



ASIA KNIGHT BERHAD
(71024-T)

ANNUAL REPORT 2017

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE THIRTY-SIXTH (36th) 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 TUESDAY, 21 NOVEMBER 2017 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 2017 together with the Reports of the Directors and Auditors thereon. (Note 6) 2. To approve the payment of Directors’ fees of RM138,000 for the financial year ended 30 June 2017. 3. To approve the payment of Directors’ benefits up to an amount of RM43,000 from 31 January 2017 until the conclusion of the next AGM of the Company. (Note 7) 4. To re-elect the following Directors who are retiring under Articles 78 and 79 of the Company’s Constitution, and being eligible, have offered themselves for re-election: - (a) Mr Tan Teng Cheok (b) Mr Lim Heng Gaul 5. To re-appoint Mr See Seng Hong as a Director of the Company. (Note 8) 6. To re-appoint Messrs. Baker Tilly Monteiro Heng as Auditors to hold office until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. SPECIAL BUSINESS To consider and, if thought fit, adopt the following resolutions, with or without modification, as Ordinary Resolutions: 7. Retention of Independent Director (Note 9) “That subject to the passing of Resolution 3, Mr Tan Teng Cheok be hereby retained as a Senior Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting.”	Resolution 1 Resolution 2 Resolution 3 Resolution 4 Resolution 5 Resolution 6 Resolution 7
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NOTICE OF ANNUAL GENERAL MEETING (continued)

8. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 (Note 10) “That subject always to the Companies Act 2016, and the approvals of the relevant governmental and/or regulatory authorities, if applicable, the Directors be and are hereby authorised, pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may in absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company as at the date of this AGM and that the Directors be and are also empowered to obtain approval for the listing of and quotation for additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next AGM of the Company.”	Resolution 8
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FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 36th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 56(c) of the Company’s Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 14 November 2017. Only a depositor whose name appears on the Record of Depositors as at 14 November 2017 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: 26 October 2017

NOTICE OF 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. 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. Voting by poll

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be voted by poll.

6. Directors' Report, Audited Financial Statements and Auditors' Report

Agenda No 1 is meant for discussion only as the Audited Financial Statements do not require the formal approval of the shareholders pursuant to Sections 248(2) and 340(1) of the Companies Act, 2016. Hence, the matter will not be put forward for voting.

7. Directors' Benefits

The Directors' benefits mentioned in Agenda No. 3 consist of meeting allowances payable to directors for the period from 31 January 2017 until the conclusion of the next AGM of the Company.

8. Re-appointment of Mr See Seng Hong

Mr See Seng Hong was re-appointed as Director of the Company at the 35th AGM held on 23 November 2016 pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of this AGM. The proposed Ordinary Resolution 5, if passed, will enable Mr See Seng Hong to continue his office as Director of the Company following the conclusion of this AGM. The Act (which repealed the Companies Act, 1965) no longer requires the continuation in office by a director over 70 years of age to be subject to shareholders' approval at each AGM. Accordingly, if proposed Ordinary Resolution 5 is passed, Mr See Seng Hong's continuation in office will thereafter be subject to retirement by rotation pursuant to the Company's Constitution.

NOTICE OF ANNUAL GENERAL MEETING (continued)**9. Retention of Mr Tan Teng Cheok as Senior Independent Director of the Company**

Mr Tan Teng Cheok is currently the Senior Independent Non-Executive Director of the Company who has been an independent member of the Board of Directors of Asia Knight Berhad since 2001. His tenure of office as an Independent Non-Executive Director of the Company has exceeded nine (9) years. In applying the recommendation under the Malaysian Code of Corporate Governance 2012, the Board has assessed and with the recommendation of the Nominating Committee would strongly recommend to the members of the Company to vote in favour of the resolution for Mr Tan Teng Cheok to continue to act as an Senior Independent Non-Executive Director on the following basis:-

- (i) he has demonstrated and continues to be able to exercise independent judgement and to act in the best interest of the Company;
- (ii) he has also the necessary knowledge of the business and has proven commitment, experience and competency;
- (iii) he has participated and contributed actively during deliberations or discussions at Board meetings; and
- (iv) he has met the criteria for independence under the definition of an independent Director in the Main Market Listing Requirements of Bursa Securities.

10. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed Ordinary Resolution 8, if approved, will give the Directors authority to issue and allot new ordinary shares up to an amount not exceeding 10% of the total number of issued shares of the Company for such purposes as the Directors consider would be in the best interest of the Company.

This authority will commence from the date of this AGM and unless revoked or varied by the Company at a General Meeting, expire at the next AGM. The approval is a renewed general mandate and is sought to provide flexibility and to avoid delay and cost in convening a General Meeting for such issuance of shares.

As the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last AGM held on 23 November 2016 and which lapse at the conclusion of the 36th AGM.

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

1. Directors who are seeking for re-election or re-appointment, whichever is applicable, at the 36th AGM, are as follows:-
 - (i) The Directors who are retiring by rotation pursuant to Articles 78 and 79 of the Company's Constitution and seeking re-election, are:-
 - a. Mr Tan Teng Cheok ; and
 - b. Mr Lim Heng Gaul
 - (ii) The Director standing for re-appointment is Mr See Seng Hong
2. The details of the three (3) Directors seeking re-election and/or re-appointment are set out in the Directors' Profile from page 8 to page 9 and the Directors' Shareholdings in Company on page 96 of the Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

See Teck Wah	<i>Chairman/Managing Director</i>
See Seng Hong	<i>Executive Director</i>
See Han Liong	<i>Executive Director</i>
Andrew Su Meng Kit	<i>Executive Director (resigned on 3 October 2017)</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>Chairman</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 BANKER

CIMB Bank Berhad

CORRESPONDENCE OFFICE

No 7-3 Galeri Empire, Jalan Empayar
 Off Persiaran Sultan Ibrahim/KU1
 41150 Klang, Selangor Darul Ehsan
 Telephone: 03-33420888
 Facsimile: 03-33420771

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 68, is the Chairman and 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 in wood-based industries and has accumulated many years of management experience. 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 and a public non-listed company.

SEE SENG HONG

See Seng Hong, male, Malaysian, aged 80, is an Executive Director of A-Knight. He is 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 Board of several private limited companies and a public non-listed company.

SEE HAN LIONG

See Han Liong, male, Malaysian, aged 41 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 moulded plastic parts manufacturing division. He also sits on the Board of several private limited companies and a public non-listed company.

TAN TENG CHEOK

Tan Teng Cheok, male, Malaysian, aged 47 was appointed as an Independent Non-Executive Director of A-Knight and an Audit Committee member on 29 December 2001. He was appointed member of Nomination Committee and Remuneration Committee on 30 April 2003. He was appointed Chairman of Nomination Committee on 12 May 2011. He also the Chairman of Audit Committee. 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. He is a member of Malaysian Institute of Accountants (MIA) and Australian Society of Certified Practising Accountants (ASCPA).

