



ASIA KNIGHT BERHAD
(71024-T)

ANNUAL REPORT 2016



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NOTICE OF THE THIRTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Fifth (“35th”) 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 Wednesday, 23 November 2016 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 2016 together with the Reports of the Directors and Auditors thereon. (Note 6)	
2. To approve the payment of Directors’ fees for the financial year ended 30 June 2016.	Resolution 1
3. To re-elect Mr Seah Cheong Wei 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 Andrew Su Meng Kit 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 at a remuneration to be fixed by the Directors.	Resolution 5
SPECIAL BUSINESS	
To consider and, if thought fit, adopt the following resolutions, with or without modification, as Ordinary Resolutions:	
7. Proposed Retention of Independent Director in accordance with the Malaysian Code of Corporate Governance 2012 (Note 7)	Resolution 6
“That, Mr Tan Teng Cheok, a Senior Independent Non-Executive Director of the Company, has served for a cumulative term of more than nine (9) years as an Independent Non-Executive Director, be and is hereby retained as a Senior Independent Non-Executive Director of the Company.”	



NOTICE OF THE THIRTY-FIFTH ANNUAL GENERAL MEETING (Continued)

8. Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 (Note 8) “That subject always to the Companies Act, 1965, Articles of Association of the Company and the 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 from time to 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.”	Resolution 7
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FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 35th 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 16 November 2016. Only a depositor whose name appears on the Record of Depositors as at 16 November 2016 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her behalf.

By Order of the Board of Directors

Lim Kui Suang (MAICSA 0783327)

Lim King Hua (MAICSA 0798613)

Paul Ignatius Stanislaus (MACS 01330)
Secretaries

Klang, Selangor Darul Ehsan
Date: 27 October 2016



NOTICE OF THE THIRTY-FIFTH ANNUAL GENERAL MEETING (Continued)

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint at least one (1) proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak and vote at the meeting.
2. The Proxy Form in the case of an individual shall be signed by the appointer or his/her attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
3. Where a member is an exempt authorised nominee (EAN) as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there shall be no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No 9, Jalan Bayu Tinggi 2A/KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
5. In line with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of the 35th AGM of the Company are subjected to voting by poll. The Company will appoint at least one (1) scrutineer to validate the votes cast at the 35th AGM of the Company.
6. Directors' Report, Audited Financial Statements and Auditors' Report

Agenda No 1 is meant for discussion only. The provision 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.

7. Retention of Mr Tan Teng Cheok as Senior Independent Non-Executive Director of the Company pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012

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



NOTICE OF THE THIRTY-FIFTH ANNUAL GENERAL MEETING (Continued)

7. Retention of Mr Tan Teng Cheok as Senior Independent Non-Executive Director of the Company pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 (Continued)

The Nomination Committee has assessed the independence of Mr Tan Teng Cheok, and recommended that he continues to act as a Senior 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; 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 a Senior Independent Non-Executive Director is in the best interests of the Company and recommends that you vote in favour of this resolution.

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

The Company had, during its Thirty-Fourth AGM held on 10 December 2015, 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.



NOTICE OF THE THIRTY-FIFTH ANNUAL GENERAL MEETING (Continued)

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (Pursuant to Paragraph 8.27(2) of the Bursa Securities Main Market Listing Requirements)

1. Directors who are seeking re-election or re-appointment are as follows:-
 - (i) Mr Seah Cheong Wei, pursuant to Articles 78 & 79 of the Company's Articles of Association.
 - (ii) Mr Andrew Su Meng Kit, 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 and/or re-appointment 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

BOARD OF DIRECTORS

See Teck Wah	<i>Chairman/Managing Director</i>
See Seng Hong PJK	<i>Executive Director</i>
See Han Liong	<i>Executive Director</i>
Andrew Su Meng Kit	<i>Executive Director</i>
Tan Teng Cheok	<i>Senior Independent Non-Executive Director</i>
Seah Cheong Wei	<i>Independent Non-Executive Director</i>
Lim Heng Gaul	<i>Independent Non-Executive Director</i>

AUDIT COMMITTEE

Tan Teng Cheok	<i>Chairman</i>
Seah Cheong Wei	<i>Member</i>
Lim Heng Gaul	<i>Member</i>

NOMINATION COMMITTEE

Tan Teng Cheok	<i>Chairman</i>
Seah Cheong Wei	<i>Member</i>
Lim Heng Gaul	<i>Member</i>

REMUNERATION COMMITTEE

See Teck Wah	<i>Member</i>
Tan Teng Cheok	<i>Member</i>
Seah Cheong Wei	<i>Member</i>

COMPANY SECRETARIES

Lim Kui Suang (MAICSA 0783327)
 Lim King Hua (MAICSA 0798613)
 Paul Ignatius Stanislaus (MACS 01330)

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

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia
 Securities Berhad
 Stock Name : AKNIGHT
 Stock Code : 9954



PROFILE OF DIRECTORS

SEE TECK WAH

See Teck Wah, male, Malaysian, aged 67, 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. He is responsible for the overall direction and operations of the A-Knight 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 five (5) years and no public sanction or penalty imposed during the financial year .

SEE SENG HONG PJK

See Seng Hong PJK, male, Malaysian, aged 79, 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. He is responsible for the general administration of the A-Knight Group. He also sits on the Boards of several private limited companies. He is the uncle of Mr See Teck Wah and grand-uncle of Mr See Han Liong. He has no conflict of interest with the Company and no conviction for any offences within the past five (5) years and no public sanction or penalty imposed during the financial year.

SEE HAN LIONG

See Han Liong, male, Malaysian, aged 40 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. He joined A-Knight Group in 2002 and is responsible for the supervision and management of plastic parts manufacturing division. He is the grand-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 five (5) years and no public sanction or penalty imposed during the financial year.

ANDREW SU MENG KIT

Andrew Su Meng Kit, male, Malaysian, aged 45, was appointed to the Board as an Executive Director on 25 November 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 consultant to a company listed on the Second Board of Bursa Securities and a Director of Corporate Finance in a merchant bank. He specialises in corporate finance. He is currently the Non-Independent Non-Executive Director of Acme Holdings Berhad, a company listed on the Main Market of Bursa Malaysia. He is also currently the Vice President of TA Securities Holdings Berhad. 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 five (5) years and no public sanction or penalty imposed during the financial year.



PROFILE OF DIRECTORS (Continued)

TAN TENG CHEOK

Tan Teng Cheok, male, Malaysian, aged 46 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 is also the Chairman of Audit Committee. On 4 October 2016, he was appointed as Senior Independent Non-Executive Director. 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 five (5) years and no public sanction or penalty imposed during the financial year.

SEAH CHEONG WEI

Seah Cheong Wei, male, Malaysian, aged 43 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. 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 five (5) years and no public sanction or penalty imposed during the financial year.

LIM HENG GAUL

Lim Heng Gaul, male, Malaysian, aged 56 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 five (5) years and no public sanction or penalty imposed during the financial year.



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 2016.

FINANCIAL PERFORMANCE

For the financial year ended 30 June 2016, the Group generated revenue of RM10.3 million compared to revenue of RM8.0 million in the previous financial year. The increase in revenue was mainly due to higher sales recorded from the manufacturing of plastic parts business.

The Group recorded lower loss after taxation of RM2.8 million in the financial year ended 30 June 2016 against loss after taxation of RM24.3 million in the preceding financial year. This was mainly due to the improved performance of manufacturing of plastic parts division and lower provision charges.

REVIEW OF OPERATIONS

The manufacturing of plastic parts was the core active business of the Group during the financial year. The Group's hotel operation was classified as discontinued operation due to the disposal of hotel property, which was completed on 20 October 2015.

DIVIDENDS

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

PROSPECTS

The manufacturing industry continues to face competition amidst the challenging market conditions. 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.

The Board is confident that, upon completion of restructuring exercise to be undertaken, the financial position of the Company will be fundamentally strengthened to support the rebuilding of the Group.



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 ("Listing Requirements") ("PN17").

The Company had on 5 April 2016, 14 April 2016 and 15 June 2016 announced the proposed regularisation plan, including proposed capital reduction, proposed share premium reduction, proposed rights issue with warrants, proposed acquisition, 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 proposed regularisation plan was submitted on 15 June 2016.

However, the Company had on 7 October 2016, submitted a request to Bursa Malaysia Securities Berhad to withdraw its application in relation to the Proposed Regularisation Plan as substantial time had elapsed since the submission on 15 June 2016 which rendered it necessary for a review and update of the application including but not limited to an update of the key financial information based on the latest financial statements and also market information.

Following the above request, an application for an extension of time of up to four (4) months from 7 October 2016 to 6 February 2017 to comply with Paragraph 8.04(3) and PN17 of the Listing Requirements, for the purpose of re-submission of application for the proposed regularisation plan of A-Knight had been submitted on 7 October 2016. The said application is subject to the consideration by Bursa Malaysia Securities Berhad.

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 one (1) Senior Independent Non-Executive Director and two (2) 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.

Seven (7) 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	7 of 7
See Seng Hong PJK	7 of 7
See Han Liong	7 of 7
Andrew Su Meng Kit	7 of 7
Tan Teng Cheok	7 of 7
Seah Cheong Wei	6 of 7
Lim Heng Gaul	7 of 7

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;



CORPORATE GOVERNANCE STATEMENT (Continued)

- iv. To define and formalise its board charter and policies on business sustainability, gender diversity, management succession, directors' assessment and remuneration, selection 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 (Senior 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.

All Board members had attended an external seminar entitled "New Companies Act 2016 – New Way of Doing Business in Malaysia" on 19 August 2016.



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 (Senior 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	1	-
RM450,001-RM500,000	2	-

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	14,000	1,154,355	1,240,355
Non-Executive Directors	60,000	10,000	-	70,000

* Other emoluments include contribution to Employees’ Provident Fund.



CORPORATE GOVERNANCE STATEMENT (Continued)

The Board suggests Directors' fee of RM72,000 for Executive Directors and RM60,000 for Non-Executive Directors to be payable for financial year ended 30 June 2016. 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 prioritise 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 to 19.

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 in Malaysia 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia 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 of 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 2016 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

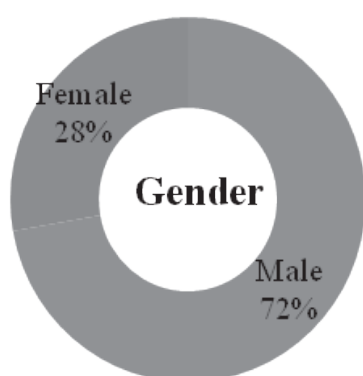
The Company would continue to participate in community activities which are appropriate.

CORPORATE GOVERNANCE STATEMENT (Continued)

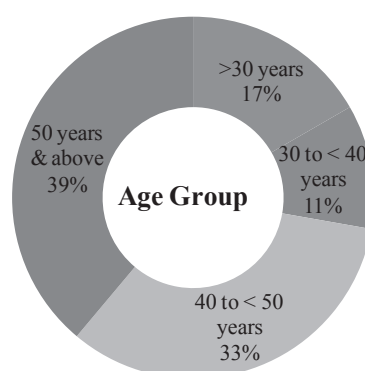
Workplace Diversity

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 2016.

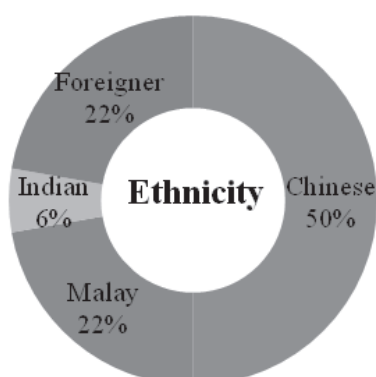
a. Employee's Gender Composition



b. Employee's Age Group Composition



c. Employee's Ethnicity Composition





STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of Asia Knight (“the Board”) is pleased to present the following statement on Risk Management and Internal Controls for the financial year ended 30 June 2016. This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guided by the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuer (“the Guidelines”).

