014 to 30.6.2015	1.1.2013 to 30.6.2014	1.7.2014 to 30.6.2015	1.1.2013 to 30.6.2014
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES:					
(Loss)/Profit before taxation from:					
- continuing operations		(23,264,114)	(8,823,043)	(13,471,280)	(12,631,298)
- discontinued operation	23	(1,371,706)	186,907	-	-
		(24,635,820)	(8,636,136)	(13,471,280)	(12,631,298)
Adjustments for:					
Impairment loss on receivables		448,311	715,491	-	9,845
Impairment loss on amount due from subsidiaries		-	-	276,350	9,914,107
Assets held for sale written off		15,544,081	-	6,962,990	-
Bad debts written off		3,263	91,831	-	46,576
Depreciation of property, plant and equipment		883,708	4,829,005	22,500	895,072
Gross dividend from quoted investments		-	(37)	-	(37)
Gain on disposal of assets held for sale		(2,357,414)	-	(2,450,432)	-
Loss/(Gain) on disposal of property, plant and equipment		9,935	(48,586)	-	(9,999)
Gain on disposal of quoted investments		(5,270)	-	(5,270)	-
Impairment on investment in a subsidiary		-	-	3,093,635	103,252
Impairment on property, plant and equipment		604,347	-	-	-
Interests income		(216)	(1,818)	-	(1,800)
Interests expense		164,081	482,608	-	482,608
Loss on foreign exchange - unrealised		-	9,982	-	-
Property, plant and equipment written off		1,346	-	-	-
Reversal of impairment loss on trade receivables		(5,506)	(73,000)	-	-
Reversal of impairment on property, plant and equipment		-	(462,998)	-	-
Reversal of waiver of amount owing to a related party		1,459,000	-	1,459,000	-

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2015 (Continued)**

	Group		Company	
	1.7.2014 to 30.6.2015 RM	1.1.2013 to 30.6.2014 RM	1.7.2014 to 30.6.2015 RM	1.1.2013 to 30.6.2014 RM
Adjustments for (Continued):				
Goodwill written off	-	356,840	-	-
Gain on foreign exchange - unrealised	(31,017)	-	-	-
Waiver of amount owing to a related party	-	(1,459,000)	-	(1,459,000)
Operating loss before working capital changes	(7,917,171)	(4,195,818)	(4,112,507)	(2,650,674)
Changes In Working Capital:				
Inventories	507,571	774,543	-	-
Amount due from subsidiaries	-	-	885,863	(2,055,887)
Receivables	59,944	684,696	16,099	441,940
Payables	1,964,669	7,504,316	(2,278,734)	9,246,193
	(5,384,987)	4,767,737	(5,489,279)	4,981,572
Interest paid	(164,081)	(482,608)	-	(482,608)
Income tax paid	(93,478)	(109,385)	-	-
Income tax refunded	32,944	7,975	-	7,975
Net Operating Cash Flows	(5,609,602)	4,183,719	(5,489,279)	4,506,939
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property, plant and equipment	(69,868)	(202,477)	-	(150,000)
Dividend received	-	37	-	37
Interest received	216	1,818	-	1,800
Proceeds from disposal of property, plant and equipment	438,500	49,548	-	10,000
Proceeds from disposal of assets held for sale	11,893,000	-	11,151,640	-
Net Investing Cash Flows	12,261,848	(151,074)	11,151,640	(138,163)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2015 (Continued)**