SEAH CHEONG WEI

Seah Cheong Wei, male, Malaysian, aged 44 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 Commence in Accounting. He obtained his Chartered Accountant memberships 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.

PROFILE OF DIRECTORS (continued)**LIM HENG GAUL**

Lim Heng Gaul, male, Malaysian, aged 57 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 1995 until to-date.

Notes :

- (1) Save as disclosed below, none of the Directors has any family relationship with other Directors or major shareholders of the Company :
 - (i) See Teck Wah is the nephew of See Seng Hong and father of See Han Liong.
 - (ii) See Seng Hong is the uncle of See Teck Wah and grand-uncle of See Han Liong.
 - (iii) See Han Liong is the grand-nephew of See Seng Hong and son of See Teck Wah.
- (2) None of the Directors has entered into any transaction, whether directly or indirectly, which has any conflict of interest with the Group.
- (3) None of the Directors has been convicted for any offences, other than traffic offences (if any), within the past five (5) years or public sanctioned or penalized by any relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT PROFILE

Hong Boon Kong, male, Malaysian, aged 46, is the Operations Director of T-Venture Industries (M) Sdn Bhd (“T-Venture”). He graduated with a Master Degree in Advanced Manufacturing Engineering from Coventry University, United Kingdom in 1995. Upon graduation, he joined MHE Demag Logistics as Project Engineer. Subsequently, he joined HIL Industries Berhad in 1997 as its Projects/Process Engineer and was promoted to General Manager in 2004. In 2006, he was appointed as the Executive Director of Polytainer Industries Sdn Bhd. In 2011, he joined T-Venture as the Operations Director and is responsible for managing the overall operations of T-Venture. He has over 20 years of experience in the plastic manufacturing industry. He does not hold any directorship in public companies. 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 by the relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the Annual Report and the audited financial statements of A-Knight Group for the financial year ended 30 June 2017.

Overview and outlook of the Malaysian economy

The Malaysian economy recorded a higher growth of 5.6% in the first quarter of 2017 (4Q 2016: 4.5%), driven mainly by private sector demand. Growth was further lifted by higher exports, as increased demand for manufactured products led to a strong growth in real exports (9.8%; 4Q 2016: 2.2%). Real imports also increased at a faster rate of 12.9% (4Q 2016: 1.6%) on account of higher growth of capital and intermediate goods. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.8% (4Q 2016: 1.3%).

Domestic demand growth increased to 7.7% in the first quarter of the year (4Q 2016: 3.2%), supported by continued expansion in private sector expenditure (8.2%; 4Q 2016: 5.9%) and the turnaround in public sector expenditure.

On the supply side, most economic sectors expanded at a faster pace. The improvement in the overall growth was contributed primarily by the turnaround in the agriculture sector and higher growth in the manufacturing and services sectors.

Overview and outlook of the plastics manufacturing industry in Malaysia

Malaysia's plastics industry is a vibrant and growing industry as depicted by the performance of plastics manufacturing activities in the country. The manufacture of plastics in primary forms in Malaysia increased from RM13.1 billion in 2010 to RM17.6 billion in 2016 at a compound annual growth rate ("CAGR") of 5.1%, while the manufacture of plastics in non-primary forms increased from RM604.5 million to RM1.6 billion over the same period at a CAGR of 17.8%.

Total plastics exports, comprising exports of plastics in primary and non-primary forms, grew at a CAGR of 6.9% between 2010 and 2016 from RM14.1 billion to RM21.0 billion. During this period, exports of plastics in non-primary forms increased at a CAGR of 7.0% while exports of plastics in primary forms increased at a CAGR of 6.8%.

The prospects for the plastics industry in Malaysia are favourable as plastics is expected to continue being a material of choice for a variety of consumer and industrial applications, as it is relatively low cost and easy to manufacture, versatile and is waterproof. The demand for plastics will continue to be driven by increased external demand by the end-user markets which it serves, including building and construction, consumer appliances, electrical and electronics, food preparation and service, healthcare, packaging, pharmaceuticals, sanitation as well as transportation, and will also grow in tandem with greater consumer spending both globally and within the country.

Dividend

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

CHAIRMAN'S STATEMENT (continued)**Corporate Developments**

On 31 October 2014, A-Knight announced that it is an affected listed issuer as it has triggered the criterion under Paragraph 2.1(d) of the Practice Note 17 ("PN 17") of the Main Market Listing Requirement ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The auditors of the Company had expressed a disclaimer opinion in the Company's audited financial statements for the 18-month financial period ended 30 June 2014.

On 5 November 2015, A-Knight announced that it had also triggered criteria 2.1(a) of PN17 of the Listing Requirements, whereby the Company's shareholders' equity is 25% or less of the issued and paid-up capital of Asia Knight, based on the audited financial statements for FYE 30 June 2015.

On 18 November 2015, Bursa Securities granted A-Knight an extension of time of up to 29 February 2016 to submit its regularisation plan. On 14 March 2016, Bursa Securities granted a further extension of up to 30 June 2016 for the Company to submit its regularisation plan.

On 15 June 2016, the Company submitted the previous regularisation plan to Bursa Securities but subsequently withdrew its application on 7 October 2016.

Following the aforesaid withdrawal, the Company's applications for extension of time of up to 6 February 2017, up to 6 June 2017 and up to 15 August 2017 respectively to re-submit its regularisation plan were approved by Bursa Securities.

On 14 August 2017, A-Knight announced that the Company proposed to undertake the proposed regularisation plan which comprised of proposed capital reduction, proposed rights issue with warrants and proposed acquisition to regularise its financial position. The said proposed regularisation plan was submitted on 15 August 2017 and is currently awaiting for the decision from Bursa Securities.

Acknowledgements

On behalf of the Board, I would like to express our appreciation to Mr Andrew Su Meng Kit who has resigned from the Board, for his support and guidance throughout his tenure on the Board.

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, and to our dedicated staff for their commitment and hard work.

SEE TECK WAH
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

A-Knight is mainly involved in the manufacturing of moulded plastic products through its wholly-owned subsidiary, T-Venture Industries (M) Sdn Bhd. The manufacturing of moulded plastic products is the core business of the Group during the financial year. For the FYE 2017, approximately 15% of our Group's revenue was export sales to customers who are principally based in the South East Asia Region.

Financial Performance

For the FYE 2017, we generated revenue of RM10.5 million compared to revenue of RM10.3 million in the previous financial year. The higher revenue was mainly driven by the increase in demand from our existing customers for our plastic moulded jerrycans.