Board’s Responsibilities

The Board acknowledges the importance of the system of risk management and internal controls and recognises its responsibilities to:

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

Collectively, the Board oversees and reviews the conduct of the Group’s business while Executive Directors and the management execute measures and controls to ensure that risks are effectively managed.

Risk Management

The Executive Directors and the management identify, evaluate and manage significant risks facing the organisation. 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 controls 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. All identified risks are documented in a risk register to assist the management in monitoring risks. The risk register is reported and deliberated in the Board meeting. This is to ensure that adequate actions are taken to address the risks.

During the year, the Group has engaged an external consultant to review the internal controls and risks of the Group as part of the regularisation plan. The recommendations from the external consultant have been presented in the Board meeting whereby actions have been taken by the management to address these findings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

Key Element of Internal Controls

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 external auditors.

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.

Management Responsibilities and Assurance

The responsibilities of the management in respect of risk management as provided in the Guideline include:

- identifying risks relevant to the business of the Group's objectives and strategies implementation;
- designing, implementing and monitoring the risk register in accordance with the Group's strategic vision and overall risk appetite; and
- identifying changes to risk or emerging risks, taking action as appropriate and promptly bringing these to the attention of the Board.

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

Board Assurance and Limitation

During the financial year under review, the Board was satisfied that the existing level of risk management and internal control systems 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 reiterate that the risk management and internal control systems would be continuously improved with the evolving business development. Nonetheless, it should be noted that all risk management and internal control systems 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.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

Review of the Statement by External Auditors

Pursuant to Paragraph 15.23 of Main Market Listing Requirement of Bursa Securities and Recommended Practice Guide (“RPG”) 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by Malaysia Institute of Accountants, the external auditors have performed a limited assurance engagement on the Statement on Risk Management and Internal Control for the inclusion in this Annual Report for the financial year ended 30 June 2016. The external auditors reported that nothing has come to their attention that could cause them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, or is factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 4 October 2016.

AUDIT COMMITTEE REPORT

1. COMPOSITION OF AUDIT COMMITTEE

Chairman

Tan Teng Cheok

Senior Independent Non-Executive Director

Members

Seah Cheong Wei

Independent Non-Executive Director

Lim Heng Gaul

Independent Non-Executive Director

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 three (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;
- 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.



AUDIT COMMITTEE REPORT (Continued)

• 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.

3. SUMMARY OF ACTIVITIES

During the financial year ended 30 June 2016, the audit committee carries out its duties in accordance with its terms of reference. This including:

- i. Reviewed the quarterly financial results and announcements for the financial quarters prior to submission to the Board for consideration and approval;
- ii. Reviewed the annual audited financial statements;
- iii. 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;
- iv. Reviewed with the Internal Auditors on the internal audit plan, audit findings, report, management comments on audit recommendation and audit status; and
- v. Reviewed the status of various corporate exercise, financial due diligence report and legal cases with the Executive Directors.

4. 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 2016 was RM36,000 (2015: RM36,000).



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

Non-audit fees payable to the external auditors for the financial year amounted to RM10,000.

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.

RECURRENT RELATED PARTY TRANSACTION DURING THE FINANCIAL YEAR

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



OTHER INFORMATION (Continued)

UTILISATION OF PROCEEDS

The Group raised RM17.00 million from the disposal of Citiview hotel which was completed on 20 October 2015. Subsequently, the Company had on 19 October 2016 announced the variation of the utilisation of proceeds by re-allocating RM1.50 million for working capital purposes (from the RM5.00 million which was originally earmarked for acquisition of new business/assets to be identified); and the extension of the timeframe for utilisation of the said proceeds for an additional 12 months, expiring on 20 October 2017. The original timeframe for utilisation of the said proceeds was within 12 months from the completion date, which was expired on 20 October 2016.

The status of utilisation is set out as below:

	Purpose	Proposed Utilisation RM'000	Amount received RM'000	Actual Utilisation @ 30.9.2016 RM'000	Unutilised Amount @ 30.9.2016 RM'000	Variation to the Utilisation RM'000	Revised Unutilised Amount RM'000	Revised Timeframe for utilisation
(i)	To acquire new business/assets to be identified	5,000	5,000	-	5,000	(1,500)	3,500	Within 24 months from completion (ie. by 20/10/2017)
(ii)	Working capital	11,000	11,000	11,000	-	1,500	1,500	Within 24 months from completion (ie. by 20/10/2017)
(iii)	Defray of estimated expenses in relation to the disposal	1,000	1,000	1,000	-	-	-	Immediately Upon completion
	Total	17,000	17,000	12,000	5,000	-	5,000	-

PARTICULARS OF LANDED PROPERTIES

The Group does not have landed properties as at 30 June 2016.



DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial year	<u>(2,807,753)</u>	<u>326,186</u>
(Loss)/Profit attributable to:		
Owners of the Company	(2,803,619)	326,186
Non-controlling interests	<u>(4,134)</u>	<u>-</u>
	<u>(2,807,753)</u>	<u>326,186</u>

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 30 June 2016.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.



DIRECTORS' REPORT (continued)

BAD AND DOUBTFUL DEBTS

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 provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision 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 as bad debts or the amount of provision for 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 which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances 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 method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liabilities in respect of the Group or of the Company which have arisen since the end of the financial year.

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



DIRECTORS' REPORT (continued)

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors:

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report other than as disclosed in the financial statements, which is likely 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures was made by the Company.

DIRECTORS

The directors in office since the date of the last report are:-

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



DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of the directors in office at the end of the financial year in the ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2016 are as follows:

	Number of ordinary shares of RM1 each			
	At			At
	1.7.2015	Bought	Sold	30.6.2016
Interest in the Company				
Direct Interest				
See Teck Wah	3,976,912	-	-	3,976,912
See Seng Hong, PJK	429,000	-	-	429,000
See Han Liong	1,118,300	-	-	1,118,300
Indirect Interest				
See Teck Wah#	29,489,733	-	-	29,489,733
See Seng Hong, PJK*	17,608,060	-	-	17,608,060
See Han Liong^	32,348,345	-	-	32,348,345

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 ordinary shares of the Company are also deemed interested in the ordinary shares of all the Company's subsidiaries during the financial year to the extent the Company has an interest.

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

**DIRECTORS' REPORT** (continued)**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Notes 7 and 9 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 31 to the financial statements.



DIRECTORS' REPORT (continued)



AUDITORS

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

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

SEE TECK WAH

Director

ANDREW SU MENG KIT

Director

Date: 4 October 2016



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 accompanying financial statements set out on pages 35 to 101 are drawn up in accordance with the 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 positions of the Group and of the Company as at 30 June 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 102 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

SEE TECK WAH
Director

ANDREW SU MENG KIT
Director

Klang

Date: 4 October 2016



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 35 to 101 and the supplementary information set out on page 102 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 4 October 2016.

Before me,

Zulkifla Mohd Dahlim (No. 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 30 June 2016 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 35 to 101.

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 the 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 positions of the Group and of the Company as at 30 June 2016 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.
- (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.
- (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 Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 102 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("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

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia 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

Dato' Lock Peng Kuan
No. 2819/10/16(J)
Chartered Accountant

Kuala Lumpur

Date: 4 October 2016



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

		Group		Company	
	Note	2016	2015	2016	2015
		RM	RM	RM	RM
		(Restated)			
Continuing operations					
Revenue	5	10,252,138	8,037,851	-	-
Cost of sales		(8,575,508)	(10,009,660)	-	-
Gross profit/(loss)		1,676,630	(1,971,809)	-	-
Other income		176,776	2,053,780	2,216,035	2,037,694
Administrative expenses		(3,175,034)	(4,048,325)	(1,889,849)	(1,910,114)
Other operating expenses		(100,408)	(19,133,679)	-	(13,434,779)
(Loss)/Profit from operations		(1,422,036)	(23,100,033)	326,186	(13,307,199)
Finance costs	6	-	(164,081)	-	(164,081)
(Loss)/Profit before taxation	7	(1,422,036)	(23,264,114)	326,186	(13,471,280)
Taxation	8	-	100	-	-
(Loss)/Profit from continuing operations		(1,422,036)	(23,264,014)	326,186	(13,471,280)
Discontinued operation					
Loss from discontinued operation	9	(1,385,717)	(1,014,172)	-	-
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income for the financial year		(2,807,753)	(24,278,186)	326,186	(13,471,280)



**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (continued)**

		Group		Company	
	Note	2016 RM	2015 RM (Restated)	2016 RM	2015 RM
(Loss)/Profit attributable to:					
Owners of the Company		(2,803,619)	(24,068,401)	326,186	(13,471,280)
Non-controlling interests		(4,134)	(209,785)	-	-
		<u>(2,807,753)</u>	<u>(24,278,186)</u>	<u>326,186</u>	<u>(13,471,280)</u>
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(2,803,619)	(24,068,401)	326,186	(13,471,280)
Non-controlling interests		(4,134)	(209,785)	-	-
		<u>(2,807,753)</u>	<u>(24,278,186)</u>	<u>326,186</u>	<u>(13,471,280)</u>
Basic loss per ordinary share (sen)					
from continuing operations	10	(2.44)	(39.66)		
from discontinued operation	10	(2.38)	(1.74)		
		<u>(4.82)</u>	<u>(41.40)</u>		
Diluted loss per ordinary share (sen)					
from continuing operations	10	(2.44)	(39.66)		
from discontinued operation	10	(2.38)	(1.74)		
		<u>(4.82)</u>	<u>(41.40)</u>		

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	30.6.2016 RM	30.6.2015 RM (Restated)	1.7.2014 RM (Restated)
ASSETS				
Non-Current Assets				
Property, plant and equipment	11	1,853,197	2,220,447	21,088,415
Quoted investments		-	-	5,628
		1,853,197	2,220,447	21,094,043
Current Assets				
Inventories	13	340,758	589,657	1,097,228
Trade and other receivables	14	2,868,798	2,838,220	3,344,232
Tax assets		6,609	148,609	74,570
Cash and cash equivalents	15	6,896,403	1,656,699	1,042,928
		10,112,568	5,233,185	5,558,958
Assets classified as held for sale	16	-	17,000,000	25,079,667
Total Current Assets		10,112,568	22,233,185	30,638,625
TOTAL ASSETS		11,965,765	24,453,632	51,732,668
EQUITY AND LIABILITIES				
Equity				
Share capital	17	58,132,908	58,132,908	58,132,908
Capital reserve	18	2,463,943	2,463,943	2,463,943
Accumulated losses		(55,922,258)	(53,118,639)	(29,050,238)
		4,674,593	7,478,212	31,546,613
Non-controlling interests		(443,641)	(439,507)	(229,722)
Total Equity		4,230,952	7,038,705	31,316,891
Non-Current Liabilities				
Deferred tax liabilities	19	-	1,129,649	1,528,401
Other payables		-	-	670,000
		-	1,129,649	2,198,401
Current Liabilities				
Trade and other payables	20	3,231,449	12,008,662	11,917,272
Provision for liabilities	21	3,602,622	4,213,492	229,806
Borrowings		-	-	6,061,797
Tax liabilities		900,742	63,124	8,501
Total Current Liabilities		7,734,813	16,285,278	18,217,376
Total Liabilities		7,734,813	17,414,927	20,415,777
TOTAL EQUITY AND LIABILITIES		11,965,765	24,453,632	51,732,668