		Group		Company	
		1.7.2014 to 30.6.2015 RM	1.1.2013 to 30.6.2014 RM	1.7.2014 to 30.6.2015 RM	1.1.2013 to 30.6.2014 RM
	Note				
CASH FLOWS FROM FINANCING ACTIVITIES:					
Repayment of term loans		-	-	-	-
Acquisition of subsidiary, net of cash		-	(4,402,676)	-	(4,800,000)
Proceeds from issue of shares		-	1,730,000	-	1,730,000
Proceeds from disposal of investment in subsidiaries		-	-	-	-
Proceeds from disposal of quoted investments		10,898	-	10,898	-
Net repayment of banker's acceptances		(4,628,000)	(1,420,000)	(4,628,000)	(1,420,000)
Net Financing Cash Flows		(4,617,102)	(4,092,676)	(4,617,102)	(4,490,000)
NET CHANGES IN CASH AND CASH EQUIVALENTS					
		2,035,144	(60,031)	1,045,259	(121,224)
Effect on foreign exchange		12,424	-	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD		(390,869)	(330,838)	(868,008)	(746,784)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD		1,656,699	(390,869)	177,251	(868,008)
ANALYSIS OF CASH AND CASH EQUIVALENTS:					
Deposits placed with licensed banks		592,298	92,082	-	-
Cash and bank balances		1,064,401	950,846	177,251	112,173
Bank overdrafts	18	-	(1,433,797)	-	(980,181)
		1,656,699	(390,869)	177,251	(868,008)

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 5 to the financial statements.

There have been no significant change in the nature of these principal activities during the financial year.

The principal place of business of the Company is located at No 33 & 35, Jalan Batu Tiga, 41300 Klang, Selangor Darul Ehsan.

The registered office of the Company is located at No 9, Jalan Bayu Tinggi 2A/ KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia ("RM").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29th October 2015.

1.1 FUNDAMENTAL ACCOUNTING CONCEPT

The financial statements of the Group and the Company have been prepared on the assumption that the Group and the Company will continue as going concerns, notwithstanding that the Group and the Company incurred net losses of RM24,278,186/- and RM13,471,280/- respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

On 31st October 2014, the Company had announced that it is an affected listed issuer as it had triggered Paragraph 2.1(d) of the Practice Note 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

As disclosed in note 33 to the financial statements, on 13th October 2015, the Board of Directors of the Company had announced the proposals to regularise the financial position of the Company pertaining to the Company's position as an affected listed issuer.

As disclosed in note 32(v) to the financial statements, the Group had completed the disposal of land and hotel premises and the balance purchase consideration was received on 20th October 2015. The Directors are of the view that with the proposed restructuring plan and completion of the disposal of land and hotel premises, the going concern basis of preparation of financial statements for the financial year ended 30th June 2015 is appropriate. The Directors are also of the view that the Group is able to operate profitability in the future with the successful implementation of the proposed restructuring plan.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of Preparation**

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgement are based on the Directors’ best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations (“IC Int”)**(a) Adoption of Amendments/Improvements to MFRSs**

The Group and the Company had adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:-

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 124	Related Party Disclosures
MFRS 140	Investment Property

The adoption of the above amendments/improvements to MFRSs do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations (“IC Int”) (Continued)

(a) Adoption of Amendments/Improvements to MFRSs (Continued)

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

Amendments to MFRS 1 relates to the IASB’s Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 *Financial Instruments: Presentation*. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to MFRS 3 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself.

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments’ assets to the entity’s assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relates to the IASB’s Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations (“IC Int”) (Continued)****(a) Adoption of Amendments/Improvements to MFRSs (Continued)*****Amendments to MFRS 13 Fair Value Measurement (Continued)***

The amendments also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 *Financial Instruments: Presentation*.

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2018
<u>Amendments/Improvements to MFRSs</u>		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations (“IC Int”) (Continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)

MFRS 9 Financial Instruments

MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting.

Classification and measurement

MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity’s business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

Impairment

MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Hedge accounting

MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations (“IC Int”) (Continued)****(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)*****MFRS 15 Revenue from Contracts with Customers***

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to MFRS 5 introduces specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vice versa), or when held-for-distribution is discontinued.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3 *Business Combinations*, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses. The amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improves the effectiveness of disclosures. The amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations (“IC Int”) (Continued)****(b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)*****Amendments to MFRS 119 Employee Benefits (Continued)***

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan’s contribution formula or on a straight-line basis).

In addition, the amendments clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the amendments to MFRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

- (b) **New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)**

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 *Business Combinations*. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These amendments addresses the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements:- the amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities:- the amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures:- the amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.