We recorded lower loss after tax of RM1.5 million in the FYE 2017 against loss after tax of RM2.8 million in the preceding financial year. This was mainly due to the recognition of one-off loss from discontinued operation (hotel operation) of RM1.4 million in the previous financial year.

Working Capital, Liquidity and Capital Expenditure

Our business operations are funded by shareholders' equity, funds generated from our operations and credit terms granted by our suppliers. We maintained zero gearing position in the FYE 2017.

We incurred RM0.70 million of capital expenditure in the FYE 2017, mainly for the purchase of machinery to cater for the growth in demand of our products, higher by RM0.65 million compared to RM0.05 million in FYE 2016.

Outlook, Challenges and Strategy

The manufacturing sector is expected to remain challenging on the back of increasing cost of labour and raw materials, we will continue to be prudent and constantly emphasis on cost control measures such as optimise machine utilisation and improve on operational workflow efficiency in order to remain competitive. On the other hand, the completion of the proposed regularisation plan is crucial moving forward. The Board is confident that, upon completion of the proposed regularisation plan, the financial position of the Company will be fundamentally strengthened to support the re-building of the Group.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors

Presently, the Board has six (6) Directors, comprising three (3) Executive Directors, 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 in order to align the Board's mind set with the management. 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 8 to 9.

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.

Five (5) 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	5 of 5
See Seng Hong	5 of 5
See Han Liong	5 of 5
Andrew Su Meng Kit (<i>resigned on 3 October 2017</i>)	5 of 5
Tan Teng Cheok	5 of 5
Seah Cheong Wei	5 of 5
Lim Heng Gaul	5 of 5

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

The present focus of the Board is on the Group's regularisation plan. The Board will review the Malaysian Code on Corporate Governance and adopt the recommended practices in order to set out the fundamental structures for more effective functioning of the board upon completion of its regularisation plan. Some of the key recommended practices that will be addressed are:

- i. To set out the code of conduct;
- ii. 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)

- iii. 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
- iv. 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 had conducted one meeting. The agenda discussed in this meeting are:

- i. Re-election of directors in the last AGM;
- ii. Appointment of Senior Independent Director;
- iii. Assessment of independence of director who is to be retained as Independent Director; and
- iv. Re-appointment of Director above seventy years of age.

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.

CORPORATE GOVERNANCE STATEMENT (continued)**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.

Subsequent to the financial year end, the Board members had attended a half day in-house seminar entitled "2017 Malaysian Code on Corporate Governance" on 22 August 2017.

Re-election of Directors

Directors' re-election provides an opportunity for shareholders to renew their mandate conferred to the Directors. The Constitution 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").

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:

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

During the financial year, the Remuneration Committee conducted one meeting to deliberate the directors' fees.

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	-
RM100,001-RM150,000	1	-
RM250,001-RM300,000	1	-
RM300,001-RM350,000	1	-

CORPORATE GOVERNANCE STATEMENT (continued)

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

	Remuneration Received from Company		Remuneration Received from Subsidiaries		
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors	Total
	(RM)	(RM)	(RM)	(RM)	(RM)
Fees	72,000	66,000	-	-	138,000
Salaries	337,800	-	128,400	-	466,200
Allowances	-	-	205,000	-	205,000
Bonuses	-	-	-	-	-
EPF	21,600	-	15,492	-	37,092
Meeting allowances	10,000	7,500	-	-	17,500
Estimated value of benefits-in-kind	11,000	-	-	-	11,000
Total	441,400	73,500	348,892	-	863,792

The Board suggests Directors' fee of RM72,000 for Executive Directors and RM66,000 for Non-Executive Directors to be payable for financial year ended 30 June 2017. These proposed fees are subject to shareholders' approval at the forthcoming AGM.

Risk Management

The Board acknowledges that risk management is inherent in all businesses. The Board prioritises and manages risks involved in the Group's activities and balances the cost and reward of managing and treating risks.

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 on the internal audit function and the Group's state of risk management and internal control systems and processes are reported in the Audit Committee Report and Statement on Risk Management and Internal Control respectively in this Annual Report.

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>. 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.

CORPORATE GOVERNANCE STATEMENT (continued)

In line with Paragraph 8.29A(1) of the MMLR, the Company had implemented poll voting for resolutions set out in the notice of AGM and appointed an independent scrutineer to validate the vote cast for each resolution in the last AGM.

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 2016 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.

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 applicable financial reporting standards, the provisions of the Companies Act, 2016 and the Listing Requirements of the Bursa Securities so as to give a true and fair view of the state of affairs of the Group and the Company for the financial year, and
- b. Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the financial year ended 30 June 2017, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards and disclosure requirements of the Listing Requirements 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of Asia Knight Berhad (“the Board”) is pleased to present the following Statement on Risk Management and Internal Controls for the financial year ended 30 June 2017. 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 and Internal Controls

The Audit Committee is instituted by the Board to review the systems of internal control and risk management framework of the Group. The Audit Committee will review the adequacy and effectiveness of internal controls based on the internal audits conducted by the Internal Auditors during the year. The Internal Auditors will present the internal audit report to the Audit Committee where audit issues and action taken by management to address the issues were discussed in details during these meetings. Additionally, the Audit Committee obtains feedback from the External Auditors on the risk and control issues highlighted by them in the course of their statutory audit.

The management further supplements the Audit Committee’s review on control and risk assessment when presenting their quarterly financial performance and results to the Audit Committee. With the management’s consultation, the Audit Committee reviews and analyses the interim financial results in corroboration with the business development and the performance of its subsidiaries as well as deliberates the integrity of the financial results, Annual Report and audited financial statements. Thereafter, the interim and annual financial results or statements are recommended to the Board for review and release to the public.

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 had been followed up and the status of management implementations of the action plan were presented and assessed by the Board during the financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS (continued)

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.

In respect of the system of internal control, the key elements of controls in the active subsidiary of the Group are as follows:

- Limit of authority and approval facilitating delegation of authority;
- Cash flows budgeting;
- Credit control and assessment procedures;
- Suppliers selection and evaluation;
- Human resource policies and procedures; and
- Monthly management reporting procedures for monitoring and tracking of performance of the Group.

Review Mechanism

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 as well as review of audit findings reported by the External Auditors.

The Internal Auditors have carried out reviews on the active subsidiary and reported their findings to the Audit Committee.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS (continued)

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.

Review of the Statement by External Auditors

Pursuant to Paragraph 15.23 of Main Market Listing Requirements 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 had 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 2017. 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 Guidelines, or is factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 12 October 2017.

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:

- (a) Have authority to investigate any matter within its terms of reference;
- (b) Have the resources which are required to perform its duties;
- (c) Have full and unrestricted access to any information pertaining to the Group;
- (d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) Be able to obtain independent professional or other advice; and
- (f) Be able to convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other directors and employees of the listed issuer, whenever deemed necessary.