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



STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	30.6.2016 RM	Company 30.6.2015 RM (Restated)	1.7.2014 RM (Restated)
ASSETS				
Non-Current Assets				
Property, plant and equipment	11	84,999	105,004	127,504
Investment in subsidiaries	12	3,206,364	3,206,364	6,299,999
Quoted investments		-	-	5,628
		3,291,363	3,311,368	6,433,131
Current Assets				
Trade and other receivables	14	3,999	5,077,917	6,256,229
Tax assets		187	187	187
Cash and cash equivalents	15	207,626	177,251	112,173
		211,812	5,255,355	6,368,589
Assets classified as held for sale		-	-	15,664,198
Total Current Assets		211,812	5,255,355	22,032,787
TOTAL ASSETS		3,503,175	8,566,723	28,465,918
EQUITY AND LIABILITIES				
Equity				
Share capital	17	58,132,908	58,132,908	58,132,908
Capital reserve	18	2,463,943	2,463,943	2,463,943
Accumulated losses		(59,197,148)	(59,523,334)	(46,052,054)
Total Equity		1,399,703	1,073,517	14,544,797
Non-Current Liabilities				
Other payables		-	-	670,000
Current Liabilities				
Trade and other payables	20	460,668	5,850,402	320,712
Provision for liabilities	21	1,642,804	1,642,804	7,322,228
Borrowings		-	-	5,608,181
Total Current Liabilities		2,103,472	7,493,206	13,251,121
Total Liabilities		2,103,472	7,493,206	13,921,121
TOTAL EQUITY AND LIABILITIES		3,503,175	8,566,723	28,465,918

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

<----- Attributable to owners of the Company ----->

Group	Note	Non-distributable		Accumulated Losses	Sub-total	Non-Controlling Interests		Total Equity RM
		Share Capital RM	Capital Reserve RM			RM	RM	
At 1 July 2014		58,132,908	2,502,440	(29,318,457)	31,316,891	-	-	31,316,891
Prior year adjustments	32	-	(38,497)	268,219	229,722	(229,722)	-	-
		58,132,908	2,463,943	(29,050,238)	31,546,613	(229,722)	31,316,891	
Loss for the financial year		-	-	(24,068,401)	(24,068,401)	(209,785)	(24,278,186)	
Total comprehensive loss for the financial year		-	-	(24,068,401)	(24,068,401)	(209,785)	(24,278,186)	
At 30 June 2015		58,132,908	2,463,943	(53,118,639)	7,478,212	(439,507)	7,038,705	
Loss for the financial year		-	-	(2,803,619)	(2,803,619)	(4,134)	(2,807,753)	
Total comprehensive loss for the financial year		-	-	(2,803,619)	(2,803,619)	(4,134)	(2,807,753)	
At 30 June 2016		58,132,908	2,463,943	(55,922,258)	4,674,593	(443,641)	4,230,952	

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



**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

<- Attributable to owners of the Company ->					
		Non-distributable			
Company	Note	Share Capital RM	Capital Reserve RM	Accumulated Losses RM	Total Equity RM
At 1 July 2014		58,132,908	2,502,440	(46,090,551)	14,544,797
Prior year adjustments	32	-	(38,497)	38,497	-
		58,132,908	2,463,943	(46,052,054)	14,544,797
Loss for the financial year		-	-	(13,471,280)	(13,471,280)
Total comprehensive loss for the financial year		-	-	(13,471,280)	(13,471,280)
At 30 June 2015		58,132,908	2,463,943	(59,523,334)	1,073,517
Profit for the financial year		-	-	326,186	326,186
Total comprehensive income for the financial year		-	-	326,186	326,186
At 30 June 2016		58,132,908	2,463,943	(59,197,148)	1,399,703

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



STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

		Group		Company	
	Note	2016 RM	2015 RM (Restated)	2016 RM	2015 RM (Restated)
Cash Flows from Operating Activities					
(Loss)/Profit before taxation:					
- continuing operations		(1,422,036)	(23,264,114)	326,186	(13,471,280)
- discontinued operation	9	(1,046,505)	(1,371,706)	-	-
		(2,468,541)	(24,635,820)	326,186	(13,471,280)
Adjustments for:					
Assets held for sale written off	16	-	15,537,128	-	6,962,990
Bad debts written off		100,359	3,263	-	-
Depreciation of property, plant and equipment	11	413,712	883,708	22,777	22,500
Gain on foreign exchange - unrealised		(6,935)	(31,017)	-	-
Gain on disposal of assets held for sale		-	(2,350,460)	-	(2,450,432)
(Gain)/Loss on disposal of property, plant and equipment		(29,999)	9,935	-	-
Gain on disposal of quoted investments		-	(5,270)	-	(5,270)
Impairment loss on trade receivables	14	92	448,311	-	-
Impairment loss on other receivables	14	-	-	-	276,350
Impairment loss on investment in a subsidiary	12	-	-	-	3,093,635
Impairment on property, plant and equipment	11	-	604,347	-	-
Interest income		(123,168)	(216)	-	-
Interest expense		-	164,081	-	164,081
Inventories written off	13	35,456	236,858	-	-
Property, plant and equipment written off	11	-	1,346	-	-
Provision for liabilities	21	156,885	4,213,492	-	1,642,804
Provision for retrenchment benefits		81,344	400,000	-	-
Reversal of impairment loss on trade receivables	14	-	(5,506)	-	-
Reversal of impairment loss on amount due from a subsidiary	14	-	-	(397,449)	(581,993)
Reversal of waiver of amount due to a related party		-	1,459,000	-	1,459,000
Reversal of provision for liabilities	21	(767,755)	(229,806)	-	-
Waiver of debts		-	-	(1,812,211)	-
Operating loss before working capital changes, balances brought down		(2,608,550)	(3,296,626)	(1,860,697)	(2,887,615)



STATEMENTS OF CASH FLOWS **FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (continued)**

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
		(Restated)		(Restated)	
Cash Flows from Operating Activities (continued)					
Operating loss before working capital changes, balances carried down		(2,608,550)	(3,296,626)	(1,860,697)	(2,887,615)
Inventories		213,443	270,713	-	-
Receivables		(124,094)	59,943	97,782	16,099
Payables		(8,858,557)	(2,419,017)	(3,577,523)	(3,921,538)
Cash (used in)/from operations		(11,377,758)	(5,384,987)	(5,340,438)	(6,793,054)
Interest paid		-	(164,081)	-	(164,081)
Tax paid		(563,975)	(93,478)	-	-
Tax refunded		74,732	32,944	-	-
Net cash (used in)/from operating activities		(11,867,001)	(5,609,602)	(5,340,438)	(6,957,135)
Cash Flows from Investing Activities					
Purchase of property, plant and equipment	11	(46,463)	(69,868)	(2,772)	-
Change in pledged deposit	15	85,000	(85,000)	-	-
Interest received		123,168	216	-	-
Proceeds from disposal of property, plant and equipment		30,000	438,500	-	-
Proceeds from disposal of quoted investments		-	10,898	-	10,898
Proceeds from disposal of assets held for sale	16	17,000,000	11,893,000	-	11,151,640
Net cash from/(used in) investing activities		17,191,705	12,187,746	(2,772)	11,162,538
Cash Flows from Financing Activities					
Net repayment of borrowings		-	(4,628,000)	-	(4,628,000)
Advances from subsidiaries		-	-	5,373,585	1,467,856
Net cash (used in)/from financing activities		-	(4,628,000)	5,373,585	(3,160,144)
Net increase in cash and cash equivalents		5,324,704	1,950,144	30,375	1,045,259
Cash and cash equivalents at beginning of the financial year		1,571,699	(390,869)	177,251	(868,008)
Effect of exchange rate changes on cash and cash equivalents		-	12,424	-	-
Cash and cash equivalents at end of the financial year	15	6,896,403	1,571,699	207,626	177,251

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



NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE 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 12 to the financial statements. There have been no significant changes in the nature of these 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 dated 4 October 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

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

The adoption of the amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group’s and the Company’s existing accounting policies.



NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
<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	Deferred/ 1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interest in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
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	Deferred/ 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 MFRSs and amendments/improvements to MFRSs, the financial effects of their adoption are currently still being assessed by the Group and the Company.



NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (continued)

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

- 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 statements 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 statements of financial position.

- 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.
- 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.

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; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.



NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (continued)

MFRS 15 Revenue from Contracts with Customers (continued)

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

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provide 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.

Amendments to MFRS 101 Presentation of Financial Statements

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

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.



NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (continued)

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 prohibit 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 127 Separate Financial Statements

Amendments to MFRS 127 allow 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 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, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

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 address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities: the amendments clarify 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.



NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (continued)

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

- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow 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.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency, and has been rounded to the nearest RM, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

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 reporting 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 that are significant to the financial statements are disclosed in Note 4.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.14(b).

3.3 Foreign currency transactions

Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Revenue and other income

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Revenue is recognised upon delivery of products and customers' acceptance, net of discounts and returns and when the significant risk and rewards of ownership have been passed to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible returns of goods.

(b) Hotel operations

Revenue from hotel operations is recognised as services rendered.

(c) Interest income

Interest income is recognised on an accruals basis using the effective interest method.

(d) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

3.5 Employee benefits

(a) Short term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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

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

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

3.7 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Income tax (continued)

(b) Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

Deferred tax assets and deferred tax liabilities are offset if there is legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3.8 Financial instruments

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

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(a). Gains and losses are recognised in profit or loss through the amortisation process.

(ii) Financial liabilities

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(c) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Offsetting of financial instruments

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

3.9 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Property, plant and equipment (continued)

(c) Depreciation

All other property, plant and equipment are depreciated on the straight-line basis by allocating their depreciable amounts over their remaining useful lives. The principal depreciation rates are as follows:

Hotel building	2%
Motor vehicles	15% to 20%
Furniture, fittings and equipment	10% to 33%
Plant, machinery and equipment	7.5% to 50%
Tractors	20%
Forklifts	20%
Renovation	10%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.10 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

For operating leases, the Group and the Company do not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

(b) Lessor accounting

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

3.12 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at the lower of carrying amount and fair value less costs to sell.

Property, plant and equipment once classified as held for sale are not amortised or depreciated. Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

3.13 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for investment in subsidiaries) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loan together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Impairment of assets (continued)

(b) Impairment of non-financial assets (continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units (“CGUs”). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.15 Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.17 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Managing Director of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.18 Discontinued operation

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statements of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

3.19 Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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



NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Fair value measurement (continued)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.20 Contingencies

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

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.9, the Group and the Company review the residual values, depreciation rates and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's and of the Company's property, plant and equipment are disclosed in Note 11.

**NOTES TO THE FINANCIAL STATEMENTS** (continued)**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**
(continued)**(b) Impairment of financial assets**

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 24(a).

(c) Measurement of income taxes

Significant judgement is required in determining the Group's and the Company's estimation for current and deferred taxes because the ultimate tax liability for the Group as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise. The tax expense of the Group and the Company are disclosed in Note 8.

(d) Write-down of obsolete or slow moving inventories

The Group write down its obsolete or slow moving inventories based on assessment of its estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories. The carrying amounts of the Group's and the Company's inventories are disclosed in Note 13.



NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(e) Impairment of non-financial assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's and the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's and the Company's financial position and results if the actual cash flows are less than the expected.

(f) Provision

The Group and the Company recognise provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at each reporting date and adjusted to reflect the Group's current best estimate. The carrying amount of the Group's and of the Company's provision is disclosed in Note 21.

(g) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business.



NOTES TO THE FINANCIAL STATEMENTS (continued)

5. REVENUE

Group	Continuing operations		Discontinued operation (Note 9)		Total	
	2016	2015	2016	2015	2016	2015
	RM	RM	RM	RM	RM	RM
Manufacturing	10,252,138	8,037,851	-	-	10,252,138	8,037,851
Hotel operations	-	-	565,413	2,489,120	565,413	2,489,120
	10,252,138	8,037,851	565,413	2,489,120	10,817,551	10,526,971

The revenue of hotel operations in the previous financial year had been classified as discontinued operation as disclosed in Note 9.

6. FINANCE COSTS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Banker's acceptance	-	123,952	-	123,952
Bank overdrafts	-	40,129	-	40,129
	-	164,081	-	164,081

7. (LOSS)/PROFIT BEFORE TAXATION

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at (loss)/profit before taxation:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Audit fee				
- statutory audit				
- current year	102,000	60,500	72,000	25,000
- under provision in prior year	40,500	-	47,000	-
- non-statutory audit	10,000	-	10,000	-
Assets held for sale written off	-	15,537,128	-	6,962,990
Bad debts written off	100,359	3,263	-	-
Depreciation of property, plant and equipment	413,712	531,093	22,777	22,500
Directors' remuneration (Note 7(a))	752,355	690,855	562,843	546,343
Employee benefit expenses (Note 7(b))	1,252,594	1,295,391	144,464	142,534



NOTES TO THE FINANCIAL STATEMENTS (continued)

7. (LOSS)/PROFIT BEFORE TAXATION (continued)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at (loss)/profit before taxation: (continued)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Gain on disposal of assets held for sale	-	(2,350,460)	-	(2,450,432)
(Gain)/Loss on disposal of property, plant and equipment	(29,999)	9,935	-	-
Gain on disposal of quoted investments	-	(5,270)	-	(5,270)
Gain on foreign exchange:				
- realised	(31,959)	(15,860)	(21)	-
- unrealised	(6,935)	(31,017)	-	-
Interest expense	-	164,081	-	164,081
Interest income	(8,622)	(216)	-	-
Impairment loss on:				
- other receivables	-	-	-	276,350
- investment in a subsidiary	-	-	-	3,093,635
- property, plant and equipment	-	16,534	-	-
- trade receivables	49	448,311	-	-
Property, plant and equipment written off	-	1,346	-	-
Provision for liabilities	156,885	4,213,492	-	1,642,804
Provision for retrenchment benefits	-	200,000	-	-
Rental of equipment	1,740	8,255	-	-
Rental of premises	365,400	392,250	-	23,400
Rental income	-	(10,000)	-	-
Reversal of waiver of amount owing to a related party	-	1,459,000	-	1,459,000
Reversal of impairment loss on trade receivables	-	(5,506)	-	-
Reversal of impairment loss on other receivables	-	-	(397,449)	(581,993)
Reversal of provision for liabilities	(767,755)	(229,806)	-	-
Waiver of debts	-	-	(1,812,211)	-



NOTES TO THE FINANCIAL STATEMENTS (continued)

7. (LOSS)/PROFIT BEFORE TAXATION (continued)

- (a) The aggregate amount of emoluments received and receivable by the directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Executive Directors:				
Fees	72,000	63,000	72,000	63,000
Salaries and allowances	578,200	532,200	404,800	403,800
Employees' Provident Fund	37,092	37,092	21,600	21,600
Social security contribution	1,063	1,063	443	443
Total executive directors' remuneration	688,355	633,355	498,843	488,843
Non-executive Directors:				
Fees	54,000	51,000	54,000	51,000
Allowances	10,000	6,500	10,000	6,500
Total non-executive directors' remuneration	64,000	57,500	64,000	57,500
Total directors' remuneration	752,355	690,855	562,843	546,343

- (b) Employee benefit expenses are:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Salaries, bonus and allowances	1,144,111	1,193,939	132,943	132,637
Employees' Provident Fund	74,378	83,867	4,794	4,716
Social security contribution	6,978	2,228	599	588
Other staff related expenses	27,127	15,357	6,128	4,593
	1,252,594	1,295,391	144,464	142,534

NOTES TO THE FINANCIAL STATEMENTS (continued)**8. TAXATION**

The major components of tax expense/(income) for the financial years ended 30 June 2016 and 30 June 2015 are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Income tax expense on:				
- continuing operations	-	(100)	-	-
- discontinued operation (Note 9)	339,212	(357,534)	-	-
	<u>339,212</u>	<u>(357,634)</u>	<u>-</u>	<u>-</u>
Current income tax				
Current financial year	958,861	40	-	-
Under provision in prior financial year	-	41,078	-	-
Real property gain tax	510,000	-	-	-
	<u>1,468,861</u>	<u>41,118</u>	<u>-</u>	<u>-</u>
Deferred tax (Note 19)				
Reversal of temporary differences	(1,098,424)	(358,335)	-	-
Over provision in prior financial year	(31,225)	(40,417)	-	-
	<u>(1,129,649)</u>	<u>(398,752)</u>	<u>-</u>	<u>-</u>
	<u>339,212</u>	<u>(357,634)</u>	<u>-</u>	<u>-</u>

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****8. TAXATION (continued)**

The reconciliations of the tax amount at statutory income tax rate to the Group's and the Company's tax expense/(income) are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
(Loss)/Profit before taxation				
- continuing operations	(1,422,036)	(23,264,114)	326,186	(13,471,280)
- discontinued operation	(1,046,505)	(1,371,706)	-	-
	<u>(2,468,541)</u>	<u>(24,635,820)</u>	<u>326,186</u>	<u>(13,471,280)</u>
Taxation at applicable tax rate of 24% (2015: 25%)	(592,450)	(6,158,954)	78,285	(3,367,820)
Tax effects arising from				
- non-taxable income	(675,747)	(10,760)	(530,319)	-
- non-deductible expenses	814,348	387,941	56,143	786,519
Tax effect on real property gain tax	510,000	-	-	-
Deferred tax assets not recognised	395,891	4,887,573	395,891	2,369,238
Utilisation of previously unrecognised deferred tax assets	(81,605)	-	-	-
Effect of changes in tax rate on opening balance of deferred tax	-	535,905	-	212,063
Under/(Over) provision in prior financial year:				
- income tax	-	41,078	-	-
- deferred tax	(31,225)	(40,417)	-	-
	<u>339,212</u>	<u>(357,634)</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)

9. DISCONTINUED OPERATION

On 3 March 2015, the subsidiary of the Company, AKnight Resources Sdn. Bhd. (formerly known as Citiview Hotel Sdn. Bhd.) had entered into a Sale and Purchase Agreement (“SPA”) in relation to the disposal of land and hotel building together with the assets in the building for a consideration of RM17,000,000. The disposal was completed on 20 October 2015. The results from the hotel operation is classified as a discontinued operation in the financial statements.

(a) An analysis of the results of the discontinued operation is as follows:

		Group	
		2016	2015
	Note	RM	RM
Results of discontinued operation			
Revenue	5	565,413	2,489,120
Other income		137,583	-
Expenses		(1,749,501)	(3,860,826)
Loss before taxation		(1,046,505)	(1,371,706)
Taxation	8	(339,212)	357,534
Loss for the financial year		(1,385,717)	(1,014,172)
Attributable to:			
Owners of the parent		(1,385,717)	(1,014,172)
Non-controlling interests		-	-
Loss for the financial year		(1,385,717)	(1,014,172)



NOTES TO THE FINANCIAL STATEMENTS (continued)

9. DISCONTINUED OPERATION (continued)

- (b) The following amounts have been charged/(credited) in arriving at loss before taxation of the discontinued operation:

	Group	
	2016	2015
	RM	RM
Audit fee		
- current year	13,000	12,000
- over provision in prior year	2,000	(4,000)
Depreciation of property, plant and equipment	-	352,615
Executive directors' allowances	552,000	48,000
Interest income	(114,546)	-
Impairment loss on:		
- property, plant and equipment	-	587,813
- trade receivables	43	-
Inventories written off	35,456	236,858
Provision for retrenchment benefits	81,344	200,000
Staff costs:		
- Salaries, allowances, overtime and bonuses	181,356	695,158
- Employees' Provident Fund	22,226	87,416
- Social security contribution	2,888	10,906
- Other staff related expenses	48,107	3,099

- (c) The cash flows attributable to the discontinued operation are as follows:

	Group	
	2016	2015
	RM	RM
Net cash flows from/(used in) discontinued operation		
Net operating cash flows	(3,881,077)	1,015,622
Net investing cash flows	17,000,000	(118,572)
Net financing cash flows	(8,157,122)	(1,161,329)
Effect on cash flows	4,961,801	(264,279)



NOTES TO THE FINANCIAL STATEMENTS (continued)

10. LOSS PER ORDINARY SHARE**(a) Basic**

Basic loss per ordinary share are calculated by dividing loss for the financial year, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2016	2015
Basic loss per share		
Loss attributable to owners of the Company (RM)		
- continuing operations	(1,417,902)	(23,054,229)
- discontinued operation	(1,385,717)	(1,014,172)
	<u>(2,803,619)</u>	<u>(24,068,401)</u>
 Weighted average number of ordinary shares in issue (unit)	 58,132,908	 58,132,908
 Basic loss per share (sen)		
- continuing operations	(2.44)	(39.66)
- discontinued operation	(2.38)	(1.74)
	<u>(4.82)</u>	<u>(41.40)</u>

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

The Company has no dilutive potential ordinary shares. As such, there is no dilution effect on the loss per share of the Group for the current financial year.



NOTES TO THE FINANCIAL STATEMENTS (continued)

11. PROPERTY, PLANT AND EQUIPMENT

Group 2016	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Plant, Machinery and Equipment RM	Tractors RM	Forklifts RM	Renovation RM	Total RM
Cost							
At 1 July 2015	857,777	3,748,592	7,021,817	110,002	40,002	374,495	12,152,685
Additions	-	2,973	42,350	-	-	1,140	46,463
Disposal	-	-	-	(1)	-	-	(1)
At 30 June 2016	857,777	3,751,565	7,064,167	110,001	40,002	375,635	12,199,147

**Accumulated Depreciation and
Impairment Loss**

At 1 July 2015

Accumulated depreciation

Accumulated impairment loss

752,771	3,515,596	4,883,138	109,999	39,999	261,776	9,563,279
-	167,813	201,146	-	-	-	368,959
752,771	3,683,409	5,084,284	109,999	39,999	261,776	9,932,238
22,500	40,788	312,898	-	-	37,526	413,712

Depreciation charge for the financial year

At 30 June 2016

Accumulated depreciation

Accumulated impairment loss

775,271	3,556,384	5,196,036	109,999	39,999	299,302	9,976,991
-	167,813	201,146	-	-	-	368,959
775,271	3,724,197	5,397,182	109,999	39,999	299,302	10,345,950

Net Carrying Amount at**30 June 2016**

82,506	27,368	1,666,985	2	3	76,333	1,853,197
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NOTES TO THE FINANCIAL STATEMENTS (continued)