AUDIT COMMITTEE REPORT (continued)

- **FUNCTIONS**

The Committee shall review the following and report the same to the Board:

- (a) nomination of external auditor;
- (b) the audit plan of external auditor;
- (c) the external auditor's evaluation on the system of internal controls;
- (d) audit reports of external auditor;
- (e) the assistance given by the employees of the listed issuer to the external auditor;
- (f) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- (g) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (h) the quarterly results and year-end financial statements, before the approval by the board of directors, focusing particularly on –
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
 - (iii) compliance with accounting standards and other legal requirements;
- (i) any related party transaction and conflict of interests situation that may arise within the listed issuer or group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (j) any letter of resignation from the external auditors of the listed issuer; and
- (k) whether there is reason (supported by grounds) to believe that the listed issuer's external auditor is not suitable for re-appointment.

- **QUORUM**

In order to form a quorum in respect of a meeting of an audit committee, the majority of members present must be independent directors

AUDIT COMMITTEE REPORT (continued)**3. ACTIVITIES OF THE AUDIT COMMITTEE**

During the financial year ended 30 June 2017, the Audit Committee carries out its duties on accordance with its terms of reference. This including :

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

The Internal Auditors have performed its work in accordance with the principles of the international internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns.

The Internal Auditors reports to the Committee during the quarterly meetings on the audit findings and areas of improvement for the reviewed areas. Prior to the presentation of the internal audit reports to the Committee, findings and recommendations are discussed with management and comments from management are obtained and incorporated into the internal audit findings and reports. Copies the internal audit reports were also issued to management for their reference and further action.

During the financial year, the Internal Auditors had conducted an internal control review on T-Venture Industries (M) Sdn Bhd and to ascertain the status of management implementation for the audit recommendations.

The cost accrued for the internal audit function in respect of the financial year ended 30 June 2017 was RM17,500.

OTHER INFORMATION

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 30 June 2017 by the Company's Auditors, or a firm or company affiliated to the Auditors' firm are as follows:

Category	Audit Fees (RM)	Non-Audit Fees (RM)
Company	82,000	15,000
Subsidiaries	36,000	-
Total	118,000	15,000

MATERIAL CONTRACTS

There were no material contracts entered into by A-Knight or its subsidiaries involving the interest of the directors, chief executive who is not a director or major shareholders either still subsisting as at 30 June 2017 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTION DURING THE FINANCIAL YEAR

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

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.

OTHER INFORMATION (continued)

The status of utilisation is set out as below:

	Purpose	Proposed Utilisation RM'000	Revised Amount * RM'000	Actual Utilisation @ 30.9.2017 RM'000	Unutilised Amount @ 30.9.2017 RM'000	Revised Timeframe for utilisation *
(i)	To acquire new business/assets to be identified	5,000	308	308	-	Within 24 months from completion (ie. by 20/10/2017)
(ii)	Working capital	11,000	15,692	15,533	159	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	16,841	159	-

Note:

* *Variations in utilisation of proceeds were made through announcements dated 19 October 2016 and 26 May 2017.*

PARTICULARS OF LANDED PROPERTIES

The Group does not have landed properties as at 30 June 2017.

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 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 11 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 for the financial year	<u>(1,466,906)</u>	<u>(1,667,069)</u>
Loss attributable to:		
Owners of the Company	(1,462,321)	(1,667,069)
Non-controlling interests	<u>(4,585)</u>	<u>-</u>
	<u>(1,466,906)</u>	<u>(1,667,069)</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 2017.

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 financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, 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 which 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.

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.

DIRECTORS' REPORT (continued)**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 during the financial year and during the period from the end of the financial year to the date of the report are:

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

(Resigned on 3 October 2017)

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares		
	At 1.7.2016	Bought	Sold
Interest in the Company			
Direct Interest			
See Teck Wah	3,479,812	-	-
See Seng Hong	429,000	-	-
See Han Liong	1,118,300	-	-
Indirect Interest			
See Teck Wah#	29,489,733	-	-
See Seng Hong*	17,608,060	-	-
See Han Liong^	31,851,245	-	-

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS (continued)

- # Deemed interests pursuant to Section 8(4) of the Companies Act 2016 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 8(4) of the Companies Act 2016 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 8(4) of the Companies Act 2016 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 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' 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 6 and 8 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.

INDEMNITY TO DIRECTORS AND OFFICERS

Every Director, Managing Director, Agent Auditor, Secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred or sustained by him in or about the execution of his duties of his office or otherwise in relation thereto, including defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Act in which relief is granted to him by Court in respect of any negligence, default, breach of duty or breach of trust.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 11 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

DIRECTORS' REPORT (continued)**SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

Details of significant events subsequent to the end of the financial year are disclosed in Note 32 to the financial statements.

AUDITOR'S REMUNERATION

The details of the Group's and the Company's auditor's remuneration are disclosed in Notes 6 and 8 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

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

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

SEE TECK WAH

Director

SEE HAN LIONG

Director

Date: 12 October 2017

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, **SEE TECK WAH** and **SEE HAN LIONG**, 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 40 to 93 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2017 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 94 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

SEE HAN LIONG
Director

Klang

Date: 12 October 2017

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, **SEE TECK WAH**, 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 40 to 93 and the supplementary information set out on page 94 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.

SEE TECK WAH

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 12 October 2017.

Before me,

TAN KIM CHOOI (No.W661)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIA KNIGHT BERHAD

(Incorporated in Malaysia)

Opinion

We have audited the financial statements of Asia Knight Berhad, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and the statements of 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 40 to 93.

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2017 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Key Audit Matters (continued)

Provision for liabilities (Note 20 to the financial statements)

During the financial year, the Group had filed an application for leave for judicial review to Shah Alam High Court against the decision of Minister of Finance in rejecting the appeal made by the Group against the claim raised by Royal Malaysian Customs. Subsequent to the end of the financial year, High Court had dismissed the application on 13 July 2017 with an order as to costs in a sum of RM4,000 to the Minister of Finance. T-Venture is currently in the process of appealing to the Court of Appeal against the decision of the High Court for not considering the issue of double taxation. Judgement is required to assess the likelihood of these liabilities crystallising, so as to assess whether a liability should be recognised and, if so, the amount of that liability.

Our audit response:

Our audit procedures included, among others:

- reviewing the design and implementation of the controls over the identification and calculation of the provisions;
- evaluating the Group's assessment of the nature and status of this case and considering the probability of a liability crystallising;
- reading legal opinion obtained by management;
- discussing with the management and reading of subsequent correspondences; and
- obtaining correspondence from external solicitor and discussing with the external solicitor for the more significant cases.