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2015	Freehold Land RM	Hotel Building RM	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Plant, Machinery and Equipment RM	Tractors RM	Forklifts RM	Renovation RM	Total RM
Cost									
At 1 July 2014	2,860,000	16,000,000	873,775	3,408,154	25,634,073	457,709	212,499	157,867	49,604,077
Additions	-	-	-	39,198	170	-	-	30,500	69,868
Disposals	-	-	-	-	(1,876,407)	-	-	-	(1,876,407)
Written off	-	-	-	-	(38,100)	-	-	-	(38,100)
Transfer (to)/from	-	-	-	-	30,500	-	-	(30,500)	-
Adjustments	-	-	(15,998)	301,240	(16,728,419)	(347,707)	(172,497)	216,628	(16,746,753)
Transfer to assets classified as held for sale (Note 16)	(2,860,000)	(16,000,000)	-	-	-	-	-	-	(18,860,000)
At 30 June 2015	-	-	857,777	3,748,592	7,021,817	110,002	40,002	374,495	12,152,685
Accumulated Depreciation and Impairment Loss									
At 1 July 2014	-	1,120,000	746,271	3,134,655	22,652,224	457,706	212,496	7,698	28,331,050
Accumulated depreciation	-	-	-	-	184,612	-	-	-	184,612
Accumulated impairment loss	-	1,120,000	746,271	3,134,655	22,836,836	457,706	212,496	7,698	28,515,662
Depreciation charge for the financial year	-	320,000	22,500	79,701	423,273	-	-	38,234	883,708
Disposals	-	-	-	-	(1,427,972)	-	-	-	(1,427,972)
Written off	-	-	-	-	(36,754)	-	-	-	(36,754)
Impairment loss	-	420,000	-	167,813	16,534	-	-	-	604,347
Transfer (to)/from	-	-	-	-	784	-	-	(784)	-
Adjustments	-	-	16,000	(301,240)	16,728,417	347,707	172,497	(216,628)	16,746,753
Transfer to assets classified as held for sale (Note 16)	-	(1,860,000)	-	-	-	-	-	-	(1,860,000)
At 30 June 2015	-	-	752,771	3,515,596	4,883,138	109,999	39,999	261,776	9,563,279
Accumulated depreciation	-	-	-	167,813	201,146	-	-	-	368,959
Accumulated impairment loss	-	-	752,771	3,683,409	5,084,284	109,999	39,999	261,776	9,932,238
Net Carrying Amount at 30 June 2015	-	-	105,006	65,183	1,937,533	3	3	112,719	2,220,447



NOTES TO THE FINANCIAL STATEMENTS (continued)

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Total RM
Cost			
At 1 July 2014/30 June 2015	715,576	329,000	1,044,576
Additions	-	2,772	2,772
At 30 June 2016	715,576	331,772	1,047,348
Accumulated Depreciation			
At 1 July 2014	588,072	329,000	917,072
Depreciation charge for the financial year	22,500	-	22,500
At 30 June 2015	610,572	329,000	939,572
Charge for the financial year	22,500	277	22,777
At 30 June 2016	633,072	329,277	962,349
Net Carrying Amount			
30 June 2015	105,004	-	105,004
30 June 2016	82,504	2,495	84,999

- (a) On 3 March 2015, the subsidiary of the Company, AKnight Resources Sdn. Bhd. (formerly known as Citiview Hotel Sdn. Bhd.) had entered into a Sale and Purchase Agreement (“SPA”) in relation to the disposal of land and hotel building together with the assets in the building for a consideration of RM17,000,000 and required an impairment loss of RM587,813 with respect to hotel building, furniture and fittings and plant, machinery and equipment.
- (b) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM46,463 (2015: RM69,868) and RM2,772 (2015: Nil) respectively, which are satisfied by cash.



NOTES TO THE FINANCIAL STATEMENTS (continued)

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2016	2015
	RM	RM
Unquoted shares, at cost	17,723,888	17,723,888
Less: Impairment losses		
At 1 July 2015/2014	(14,517,524)	(11,423,889)
Impaired during the financial year	-	(3,093,635)
At 30 June	(14,517,524)	(14,517,524)
	<u>3,206,364</u>	<u>3,206,364</u>

The details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest		Principal activities
		2016	2015	
Direct subsidiaries:				
AKnight Resources Sdn. Bhd. (formerly known as Citiview Hotel Sdn. Bhd.)	Malaysia	100%	100%	Hotel operators. The Company has ceased operations.
Natural Renewable Energy Sdn. Bhd.	Malaysia	100%	100%	Ceased operations.
Pahanco Manufacturing Sdn. Bhd.	Malaysia	100%	100%	Ceased operations.
T-Venture Industries (M) Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of plastic parts.
JC Concept International Sdn. Bhd.	Malaysia	55%	55%	Ceased operations.

(a) Non-controlling interests in a subsidiary

The financial information of the Group's subsidiary that has material non-controlling interests ("NCI") are as follows:

	JC Concept International Sdn. Bhd.		
	30.6.2016	30.6.2015	1.7.2014
	RM	RM	RM
		(Restated)	(Restated)
NCI percentage of ownership interest and voting interest	45%	45%	45%
Carrying amount of NCI	(443,641)	(439,507)	(229,722)
Loss allocated to NCI	(4,134)	(209,785)	(329,329)



NOTES TO THE FINANCIAL STATEMENTS (continued)

12. INVESTMENT IN SUBSIDIARIES (continued)

(b) Summarised financial information of Group's subsidiary that has non-controlling interests

The summarised financial information (before intra-group elimination) of the Group's subsidiary that has NCI are as follows:

	JC Concept International Sdn. Bhd.	
	2016	2015
	RM	RM
Assets and liabilities		
Current assets	7,677	7,730
Current liabilities	(993,547)	(984,413)
Net liabilities	<u>(985,870)</u>	<u>(976,683)</u>
Results		
Loss for the financial year	(9,187)	(466,189)
Total comprehensive loss	<u>(9,187)</u>	<u>(466,189)</u>
Cash flows (used in)/from:		
- operating activities	(12,187)	(30,294)
- financing activities	12,134	36,783
Net (decrease)/increase in cash and cash equivalents	<u>(53)</u>	<u>6,489</u>

13. INVENTORIES

	Group	
	2016	2015
	RM	RM
At cost		
Raw materials	141,188	133,063
Work-in-progress	98,626	96,587
Finished goods	100,944	296,080
Food and beverage	-	12,968
Housekeeping	-	50,959
	<u>340,758</u>	<u>589,657</u>
Inventories recognised as cost of sales during the financial year		
- continuing operations	8,575,508	10,009,660
- discontinued operation	444,093	2,061,501
	<u>9,019,601</u>	<u>12,071,161</u>

The amount of inventories written off recognised was RM35,456 (2015: RM236,858).



NOTES TO THE FINANCIAL STATEMENTS (continued)

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade receivables				
Third parties	3,198,675	3,506,320	321,887	321,887
Less: Allowance for impairment loss	(584,349)	(1,715,801)	(321,887)	(321,887)
Total trade receivables, net	2,614,326	1,790,519	-	-
Other receivables				
- Third parties	54,874	68,522	9,845	9,845
- Amounts due from subsidiaries	-	-	35,172,897	40,546,481
	54,874	68,522	35,182,742	40,556,326
Less: Allowance for impairment loss				
- Third parties	(33,482)	(33,542)	(9,845)	(9,845)
- Amounts due from subsidiaries	-	-	(35,172,897)	(35,570,346)
	(33,482)	(33,542)	(35,182,742)	(35,580,191)
	21,392	34,980	-	4,976,135
Deposits	221,912	242,777	3,999	6,319
Trade and other receivables, net of prepayments	2,857,630	2,068,276	3,999	4,982,454
Prepayments	11,168	769,944	-	95,463
	2,868,798	2,838,220	3,999	5,077,917

- (a) The Group's and the Company's normal trade credit terms extended to customers ranging from 30 to 90 days (2015: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.
- (b) Included in other receivables of the Company are amounts due from subsidiaries of RM Nil (2015: RM4,976,135) which are non-trade in nature, unsecured, interest-free and repayable upon demand.



NOTES TO THE FINANCIAL STATEMENTS (continued)

14. TRADE AND OTHER RECEIVABLES (continued)

- (c) The Group and the Company maintain an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's and the Company's trade receivables are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Neither past due nor impaired	1,723,356	564,756	-	-
1 to 30 days past due not impaired	582,566	396,352	-	-
31 to 60 days past due not impaired	225,136	556,368	-	-
61 to 90 days past due not impaired	54,274	175,386	-	-
91 to 120 days past due not impaired	19,398	97,608	-	-
More than 121 days past due not impaired	9,596	49	-	-
	890,970	1,225,763	-	-
Individually impaired	584,349	1,715,801	321,887	321,887
	3,198,675	3,506,320	321,887	321,887

Receivables that are impaired

The Group's and the Company's trade and other receivables that are impaired at the reporting date and the reconciliations of movement in the impairment of trade and other receivables are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Individually impaired				
Trade receivables - nominal amounts	584,349	1,715,801	321,887	321,887
Less: Allowance for impairment loss	(584,349)	(1,715,801)	(321,887)	(321,887)
	-	-	-	-
Other receivables - nominal amounts	33,482	33,542	35,182,742	35,580,191
Less: Allowance for impairment loss	(33,482)	(33,542)	(35,182,742)	(35,580,191)
	-	-	-	-
	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS (continued)

14. TRADE AND OTHER RECEIVABLES (continued)

(c) Receivables that are impaired (continued)

The Group's and the Company's trade and other receivables that are impaired at the reporting date and the reconciliations of movement in the impairment of trade and other receivables are as follows: (continued)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade receivables				
At beginning of the financial year	1,715,801	1,272,996	321,887	321,887
Charge for the financial year (Notes 7 and 9)	92	448,311	-	-
Reversal of impairment loss	-	(5,506)	-	-
Written off	(1,131,544)	-	-	-
At end of the financial year	584,349	1,715,801	321,887	321,887
Other receivables				
At beginning of the financial year	33,542	33,542	35,580,191	35,885,834
Charge for the financial year (Note 7)	-	-	-	276,350
Reversal of impairment loss	-	-	(397,449)	(581,993)
Written off	(60)	-	-	-
At end of the financial year	33,482	33,542	35,182,742	35,580,191

The Group's and the Company's trade and other receivables that are individually impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

(d) The foreign currency exposure profile of the trade receivables of the Group are as follows:

	Group	
	2016	2015
	RM	RM
Singapore Dollar	275,515	339,729
United States Dollar	62,698	31,295

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Deposits placed with licensed banks	5,903,963	592,298	-	-
Cash and bank balances	992,440	1,064,401	207,626	177,251
	6,896,403	1,656,699	207,626	177,251

**NOTES TO THE FINANCIAL STATEMENTS (continued)****15. CASH AND CASH EQUIVALENTS (continued)**

For the purpose of statements of cash flows, cash and cash equivalents comprised of the following:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
	(Restated)			
Short term deposits placed with licensed banks	5,903,963	592,298	-	-
Less: Pledged deposit	-	(85,000)	-	-
	5,903,963	507,298	-	-
Cash and bank balances	992,440	1,064,401	207,626	177,251
	6,896,403	1,571,699	207,626	177,251

(a) Deposits placed with a licensed bank amounting to RM5,818,963 (2015: RM507,298) bear interest at rates ranging from 2.00% to 3.75% (2015: 3.05% to 3.65%) per annum and has a maturity period of 1 to 3 months (2015: 1 to 3 months).

(b) Deposit amounting to RM Nil (2015: RM85,000) is placed with a licensed bank as a bank guarantee for electricity deposit.

(c) The currency exposure profiles of cash and cash equivalents of the Group are as follows:-

	Group	
	2016	2015
	RM	RM
Singapore Dollar	524,114	133,429
United States Dollar	184,972	31,488

16. ASSETS CLASSIFIED AS HELD FOR SALE

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
At beginning of the financial year	17,000,000	25,079,667	-	15,664,198
Transfer from property, plant and equipment (Note 11)	-	17,000,000	-	-
Written off	-	(15,537,128)	-	(6,962,990)
Disposal	(17,000,000)	(9,542,539)	-	(8,701,208)
At end of the financial year	-	17,000,000	-	-



NOTES TO THE FINANCIAL STATEMENTS (continued)

16. ASSETS CLASSIFIED AS HELD FOR SALE (continued)

On 3 March 2015, the subsidiary of the Company, AKnight Resources Sdn. Bhd. (formerly known as Citiview Hotel Sdn. Bhd.) had entered into a Sale and Purchase Agreement (“SPA”) in relation to the disposal of land and hotel building together with the assets in the building for a consideration of RM17,000,000 which have been presented as held for sale. The disposal was completed during the financial year.

The carrying value of the property, plant and equipment was the same as its carrying value before it was being reclassified to current assets.

17. SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of Shares Unit	Amount RM	Number of Shares Unit	Amount RM
Ordinary shares of RM1 each:				
Authorised:				
At beginning/end of the financial year	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
At beginning/end of the financial year	58,132,908	58,132,908	58,132,908	58,132,908

18. CAPITAL RESERVE

	Group and Company Share Premium RM (Restated)
At beginning/end of the financial year	2,463,943

Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.



NOTES TO THE FINANCIAL STATEMENTS (continued)

19. DEFERRED TAX LIABILITIES

	Group	
	2016	2015
	RM	RM
At beginning of the financial year	1,129,649	1,528,401
Recognised in profit or loss (Note 8)	(1,129,649)	(398,752)
At end of the financial year	-	1,129,649
Representing the tax effects of :-		
Differences between carrying amounts of property, plant and equipment and their written down value	-	1,129,649

The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unabsorbed capital allowances	23,075,036	23,399,195	4,382,006	4,374,765
Unabsorbed tax losses	31,233,205	29,599,523	16,265,428	14,623,124
	54,308,241	52,998,718	20,647,434	18,997,889

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade payables				
Third parties	2,415,933	2,095,020	188,869	188,869
Other payables	200,227	7,289,122	86,987	5,503,622
Accruals	543,764	802,645	184,812	157,911
Deposits payables	71,525	1,821,875	-	-
	815,516	9,913,642	271,799	5,661,533
	3,231,449	12,008,662	460,668	5,850,402

- (a) The normal credit terms granted to the Group and the Company ranging from 30 to 60 days (2015: 30 to 60 days).
- (b) Included in other payables of the Group and the Company are amounts of RM Nil (2015: RM6,380,346) and RM Nil (2015: RM4,815,733) respectively, owing to companies in which certain directors have substantial financial interests.



NOTES TO THE FINANCIAL STATEMENTS (continued)

21. PROVISION FOR LIABILITIES

Note	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
	(Restated)			
Provision for utility liability	(a)			
At beginning of the financial year	1,642,804	-	1,642,804	-
Provision made during the financial year	-	1,642,804	-	1,642,804
At end of the financial year	1,642,804	1,642,804	1,642,804	1,642,804
Provision for import duties and sales tax liabilities	(b)			
At beginning of the financial year	2,570,688	229,806	-	-
Provision made during the financial year	156,885	2,570,688	-	-
Reversal of provision for liabilities	(767,755)	(229,806)	-	-
At end of the financial year	1,959,818	2,570,688	-	-
	3,602,622	4,213,492	1,642,804	1,642,804

- (a) Provision for utility liability represents the amount claimed by a utility company under legal proceedings for alleged malfunction of the electricity meter. In the previous financial year, the directors of the Company have assessed the matter as disclosed in Note 28 to the financial statements and recognised the provision.
- (b) Included in provision for import duties and sales tax liabilities are amounts demanded by the Royal Malaysian Customs ("RMC") for purported unpaid import duties and sales tax amounted to RM719,751 and RM242,694 (2015: RM714,751 and RM273,805) respectively, which the Group is in the process of initiating a judicial review against the RMC (Note 29).

During the financial year ended 30 June 2015, a further import duties and sales tax amounted to RM1,582,132 had been provided in the financial statements. However, during the current financial year, the directors had assessed the provision and an amount of import duties based on 20% of unsold inventories amounted to RM156,885 had been provided and an amount of RM767,755 had been reversed from the provision for import duties based on the following reasons:

- (i) Letter by T-Venture to RMC to apply for the cancellation of the LMW license dated 21 August 2014;
- (ii) Letter by T-Venture to RMC for ASEAN Trade In Goods Agreement ("ATIGA") status application dated 5 September 2014;
- (iii) Cessation of injection production line of T-Venture on 26 October 2014; and
- (iv) Legal advice from a solicitor which confirmed that the cancellation of LMW license was effective upon cessation of injection production line of T-Venture.

The directors assessed that the total import duties would be approximately an additional RM2.6 million in addition to the amount already provided should the solicitor's advice is not accepted by the RMC.



NOTES TO THE FINANCIAL STATEMENTS (continued)

22. RELATED PARTY TRANSACTIONS

(a) Identification of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with their subsidiaries, related parties, directors of the Company and key management personnel. Related parties refer to companies in which certain directors of the Company and its subsidiaries have substantial financial interests and/or are also directors of the companies.

(b) There is no related party transactions during the financial year.

(c) Compensation of Key Management Personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and of the Company.

The directors are the key personnel of the Group and of the Company. Information of directors' remuneration is disclosed in Notes 7 and 9 to the financial statements.

23. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- (i) manufacturing segment which includes the manufacturing of plastic parts;
- (ii) hotel operation segment (classified as discontinued operation during the financial year);
- (iii) other reportable segments.

Segment profit or loss is profit earned or loss incurred by each segment without allocation of central administrative costs, finance costs and income tax expense.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, current and deferred tax assets. Jointly used assets are allocated on the basis of the revenues earned by individual segments. All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated in proportion to the segment assets.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.



NOTES TO THE FINANCIAL STATEMENTS (continued)

23. SEGMENT INFORMATION (continued)

Group 2016	Note	Manufacturing RM	Hotel Operation (discontinued) RM	Others RM	Adjustments and Eliminations RM	Consolidated RM
Revenue						
External sales		10,252,138	565,413	-	-	10,817,551
Results						
Interest income		(8,622)	(114,546)	-	-	(123,168)
Depreciation of property, plant and equipment		390,935	-	22,777	-	413,712
Other non-cash (income)/expenses	a	(517,446)	1,929,054	(2,239,611)	397,450	(430,553)
Segment profit/(loss) after tax	b	824,063	(1,385,717)	(36,438)	(2,209,661)	(2,807,753)
Segment Assets						
Additions to non-current assets	c	43,691	-	2,772	-	46,463
Segment assets	d	6,306,431	5,277,569	3,592,631	(3,210,866)	11,965,765
Segment liabilities						
	e	3,776,004	908,810	38,545,124	(35,495,125)	7,734,813



NOTES TO THE FINANCIAL STATEMENTS (continued)

23. SEGMENT INFORMATION (continued)

Group 2015	Note	Manufacturing RM	Hotel Operation (discontinued) RM	Others RM	Adjustments and Eliminations RM	Consolidated RM
Revenue						
External sales		8,037,851	2,489,120	-	-	10,526,971
Results						
Interest income		(216)	-	-	-	(216)
Depreciation of property, plant and equipment		506,428	352,615	24,665	-	883,708
Other non-cash expenses/(income)	a	2,345,683	1,024,671	19,873,340	(2,787,992)	20,455,702
Segment (loss)/profit after tax	b	(3,002,427)	(1,014,172)	(23,049,579)	2,787,992	(24,278,186)
Segment Assets						
Additions to non-current assets	c	36,296	33,572	-	-	69,868
Segment assets	d	5,764,041	18,123,440	10,117,425	(9,551,274)	24,453,632
Segment liabilities	e	4,057,677	10,556,753	45,033,482	(42,232,985)	17,414,927



NOTES TO THE FINANCIAL STATEMENTS (continued)

23. SEGMENT INFORMATION (continued)

- (a) Other material non-cash (income)/expenses consist of the following items as presented in the respective notes:

	2016	2015
	RM	RM
Assets held for sale written off	-	15,537,128
Bad debts written off	100,359	3,263
Interest expense	-	164,081
Gain on disposal of assets held for sale	-	(2,350,460)
Gain on disposal of quoted investments	-	(5,270)
Gain on foreign exchange - unrealised	(6,935)	(31,017)
(Gain)/Loss on disposal of property, plant and equipment	(29,999)	9,935
Impairment loss on:		
- property, plant and equipment	-	604,347
- trade receivables	92	448,311
Inventories written off	35,456	236,858
Property, plant and equipment written off	-	1,346
Provision for liabilities	156,885	4,213,492
Provision for retrenchment benefits	81,344	400,000
Reversal of waiver of amount owing to a related party	-	1,459,000
Reversal of impairment loss on trade receivables	-	(5,506)
Reversal of provision for liabilities	(767,755)	(229,806)
	<u>(430,553)</u>	<u>20,455,702</u>

- (b) The following item is (added to)/deducted from segment loss after taxation to arrive at loss after taxation presented in the consolidated statement of profit or loss and other comprehensive income:

	2016	2015
	RM	RM
Other income	(2,209,661)	(581,992)
Other operating expenses	-	3,369,984
	<u>(2,209,661)</u>	<u>2,787,992</u>

- (c) Additions to non-current assets consist of:

	2016	2015
	RM	RM
Property, plant and equipment	46,463	69,868



NOTES TO THE FINANCIAL STATEMENTS (continued)

23. SEGMENT INFORMATION (continued)

- (d) The following item is deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2016	2015
	RM	RM
Inter-segment assets	(3,210,866)	(9,551,274)

- (e) The following item is deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2016	2015
	RM	RM
Deferred tax liabilities	-	1,129,649
Inter-segment liabilities	(35,495,125)	(43,362,634)
	<u>(35,495,125)</u>	<u>(42,232,985)</u>

- (f) Geographical information

The activities of the Group are carried out mainly in Malaysia and as such, segmental reporting by geographical location is not presented.

- (g) Major customers

Revenue from three (3) major customers in the Manufacturing segment represents approximately RM4,465,484 (2015: RM3,775,333) or 44% (2015: 47%) of the Group's revenue.



NOTES TO THE FINANCIAL STATEMENTS (continued)

24. FINANCIAL INSTRUMENTS**(a) Categories of financial instruments**

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Financial Assets				
Loans and receivables				
Trade and other receivables, net of prepayments	2,857,630	2,068,276	3,999	4,982,454
Cash and cash equivalents	6,896,403	1,656,699	207,626	177,251
	<u>9,754,033</u>	<u>3,724,975</u>	<u>211,625</u>	<u>5,159,705</u>
Financial Liabilities				
Other financial liabilities				
Trade and other payables	3,231,449	12,008,662	460,668	5,850,402

(b) Fair value of financial instruments

The carrying amounts of financial instruments of the Group and of the Company as at the end of the financial year approximate their fair values.

(c) Methods and assumptions used to estimate fair value

The fair value of the following classes of financial assets and liabilities are as follows:

Cash and cash equivalents, receivables and payables

The carrying amounts are reasonable approximation of fair values due to short term nature of these financial assets and liabilities.

25. FAIR VALUE HIERARCHY**(a) Policy on transfer between levels**

The fair value of the asset and liability to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer.



NOTES TO THE FINANCIAL STATEMENTS (continued)

25. FAIR VALUE HIERARCHY (continued)

- (b) Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.
 - (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
 - (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Transfer between Level 1 and Level 2 fair values

There is no transfer between level 1 and level 2 fair values during the financial year.

- (iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As the financial assets and liabilities of the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not disclosed.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. The Company's exposure to credit risk arises principally from loan and advances to subsidiaries.

The management has in place a credit procedure to monitor and minimise the exposure of default. Trade and other receivables are monitored on a regular and an ongoing basis. Credit evaluations are performed on all customers requiring credit over certain amount.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

At the end of the reporting period, approximately 60% (2015: 48%) of the Group's trade receivables were due from four (2015: four) major customers who are involved in agriculture, chemicals and timber industries.