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

Key Audit Matters (continued)

Going concern (Note 2.7 to the financial statements)

During the financial year ended 30 June 2017, the Group incurred a net loss of RM1,466,906.

The directors have continued to adopt the going concern basis in preparing the financial statements after having prepared a cash flow projection supporting the assertion that the Group will have sufficient resources to continue for a period of at least 12 months from the end of the financial year.

The directors' assessment on the Group's ability to continue as a going concern was an area of focus as the assessment requires the exercise of significant judgement by the directors on assumptions supporting the cash flow projection, including the revenue and profit margin, and these are fundamental to the appropriateness of the going concern basis which was adopted for the preparation of the financial statements.

Our audit response:

Our audit procedures included, among others:

- considering management's going concern paper which was prepared by the directors of the Company;
- comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
- reviewing the cash flow projection by comparing the Group's assumptions to our assessments in relation to key inputs such as revenue and profit margin;
- testing the mathematical accuracy of the cash flow projection calculation; and
- evaluating the disclosures in relation to going concern.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

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

Responsibilities of Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

Other Reporting Responsibilities

The supplementary information set out in page 94 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.

Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Kenny Yeoh Khi Khen
No. 03229/09/2018 J
Chartered Accountant

Kuala Lumpur

Date: 12 October 2017

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Continuing operations					
Revenue	5	10,514,467	10,252,138	-	-
Cost of sales		(9,425,982)	(8,575,508)	-	-
Gross profit		1,088,485	1,676,630	-	-
Other income		224,899	176,776	1,418	2,216,035
Administrative expenses		(2,722,322)	(3,175,034)	(1,290,743)	(1,889,849)
Other operating expenses		(7,699)	(100,408)	(377,744)	-
(Loss)/Profit before tax	6	(1,416,637)	(1,422,036)	(1,667,069)	326,186
Tax expense	7	(50,269)	-	-	-
(Loss)/Profit from continuing operations		(1,466,906)	(1,422,036)	(1,667,069)	326,186
Discontinued operation					
Loss from discontinued operation	8	-	(1,385,717)	-	-
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income for the financial year		(1,466,906)	(2,807,753)	(1,667,069)	326,186

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (continued)

		Group		Company	
	Note	2017	2016	2017	2016
		RM	RM	RM	RM
(Loss)/Profit attributable to:					
Owners of the Company		(1,462,321)	(2,803,619)	(1,667,069)	326,186
Non-controlling interests		(4,585)	(4,134)	-	-
		<u>(1,466,906)</u>	<u>(2,807,753)</u>	<u>(1,667,069)</u>	<u>326,186</u>
Total comprehensive					
(loss)/income attributable to:					
Owners of the Company		(1,462,321)	(2,803,619)	(1,667,069)	326,186
Non-controlling interests		(4,585)	(4,134)	-	-
		<u>(1,466,906)</u>	<u>(2,807,753)</u>	<u>(1,667,069)</u>	<u>326,186</u>
Basic loss per ordinary					
share (sen)					
from continuing operations	9	(2.52)	(2.44)		
from discontinued operation	9	-	(2.38)		
		<u>(2.52)</u>	<u>(4.82)</u>		
Diluted loss per ordinary					
share (sen)					
from continuing operations	9	(2.52)	(2.44)		
from discontinued operation	9	-	(2.38)		
		<u>(2.52)</u>	<u>(4.82)</u>		

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

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

		Group		Company	
		2017	2016	2017	2016
Note		RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Plant and equipment	10	2,175,106	1,853,197	65,912	84,999
Investment in subsidiaries	11	-	-	3,206,364	3,206,364
Other receivable	13	-	-	191,283	-
		2,175,106	1,853,197	3,463,559	3,291,363
Current Assets					
Inventories	12	880,147	340,758	-	-
Trade and other receivables	13	3,186,201	2,868,798	104,274	3,999
Tax assets		6,609	6,609	187	187
Cash and cash equivalents	14	3,716,271	6,896,403	160,991	207,626
		7,789,228	10,112,568	265,452	211,812
Assets classified as held for sale	15	-	-	-	-
Total Current Assets		7,789,228	10,112,568	265,452	211,812
TOTAL ASSETS		9,964,334	11,965,765	3,729,011	3,503,175
EQUITY AND LIABILITIES					
Equity					
Share capital	16	60,596,851	58,132,908	60,596,851	58,132,908
Capital reserve	17	-	2,463,943	-	2,463,943
Accumulated losses		(57,384,579)	(55,922,258)	(60,864,217)	(59,197,148)
		3,212,272	4,674,593	(267,366)	1,399,703
Non-controlling interests		(448,226)	(443,641)	-	-
Total Equity/(Capital Deficiency)		2,764,046	4,230,952	(267,366)	1,399,703
Current Liabilities					
Trade and other payables	19	3,483,134	3,231,449	2,353,573	460,668
Provision for liabilities	20	3,545,173	3,602,622	1,642,804	1,642,804
Tax liabilities		171,981	900,742	-	-
Total Current Liabilities		7,200,288	7,734,813	3,996,377	2,103,472
TOTAL EQUITY AND LIABILITIES		9,964,334	11,965,765	3,729,011	3,503,175

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	<----- Attributable to owners of the Company ----->					
	Share Capital RM	Non-distributable Capital Reserve RM	Accumulated Losses RM	Sub-total RM	Controlling Interests RM	Total Equity RM
Group						
At 1 July 2015	58,132,908	2,463,943	(53,118,639)	7,478,212	(439,507)	7,038,705
Total comprehensive loss for the financial year						
Loss for the financial year	-	-	(2,803,619)	(2,803,619)	(4,134)	(2,807,753)
Total comprehensive loss	-	-	(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
Total comprehensive loss for the financial year						
Loss for the financial year	-	-	(1,462,321)	(1,462,321)	(4,585)	(1,466,906)
Total comprehensive loss	-	-	(1,462,321)	(1,462,321)	(4,585)	(1,466,906)
Transition to no-par value regime*	2,463,943	(2,463,943)	-	-	-	-
At 30 June 2017	60,596,851	-	(57,384,579)	3,212,272	(448,226)	2,764,046

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

STATEMENT OF CHANGE IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	<- Attributable to owners of the Company ->			Total Equity/ (Capital Deficiency)
	Share Capital RM	Non- distributable Capital Reserve RM	Accumulated Losses RM	RM
Company				
At 1 July 2015	58,132,908	2,463,943	(59,523,334)	1,073,517
Total comprehensive income for the financial year				
Profit for the financial year	-	-	326,186	326,186
Total comprehensive income	-	-	326,186	326,186
At 30 June 2016	58,132,908	2,463,943	(59,197,148)	1,399,703
Total comprehensive loss for the financial year				
Loss for the financial year	-	-	(1,667,069)	(1,667,069)
Total comprehensive loss	-	-	(1,667,069)	(1,667,069)
Transition to no-par value regime*	2,463,943	(2,463,943)	-	-
At 30 June 2017	60,596,851	-	(60,864,217)	(267,366)

* Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months upon the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Cash Flows from Operating Activities					
(Loss)/Profit before tax:					
- continuing operations		(1,416,637)	(1,422,036)	(1,667,069)	326,186
- discontinued operation	8	-	(1,046,505)	-	-
		(1,416,637)	(2,468,541)	(1,667,069)	326,186
Adjustments for:					
Bad debts written off		-	100,359	-	-
Deposits written off		5,577	-	-	-
Depreciation of plant and equipment	10	378,754	413,712	24,047	22,777
Gain on foreign exchange - unrealised		(27,776)	(6,935)	-	-
Gain on disposal of plant and equipment		(5,648)	(29,999)	-	-
Impairment loss on:					
- other receivables	13	1,541	-	-	-
- trade receivables	13	-	92	-	-
- amounts due from subsidiaries	13	-	-	377,744	-
Interest income		(160,358)	(123,168)	(1,418)	-
Inventories written off	12	-	35,456	-	-
Plant and equipment written off	10	581	-	-	-
Provision for liabilities	20	-	156,885	-	-
Provision for retrenchment benefits		-	81,344	-	-
Reversal of impairment loss on amount due from a subsidiary	13	-	-	-	(397,449)
Reversal of provision for liabilities	20	-	(767,755)	-	-
Waiver of debts		-	-	-	(1,812,211)
Operating loss before working capital changes, balances brought down		(1,223,966)	(2,608,550)	(1,266,696)	(1,860,697)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (continued)

		Group		Company	
	Note	2017	2016	2017	2016
		RM	RM	RM	RM
Cash Flows from Operating Activities					
(continued)					
Operating loss before working capital changes, balances carried down		(1,223,966)	(2,608,550)	(1,266,696)	(1,860,697)
Inventories		(539,389)	213,443	-	-
Receivables		(324,521)	(124,094)	-	97,782
Payables		194,236	(8,858,557)	(127,095)	(3,577,523)
Cash used in operations		(1,893,640)	(11,377,758)	(1,393,791)	(5,340,438)
Tax paid		(779,030)	(563,975)	-	-
Tax refunded		-	74,732	-	-
Net cash used in operating activities		(2,672,670)	(11,867,001)	(1,393,791)	(5,340,438)
Cash Flows from Investing Activities					
Purchase of plant and equipment	10	(701,246)	(46,463)	(4,960)	(2,772)
Advance to a subsidiary		-	-	(669,302)	-
Change in pledged deposit	14	-	85,000	-	-
Interest received		160,358	123,168	1,418	-
Proceeds from disposal of plant and equipment		5,650	30,000	-	-
Proceeds from disposal of assets held for sale	15	-	17,000,000	-	-
Net cash (used in)/from investing activities		(535,238)	17,191,705	(672,844)	(2,772)
Cash Flows from Financing Activity					
Advances from subsidiaries, representing net cash from financing activity		-	-	2,020,000	5,373,585
Net (decrease)/increase in cash and cash equivalents		(3,207,908)	5,324,704	(46,635)	30,375
Cash and cash equivalents at the beginning of the financial year		6,896,403	1,571,699	207,626	177,251
Effect of exchange rate changes on cash and cash equivalents		27,776	-	-	-
Cash and cash equivalents at the end of the financial year	14	3,716,271	6,896,403	160,991	207,626

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 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

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 principal place of business of the Company is located at No.7-3, Galeri Empire, Jalan Empayar, Off Persiaran Sultan Ibrahim/KU1, 41150 Klang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 12 October 2017.

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 2016 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs

MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

The adoption of the above 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, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int 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
MFRS 17	Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time adoption of MFRS	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 12	Disclosure of Interests in Other Entities	1 January 2017
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ Deferred
MFRS 140	Investment Property	1 January 2018
<u>New IC Int</u>		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019

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

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (continued)

MFRS 9 Financial Instruments (continued)

- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (continued)

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 statements of financial position for liabilities arising from financing activities.

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 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.
- 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**2. BASIS OF PREPARATION (continued)****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.

2.7 Fundamental accounting principle

During the financial year ended 30 June 2017, the Group incurred a net loss of RM1,466,906 (2016: RM2,807,753).

The directors of the Company are of the opinion that the preparation of the financial statements of the Group on a going concern basis remains appropriate after considering the cash flows forecast generated by the Group for the next twelve months and the available cash and cash equivalents supporting the assessment of the Group's ability to continue as a going concern of at least 12 months from the end of the financial year.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(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.

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.

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)**

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.

(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 3.13(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.

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.

3.7 Taxes**(a) 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.

(i) 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.

(ii) 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 statement 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 difference arises 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Taxes (continued)

(a) Income tax (continued)

(ii) Deferred tax (continued)

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 a 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.

(b) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expenses item as applicable; and
- receivable and payables that are stated with the amount of GST included.

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

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 3.13(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) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(c) 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)****(d) 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.

(e) 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 Plant and equipment**(a) Recognition and measurement**

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 3.13(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 plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

(b) Subsequent costs

The cost of replacing a part of an item of 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 Plant and equipment (continued)****(c) Depreciation**

All other 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:

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 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 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.

3.13 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**3.13 Impairment of assets** (continued)**(a) Impairment and uncollectibility of financial assets** (continued)

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.

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").

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 are recognised in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Share capital

Ordinary shares are equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities.

Prior to Companies Act 2016 which came into effect on 31 January 2017, incremental external costs directly attributable to the issuance of new shares are deducted against the share premium account. Effective on 31 January 2017 and subsequent period, incremental external costs directly attributable to the issuance of new shares are deducted against equity. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.15 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.

3.16 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.

3.17 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.18 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.

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.

3.19 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 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 plant and equipment are disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS (continued)**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)****(b) Impairment of trade and other receivables**

The Group and the Company recognise impairment losses for trade and other 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 trade and other receivables is impaired. Individually significant trade and other receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. 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 trade and other receivables are disclosed in Note 13.

(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 7.

(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 inventories are disclosed in Note 12.

(e) 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 20.

(f) 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 8)		Total	
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM
Manufacturing	10,514,467	10,252,138	-	-	10,514,467	10,252,138
Hotel operations	-	-	-	565,413	-	565,413
	<u>10,514,467</u>	<u>10,252,138</u>	<u>-</u>	<u>565,413</u>	<u>10,514,467</u>	<u>10,817,551</u>

The revenue of hotel operations in the previous financial year had been classified as discontinued operation as disclosed in Note 8.

6. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Audit fee				
- statutory audit				
- current year	118,000	102,000	82,000	72,000
- under provision in prior year	2,000	40,500	-	47,000
- non-statutory audit	15,000	10,000	15,000	10,000
Bad debts written off	-	100,359	-	-
Deposits written off	5,577	-	-	-
Depreciation of plant and equipment	378,754	413,712	24,047	22,777
Directors' remuneration (Note 6(a))	865,201	752,355	515,480	562,843
Employee benefit expenses (Note 6(b))	1,181,635	1,252,594	127,848	144,464
Gain on disposal of plant and equipment	(5,648)	(29,999)	-	-
Gain on foreign exchange:				
- realised	(8,899)	(31,959)	-	(21)
- unrealised	(27,776)	(6,935)	-	-
Interest income	(160,358)	(8,622)	(1,418)	-
Impairment loss on:				
- other receivables	1,541	-	-	-
- amount due from subsidiaries	-	-	377,744	-
- trade receivables	-	49	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. (LOSS)/PROFIT BEFORE TAX (continued)

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Plant and equipment written off	581	-	-	-
Provision for liabilities	-	156,885	-	-
Rental of equipment	1,800	1,740	-	-
Rental of premises	382,201	365,400	16,801	-
Reversal of impairment loss on other receivables	-	-	-	(397,449)
Reversal of provision for liabilities	-	(767,755)	-	-
Waiver of debts	-	-	-	(1,812,211)

(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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Executive Directors:				
Fees	72,000	72,000	72,000	72,000
Salaries and allowances	681,200	578,200	347,800	404,800
Employees' Provident Fund	37,092	37,092	21,600	21,600
Social security contribution	1,409	1,063	580	443
Total executive directors' remuneration	791,701	688,355	441,980	498,843
Non-executive Directors:				
Fees	66,000	54,000	66,000	54,000
Allowances	7,500	10,000	7,500	10,000
Total non-executive directors' remuneration	73,500	64,000	73,500	64,000
Total directors' remuneration	865,201	752,355	515,480	562,843

NOTES TO THE FINANCIAL STATEMENTS (continued)**6. (LOSS)/PROFIT BEFORE TAX** (continued)

(b) Employee benefit expenses are:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Salaries, bonus and allowances	1,067,246	1,144,111	122,615	132,943
Employees' Provident Fund	69,103	74,378	3,136	4,794
Other staff related expenses	45,286	34,105	2,097	6,727
	1,181,635	1,252,594	127,848	144,464

7. TAX EXPENSE

The major components of tax expense for the financial years ended 30 June 2017 and 30 June 2016 are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Income tax expense on:				
- continuing operations	50,269	-	-	-
- discontinued operation (Note 8)	-	339,212	-	-
	50,269	339,212	-	-
Current income tax				
Based on results for the financial year	38,486	958,861	-	-
Under provision in prior financial year	11,783	-	-	-
Real property gain tax	-	510,000	-	-
	50,269	1,468,861	-	-
Deferred tax (Note 18)				
Reversal of temporary differences	-	(1,098,424)	-	-
Over provision in prior financial year	-	(31,225)	-	-
	-	(1,129,649)	-	-
	50,269	339,212	-	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2016: 24%) of the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. TAX EXPENSE (continued)

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
(Loss)/Profit before tax				
- continuing operations	(1,416,637)	(1,422,036)	(1,667,069)	326,186
- discontinued operation	-	(1,046,505)	-	-
	(1,416,637)	(2,468,541)	(1,667,069)	326,186
Tax at Malaysian statutory income tax rate of 24% (2016: 24%)	(339,993)	(592,450)	(400,097)	78,285
Tax effects arising from:				
- non-taxable income	(6,666)	(675,747)	-	(530,319)
- non-deductible expenses	458,316	814,348	400,097	56,143
Tax effect on real property gain tax	-	510,000	-	-
Deferred tax assets not recognised	-	395,891	-	395,891
Utilisation of previously unrecognised deferred tax assets	(73,171)	(81,605)	-	-
Under/(Over) provision in prior financial year:				
- income tax	11,783	-	-	-
- deferred tax	-	(31,225)	-	-
	50,269	339,212	-	-

The Group and the Company have unabsorbed capital allowances, unabsorbed reinvestment allowances and unutilised tax losses of RM23,057,571 and RM4,397,628 (2016: RM23,063,458 and RM4,397,268), RM1,100,535 and RM Nil (2016: RM1,399,528 and RM Nil) and RM29,599,523 and RM14,623,124 (2016: RM29,599,523 and RM14,623,124) respectively, available to be carried forward to set-off against future taxable profits.

During the year, the Group utilised its brought forward unabsorbed capital allowances and unabsorbed reinvestment allowances to set-off against its chargeable income resulting in a tax saving of RM73,171 (2016: RM81,605).

NOTES TO THE FINANCIAL STATEMENTS (continued)**8. DISCONTINUED OPERATION**

On 3 March 2015, the subsidiary of the Company, AKnight Resources 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 in the previous financial year.

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

	Note	Group 2016 RM
Results of discontinued operation		
Revenue	5	565,413
Other income		137,583
Expenses		(1,749,501)
Loss before tax		(1,046,505)
Tax expense	7	(339,212)
Loss for the financial year		(1,385,717)
Attributable to:		
Owners of the parent		(1,385,717)
Non-controlling interests		-
Loss for the financial year		(1,385,717)

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

	Group 2016 RM
Audit fee	
- current year	13,000
- over provision in prior year	2,000
Executive directors' allowances	552,000
Interest income	(114,546)
Impairment loss on trade receivables	43
Inventories written off	35,456
Provision for retrenchment benefits	81,344
Staff costs:	
- Salaries, allowances, overtime and bonuses	181,356
- Employees' Provident Fund	22,226
- Social security contribution	2,888
- Other staff related expenses	48,107

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

	Group 2016 RM
Net cash flows from/(used in) discontinued operation	
Net operating cash flows	(3,966,077)
Net investing cash flows	10,296,653
Net financing cash flows	(1,368,775)
Effect on cash flows	4,961,801

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. 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	
	2017	2016
Basic loss per share		
Loss attributable to owners of the Company (RM)		
- continuing operations	(1,462,321)	(1,417,902)
- discontinued operation	-	(1,385,717)
	<u>(1,462,321)</u>	<u>(2,803,619)</u>
 Weighted average number of ordinary shares in issue (unit)	 58,132,908	 58,132,908
 Basic loss per share (sen)		
- continuing operations	(2.52)	(2.44)
- discontinued operation	-	(2.38)
	<u>(2.52)</u>	<u>(4.82)</u>