NOTES TO THE FINANCIAL STATEMENTS (continued)

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

		Contractual <-Undiscounted Cash Flows->	
	Carrying Amount RM	On demand or within 1 year RM	Total RM
2016			
Group			
Financial liabilities			
Trade and other payables	3,231,449	3,231,449	3,231,449
Company			
Financial liabilities			
Trade and other payables	460,668	460,668	460,668
2015			
Group			
Financial liabilities			
Trade and other payables	12,008,662	12,008,662	12,008,662
Company			
Financial liabilities			
Trade and other payables	5,850,402	5,850,402	5,850,402



NOTES TO THE FINANCIAL STATEMENTS (continued)

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group has no long-term interest bearing debts which may pose interest rate risk except for the usage of credit facilities of the holding companies from time to time as required.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales that are denominated in currencies other than the respective functional currencies of Group's entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly Singapore Dollar ("SGD") and United States Dollar ("USD").

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in SGD and USD) amounted to RM709,086 (2015: RM164,917).

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the SGD and USD exchange rates against the functional currency of the Group, with all other variables held constant:

	Group	
	Loss net of tax	
	2016	2015
	RM	RM
SGD/RM - strengthen by 5% (2015: 5%)	29,986	17,743
- weaken by 5% (2015: 5%)	(29,986)	(17,743)
USD/RM - strengthen by 5% (2015: 5%)	9,288	2,354
- weaken by 5% (2015: 5%)	(9,288)	(2,354)



NOTES TO THE FINANCIAL STATEMENTS (continued)

27. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to build and maintain a strong capital base so as to maintain healthy capital ratios and at the same time be able to leverage on the capital to provide the funds to fund their expansion and growth.

The Group and the Company manage their capital structure, and make adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares, raise new debts and reduce existing debts. No changes were made in the objectives, policies and processes during the financial years ended 30 June 2016 and 30 June 2015.

The capital structure of the Group and of the Company consists of equity attributable to owners of the Company, comprising share capital, retained earnings and total debts.

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade and other payables	3,231,449	12,008,662	460,668	5,850,402
Less: Cash and cash equivalents	(6,896,403)	(1,656,699)	(207,626)	(177,251)
Net (cash)/debt	(3,664,954)	10,351,963	253,042	5,673,151
Total equity	4,230,952	7,038,705	1,399,703	1,073,517
	565,998	17,390,668	1,652,745	6,746,668
Gearing ratio	*	60%	15%	84%

The Company is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

* Not meaningful as the Group is in net cash position.

28. MATERIAL LITIGATION

In September 2013, a utility company initiated legal proceedings against the Company for alleged malfunction of the electricity meter which caused the meter to record readings inconsistent with electricity supplied to the factory at each material time. The utility company had calculated and claimed the amount of RM1,642,804 as the alleged discrepancies. The Company had filed its defence and the legal proceedings are ongoing and a provision of RM1,642,804 has been recognised in the financial statements in the previous financial year.

The Company had filed its defence and the legal proceedings are ongoing. The Court of Appeal has fixed a new case management on 1 December 2016 for the parties to update the status of the appeal.



NOTES TO THE FINANCIAL STATEMENTS (continued)

29. CONTINGENT LIABILITIES (UNSECURED)

On 5 August 2015, a subsidiary of the Company, T-Venture Industries (M) Sdn. Bhd. (“T-Venture”) was served with two notices of demand from Royal Malaysian Customs (“RMC”) for the recovery of purported unpaid import duties and sales tax amounting to RM714,751 and RM273,805 respectively, in which both amounts had been provided during the previous financial year as disclosed in Note 21 to the financial statements.

On 2 December 2015, T-Venture had received revised notices of demand from RMC for the revision of import duties and sales tax from RM714,751 and RM273,805 to RM719,751 and RM242,694 respectively.

T-Venture had appealed against the claim to the Director General of RMC (but was forwarded by RMC to Ministry of Finance) and was rejected by Ministry of Finance vide their letter dated 13 April 2016. T-Venture had further appealed to the Ministry of Finance vide letter dated 30 May 2016 and the appeal was rejected on 15 August 2016.

During the financial year ended 30 June 2015, a further import duties and sales tax amounted to RM1,582,132 had been provided in the financial statements. However, during the current financial year, the directors had assessed the provision and an amount of import duties based on 20% of unsold inventories amounted to RM156,885 had been provided and an amount of RM767,755 had been reversed from the provision for import duties based on the following reasons:

- (i) Letter by T-Venture to RMC to apply for the cancellation of the LMW license dated 21 August 2014;
- (ii) Letter by T-Venture to RMC for ASEAN Trade In Goods Agreement (“ATIGA”) status application dated 5 September 2014;
- (iii) Cessation of injection production line of T-Venture on 26 October 2014; and
- (iv) Legal advice from a solicitor which confirmed that the cancellation of LMW license was effective upon cessation of injection production line of T-Venture.

The directors are currently in the process of initiating a judicial review against the RMC.

30. OPERATING LEASE COMMITMENTS

The Group has entered into commercial leases for its factory and photocopier machine. These leases have tenure of 3 to 5 years with a renewal option included in the contract. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	2016	2015
	RM	RM
Not later than one year	301,800	360,390
Later than one year but not later than five years	5,850	300,000
	<u>307,650</u>	<u>660,390</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)

31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 13 October 2015, the Board of Directors of the Company has announced the proposals to regularise the financial position of the Company pertaining to the Company's position as an affected listed issuer pursuant to Paragraph 2.1 (d) of the Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")("MMLR").

The Company has proposed the following proposals to regularise the financial position of the Company:-

- (a) proposed capital reduction of the existing issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 ("Act") involving the cancellation of RM0.80 from the par value of each existing ordinary share of RM1.00 each in the Company ("Proposed Capital Reduction");
- (b) proposed reduction of share premium account of the Company of RM2,463,943 based on the audited financial statements of the Company for the financial period ended 30 June 2014 pursuant to Section 60(2) and 64(1) of the Act ("Proposed Share Premium Reduction");
- (c) proposed renounceable rights issue of 58,132,908 new ordinary shares of RM0.20 each in the Company shares ("A-Knights Shares") ("Rights Shares") together with 58,132,908 detachable free warrants ("Warrants") at an issue price of RM0.20 per Rights Share on the basis of one Rights Share for every one existing ordinary share of the Company held after the Proposed Capital Reduction together with one free Warrant for every one Rights Share subscribed ("Proposed Rights Issue with Warrants");
- (d) proposed acquisition of the entire ordinary shares of RM1.00 each in PA Builders Sdn Bhd ("PABSB" or "PA Group") for an aggregate purchase consideration of RM75.0 million ("Purchase Consideration") to be satisfied via RM5.0 million cash and 350,000,000 new A-Knight Shares at an issue price of RM0.20 each ("Consideration Shares") ("Proposed Acquisition");
- (e) proposed exemption to the vendors of PABSB from the obligation to undertake a mandatory general offer for the remaining A-Knight Shares not already held by them and its parties acting in concert ("PAC") pursuant to Paragraph 16 of Practice Note 9 of the Malaysian Code of Take-Overs and Mergers 2010 ("Code") following the issuance of the Consideration Shares to the vendors ("Proposed Exemption");
- (f) proposed placement of up to 125,000,000 new A-Knight Shares ("Placement Shares") to investor(s) to be identified later at an issue price of RM0.20 per Placement Share ("Proposed Placement");
- (g) proposed establishment of a new employees' share option scheme of up to ten percent (10%) of the issued and paid-up share capital of the Company for the eligible directors and employees of the Company and its subsidiaries (excluding subsidiaries which are dormant) ("A-Knight Group" or "Group") ("Proposed ESOS");
- (h) proposed increase in the authorised share capital of the Company from RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each to RM200,000,000 comprising 1,000,000,000 ordinary shares of RM0.20 each ("Proposed IASC"); and



NOTES TO THE FINANCIAL STATEMENTS (continued)

31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

- (i) The Company has proposed the following proposals to regularise the financial position of the Company:- (continued)

- (i) proposed amendments to the Memorandum and Articles of Association of the Company (“M&A”) to facilitate the Proposed Capital Reduction and Proposed IASC (“Proposed Amendment”)

On 19 October 2015, the Company has submitted an application to Bursa Malaysia Securities Berhad (“Bursa Securities”) on 16 October 2015 for a proposed extension of time of up to five (5) months from 31 October 2015 to 30 March 2016 to submit its regularisation plan.

On 17 February 2016, the Company has submitted an application to Bursa Securities for a proposed extension of time of up to 4 months from 29 February 2016 to 30 June 2016 to submit its regularisation plan. The extension is granted on 14 March 2016 by Bursa Securities.

On 5 April 2016, the Company has proposed to undertake the following revised proposals to regularise the financial position of the Company:-

- (a) proposed reduction of share premium account of the Company of RM2,463,943 based on audited financial statements of the Company for the financial year ended 30 June 2015 pursuant to Section 60(2) and 64(1) of the Companies Act, 1965 (“Proposed Share Premium Reduction”);
- (b) proposed capital reduction of the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 (“Act”) involving the cancellation of RM0.90 from the par value of each existing ordinary share of RM1.00 each in the Company (“Proposed Capital Reduction”);
- (c) proposed renounceable rights issue of 406,930,356 new ordinary shares of RM0.10 each in the Company’s shares (“A-Knights Shares”) (“Rights Shares”) together with 406,930,356 detachable free warrants (“Warrants”) at an issue price of RM0.10 per Rights Share on the basis of seven (7) Rights Share for every one (1) existing ordinary share of the Company held after the Proposed Capital Reduction together with one (1) free Warrant for every one (1) Rights Share subscribed (“Proposed Rights Issue with Warrants”);



NOTES TO THE FINANCIAL STATEMENTS (continued)

31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

- (i) On 5 April 2016, the Company has proposed to undertake the following revised proposals to regularise the financial position of the Company:- (continued)
- (d) proposed issuance of up to 200,000,000 of the Company's new shares ("Issuance Shares") to investors to be identified later at an issue price of RM0.10 per Issuance Share ("Proposed Special Issue");
 - (e) proposed acquisition of the entire equity interest in Rapid Growth Technology Sdn Bhd comprising 15,000,000 ordinary shares of RM1 each for an aggregate purchase consideration of RM88.0 million to be satisfied via RM58.0 million in cash and RM30.0 million via issuance of 300,000,000 new shares in the Company at an issue price of RM0.10 each ("Proposed Acquisition");
 - (f) proposed increase in the authorised share capital of the Company from RM100,000,000 comprising 100,000,000 ordinary shares of RM1 each to RM200,000,000 comprising 200,000,000 ordinary shares of RM0.10 each ("Proposed IASC"); and
 - (g) proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the Proposed Capital Reduction and Proposed IASC ("Proposed Amendment").

On 15 June 2016, the application in relation to the Proposed Regularisation Plan has been submitted to Bursa Securities for approval. The Company has revised the basis of free issuance of the warrants shall now be three (3) free Warrants for every four (4) Rights Shares subscribed instead of the previous basis of one (1) free Warrant for every one (1) Rights Share subscribed. The number of warrants to be issued free shall be reduced by 159,865,497 warrants or 25% from 639,461,988 warrants to 479,596,491 warrants.

- (ii) On 20 October 2015, the Group has disposed of two parcels of land together with a hotel by AKnight Resources Sdn. Bhd. (formerly known as Citiview Hotel Sdn. Bhd.), a wholly-owned subsidiary of the Company for a total cash consideration of RM17,000,000 which have been presented as held for sale in previous financial year.



NOTES TO THE FINANCIAL STATEMENTS (continued)

32. PRIOR YEAR ADJUSTMENTS

During the financial year, the management noted that there were non-controlling interests under taken up in relation to their relative ownership interests in a subsidiary of the Company, JC Concept International Sdn. Bhd. and reclassification error in the capital reserve of the Company.

Accordingly, the financial statements of the Group and of the Company for the financial year ended 30 June 2015 and the opening statement of financial position at 1 July 2014 have been restated to correct the errors. The following prior year adjustments have been adjusted to conform with the current financial year presentation.

Group 30.6.2015	As previously reported RM	Adjustments RM	As restated RM
Consolidated Statement of Financial Position			
Equity			
Capital reserve	2,502,440	(38,497)	2,463,943
Accumulated losses	(53,596,643)	478,004	(53,118,639)
Non-controlling interests	-	(439,507)	(439,507)
1.7.2014			
Consolidated Statement of Financial Position			
Equity			
Capital reserve	2,502,440	(38,497)	2,463,943
Accumulated losses	(29,318,457)	268,219	(29,050,238)
Non-controlling interests	-	(229,722)	(229,722)
30.6.2015			
Statements of Profit or Loss and Other Comprehensive Income			
Loss attributable to:			
Owners of the parent	(24,278,186)	209,785	(24,068,401)
Non-controlling interests	-	(209,785)	(209,785)
Total comprehensive loss attributable to:			
Owners of the parent	(24,278,186)	209,785	(24,068,401)
Non-controlling interests	-	(209,785)	(209,785)



NOTES TO THE FINANCIAL STATEMENTS (continued)

32. PRIOR YEAR ADJUSTMENTS (continued)

Company 30.6.2015	As previously reported RM	Adjustments RM	As restated RM
Statement of Financial Position			
Equity			
Capital reserve	2,502,440	(38,497)	2,463,943
Accumulated losses	(59,561,831)	38,497	(59,523,334)
1.7.2014			
Statement of Financial Position			
Equity			
Capital reserve	2,502,440	(38,497)	2,463,943
Accumulated losses	(46,090,551)	38,497	(46,052,054)

33. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the current year presentation:

Group 30.6.2015	As previously classified RM	Reclassification RM	As reclassified RM
Consolidated Statement of Financial Position			
Trade and other payables	14,579,350	(2,570,688)	12,008,662
Provision for liabilities	1,642,804	2,570,688	4,213,492
	16,222,154	-	16,222,154
1.7.2014			
Consolidated Statement of Financial Position			
Trade and other payables	12,147,078	(229,806)	11,917,272
Provision for liabilities	-	229,806	229,806
	12,147,078	-	12,147,078
2015			
Statements of Profit or Loss and Other Comprehensive Income			
Administrative expenses	(3,241,993)	(806,332)	(4,048,325)
Other operating expenses	(19,940,011)	806,332	(19,133,679)
	(23,182,004)	-	(23,182,004)



NOTES TO THE FINANCIAL STATEMENTS (continued)

33. COMPARATIVE FIGURES (continued)

The following comparative figures have been reclassified to conform with the current year presentation: (continued)

Group 2015	As previously classified RM	Reclassification RM	As reclassified RM
Statements of Cash Flows			
Cash flows from operating activities			
Assets held for sale written off	15,544,081	(6,953)	15,537,128
Gain on disposal of assets held for sale	(2,357,413)	6,953	(2,350,460)
Cash flows used in investing activities			
Change in pledged deposit	-	(85,000)	(85,000)
Proceeds from disposal of quoted investments	-	10,898	10,898
Cash flows from financing activities			
Proceeds from disposal of quoted investments	10,898	(10,898)	-
Net changes in cash and cash equivalents	<u>13,197,566</u>	<u>(85,000)</u>	<u>13,112,566</u>
Company 2015			
Statements of Cash Flows			
Cash flows from operating activities			
Amount due from subsidiaries	1,467,856	(1,467,856)	-
Cash flows from investing activities			
Proceeds from disposal of quoted investments	-	10,898	10,898
Cash flows from financing activities			
Advances from subsidiaries	-	1,467,856	1,467,856
Proceeds from disposal of quoted investments	10,898	(10,898)	-
Net changes in cash and cash equivalents	<u>1,478,754</u>	<u>-</u>	<u>1,478,754</u>

The reclassifications do not have financial impact on the opening balance as at 1 July 2014.



NOTES TO THE FINANCIAL STATEMENTS (continued)

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad issued a directive pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

The following analysis of realised and unrealised profits or losses included in the retained earnings of the Group and the Company as at 30 June 2016 and 30 June 2015 is presented in accordance with the directive of Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
		(Restated)		(Restated)
Total accumulated losses of the Group and of the Company				
- Realised	(101,693,093)	(128,542,016)	(59,197,148)	(59,523,334)
- Unrealised	6,935	29,705,666	-	-
	(101,686,158)	(98,836,350)	(59,197,148)	(59,523,334)
Less: Consolidation adjustments	45,763,900	45,717,711	-	-
Total accumulated losses	(55,922,258)	(53,118,639)	(59,197,148)	(59,523,334)



ANALYSIS OF SHAREHOLDINGS as at 28 September 2016

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000/-
Issued and Paid-up Capital	:	RM58,132,908/-
Class of Share	:	Ordinary shares of RM1/- each
Voting Rights	:	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

No. of Holders	Size of Holdings	Total Holdings	%
50	Less than 100	874	0.00
73	101 - 1,000	40,390	0.07
642	1,001 - 10,000	1,934,252	3.33
136	10,001 - 100,000	4,055,708	6.98
47	100,001 - less than 5% of issued shares holdings	27,238,930	46.85
2	5% and above of issued shares holdings	24,862,754	42.77
----- 950		----- 58,132,908	----- 100.00
=====		=====	=====



ANALYSIS OF SHAREHOLDINGS as at 28 September 2016 (Continued)

SUBSTANTIAL SHAREHOLDERS

	Name	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Pahangply Holdings Bhd	16,274,923	28.00	-	-
2.	See Seng Lai & Sons Realty Sdn Bhd	8,587,831	14.77	-	-
3.	See Teck Wah	3,479,812	5.99	29,489,733	50.73
		28,342,566	48.76	29,489,733	50.73

DIRECTORS' SHAREHOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
See Teck Wah	3,479,812	5.99	29,489,733	50.73
See Seng Hong PJK	429,000	0.74	17,608,060	30.29
See Han Liong	1,118,300	1.92	31,851,245	54.80
Andrew Su Meng Kit	-	-	-	-
Tan Teng Cheok	-	-	-	-
Seah Cheong Wei	-	-	-	-
Lim Heng Gaul	-	-	-	-



ANALYSIS OF SHAREHOLDINGS as at 28 September 2016 (Continued)

30 LARGEST SHAREHOLDERS

	Name	No. of Shares	%
1.	Pahangply Holdings Berhad	16,274,923	28.00
2.	See Seng Lai & Sons Realty Sdn Bhd	8,587,831	14.77
3.	Ng Soon Teong	2,429,000	4.18
4.	See Teck Wah	2,403,000	4.13
5.	Prime Forest Products (M) Sdn Bhd	2,175,542	3.74
6.	Ehsan Otomobil Sdn Berhad	1,686,284	2.90
7.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Elite Trend Sdn Bhd (ELI0029C)	1,507,000	2.59
8.	Lim Hooi Kheng	1,329,400	2.29
9.	Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang	1,207,500	2.08
10.	See Han Liong	1,118,210	1.92
11.	Chun Sau Chin	1,018,300	1.75
12.	Lim Pei Yean	1,003,700	1.73
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Teck Wah (8125718)	900,000	1.55
14.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chun Sau Chin (M02)	712,500	1.23
15.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for How Kim Lian (HOW0026C)	567,000	0.98
16.	Ooi Tse Piao	550,000	0.95
17.	NGE Leasing & Credit Sdn Bhd	549,807	0.95
18.	Desipac Sdn Bhd	538,100	0.93
19.	Chun Sau Chin	452,200	0.78
20.	See Seng Hong PJK	429,000	0.74
21.	Lee Tek Huat	401,900	0.69
22.	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Choon Yoke Ying (M&A)	400,000	0.69
23.	Tey Kim En	392,200	0.67
24.	Tan Poh Hwa	379,800	0.65
25.	Nanyang General Enterprises Sdn Bhd	333,330	0.57
26.	Chiam Tow Heng	300,000	0.52
27.	Nanyang Timber Industry Sdn Bhd	300,000	0.52
28.	Lim Tuan	272,000	0.47
29.	Cheah Hong Chong	258,300	0.44
30.	Chu Pak Mue	257,981	0.44



ASIA KNIGHT BERHAD
(71024-T)

PROXY FORM

I/We (FULL NAME IN CAPITAL LETTERS) _____

NRIC No./Passport No./Company No. _____

of (FULL ADDRESS) _____

being a member/member(s) of Asia Knight Berhad hereby appoint

First Proxy

Full Name of Proxy in capital letters	NRIC No./Passport No.	Proportion of shareholdings	
		Number of shares	Percentage (%)

and/or failing him/her

Second Proxy

Full Name of Proxy in capital letters	NRIC No./Passport No.	Proportion of shareholdings	
		Number of shares	Percentage (%)

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Thirty-Fifth Annual General Meeting (“AGM”) of Asia Knight Berhad (“the Company”) to be held on 23 November 2016 at 10.30 a.m., and at any adjournment thereof in respect of my/our holdings of shares in the manner indicated below: -

No.	Resolutions	For	Against
-	To receive the Audited Financial Statements for the financial year ended 30 June 2016 together with the Reports of the Directors and Auditors thereon.	-	-
1	To approve the payment of Directors’ Fees for the financial year ended 30 June 2016.		
2	To re-elect Mr Seah Cheong Wei as Director of the Company in accordance with Articles 78 and 79 of the Company’s Articles of Association.		
3	To re-elect Mr Andrew Su Meng Kit as Director of the Company in accordance with Articles 78 and 79 of the Company’s Articles of Association.		



4	To re-appoint Mr See Seng Hong PJK as a Director pursuant to Section 129(6) of the Companies Act, 1965.		
5	To re-appoint Messrs. Baker Tilly Monteiro Heng as Auditors to hold office until the conclusion of the next AGM at a remuneration to be fixed by the Directors.		
6	To retain Mr Tan Teng Cheok as Senior Independent Non-Executive Director of the Company.		
7	To approve the Authority to issue Shares pursuant to Section 132D of the Companies Act, 1965.		

(Please indicate with (X) in the appropriate box whether you wish your vote to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fits.)

Dated this _____ day of _____ 2016

Signature/Common Seal of Shareholder(s)

Number of Shares held

CDS Account No.

MEMBERS ENTITLED TO ATTEND

For purpose of determining a member who shall be entitled to attend the 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 16 November 2016. Only a depositor whose name appears on the General Record of Depositors as at 16 November 2016 shall be entitled to attend the said meeting or appoint a proxy to attend and vote on such depositor's behalf.

NOTES:

1. A member entitled to attend and vote at this meeting is entitled to appoint at least one (1) proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak and vote at the meeting.
2. The Proxy Form in the case of an individual shall be signed by the appointer or his/her attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
3. Where a member is an exempt authorised nominee (EAN) as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there shall be no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No 9, Jalan Bayu Tinggi 2A/KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting for holding the meeting or any adjournment thereof.
5. In line with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of the 35th AGM of the Company are subjected to voting by poll. The Company will appoint at least one (1) scrutineer to validate the votes cast at the 35th AGM of the Company.
6. Directors' Report, Audited Financial Statements and Auditors' Report

Agenda No 1 is meant for discussion only. The provision 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.