(a) 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)

10. PLANT AND EQUIPMENT

Group 2017	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 2016	857,777	3,751,565	7,064,167	110,001	40,002	375,635	12,199,147
Additions	-	8,060	643,973	-	-	49,213	701,246
Disposals	(87,999)	(4,810)	-	-	-	-	(92,809)
Written off	-	(84,274)	(840)	-	-	-	(85,114)
At 30 June 2017	769,778	3,670,541	7,707,300	110,001	40,002	424,848	12,722,470

**Accumulated Depreciation and
Impairment Loss**

At 1 July 2016

Accumulated depreciation

Accumulated impairment loss

Depreciation charge for the financial year

Disposals

Written off

At 30 June 2017

Accumulated depreciation

Accumulated impairment loss

Net Carrying Amount at**30 June 2017**

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
22,500	17,355	313,938	-	-	24,961	378,754
(87,999)	(4,808)	-	-	-	-	(92,807)
-	(84,095)	(438)	-	-	-	(84,533)
709,772	3,484,836	5,509,536	109,999	39,999	324,263	10,178,405
-	167,813	201,146	-	-	-	368,959
709,772	3,652,649	5,710,682	109,999	39,999	324,263	10,547,364
60,006	17,892	1,996,618	2	3	100,585	2,175,106

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. PLANT AND EQUIPMENT (continued)

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

Depreciation charge for the financial year

At 30 June 2016

Accumulated depreciation

Accumulated impairment loss

Net Carrying Amount at**30 June 2016**

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
775,271	3,724,197	5,397,182	109,999	39,999	299,302	10,345,950
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
82,506	27,368	1,666,985	2	3	76,333	1,853,197

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. PLANT AND EQUIPMENT (continued)

Company	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Total RM
Cost			
At 1 July 2015	715,576	329,000	1,044,576
Additions	-	2,772	2,772
At 30 June 2016	715,576	331,772	1,047,348
Additions	-	4,960	4,960
At 30 June 2017	715,576	336,732	1,052,308
Accumulated Depreciation			
At 1 July 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
Charge for the financial year	22,500	1,547	24,047
At 30 June 2017	655,572	330,824	986,396
Net Carrying Amount			
30 June 2016	82,504	2,495	84,999
30 June 2017	60,004	948	65,912

During the financial year, the Group and the Company acquired plant and equipment with an aggregate cost of RM701,246 (2016: RM46,463) and RM4,960 (2016: RM2,772) respectively, which are satisfied by cash.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2017	2016
	RM	RM
Unquoted shares, at cost	17,723,888	17,723,888
Less: Impairment losses	(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
		2017	2016	
Direct subsidiaries:				
AKnight Resources Sdn. Bhd.	Malaysia	100%	100%	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 moulded plastic products.
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.	
	2017	2016
	RM	RM
NCI percentage of ownership interest and voting interest	45%	45%
Carrying amount of NCI	(448,226)	(443,641)
Loss allocated to NCI	<u>(4,585)</u>	<u>(4,134)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**11. 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 is as follows:

	JC Concept International Sdn. Bhd.	
	2017	2016
	RM	RM
Assets and liabilities		
Current assets	2,233	7,677
Current liabilities	(998,291)	(993,547)
Net liabilities	(996,058)	(985,870)
Results		
Loss for the financial year	(10,188)	(9,187)
Total comprehensive loss	(10,188)	(9,187)
Cash flows (used in)/from:		
- operating activities	(11,188)	(12,187)
- financing activities	5,744	12,134
Net decrease in cash and cash equivalents	(5,444)	(53)

12. INVENTORIES

	Group	
	2017	2016
	RM	RM
At cost		
Raw materials	402,698	141,188
Work-in-progress	136,195	98,626
Finished goods	341,254	100,944
	880,147	340,758
Inventories recognised as cost of sales during the financial year		
- continuing operations	9,425,982	8,575,508
- discontinued operation	-	444,093
	9,425,982	9,019,601

The amount of inventories written off during the financial year was RM Nil (2016: RM35,456).

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. TRADE AND OTHER RECEIVABLES

	Note	Group 2017 RM	2016 RM	Company 2017 RM	2016 RM
Non-current:					
Other receivable					
- Amount due from a subsidiary	(a)	-	-	191,283	-
Current:					
Trade receivables					
Third parties	(b)	3,358,103	3,198,675	321,887	321,887
Less: Allowance for impairment loss		(584,349)	(584,349)	(321,887)	(321,887)
		2,773,754	2,614,326	-	-
Other receivables					
- Third parties		196,512	54,874	9,845	9,845
- Amounts due from subsidiaries	(a)	-	-	35,650,916	35,172,897
		196,512	54,874	35,660,761	35,182,742
Less: Allowance for impairment loss					
- Third parties		(35,023)	(33,482)	(9,845)	(9,845)
- Amounts due from subsidiaries		-	-	(35,550,641)	(35,172,897)
		(35,023)	(33,482)	(35,560,486)	(35,182,742)
Total other receivables, net		161,489	21,392	100,275	-
Deposits		247,008	221,912	3,999	3,999
Prepayments		3,950	11,168	-	-
		412,447	254,472	104,274	3,999
Total trade and other receivables (current)		3,186,201	2,868,798	104,274	3,999
Total trade and other receivables (non-current and current)		3,186,201	2,868,798	295,557	3,999

(a) Amounts due from subsidiaries are non-trade in nature, unsecured, repayable upon demand in cash and interest-free except for amount of RM291,558 (2016: RM Nil) which is repayable within 3 years in cash and bear interest at 2.8% (2016: Nil) per annum.

(b) The Group's and the Company's normal trade credit terms extended to customers ranging from 30 to 90 days (2016: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. 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	
	2017 RM	2016 RM	2017 RM	2016 RM
Neither past due nor impaired	1,410,522	1,723,356	-	-
1 to 30 days past due not impaired	843,776	582,566	-	-
31 to 60 days past due not impaired	441,794	225,136	-	-
61 to 90 days past due not impaired	72,461	54,274	-	-
91 to 120 days past due not impaired	5,201	19,398	-	-
More than 121 days past due not impaired	-	9,596	-	-
	1,363,232	890,970	-	-
Individually impaired	584,349	584,349	321,887	321,887
	3,358,103	3,198,675	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	
	2017 RM	2016 RM	2017 RM	2016 RM
Individually impaired				
Trade receivables - nominal amounts	584,349	584,349	321,887	321,887
Less: Allowance for impairment loss	(584,349)	(584,349)	(321,887)	(321,887)
	-	-	-	-
Other receivables - nominal amounts	35,023	33,482	35,560,486	35,182,742
Less: Allowance for impairment loss	(35,023)	(33,482)	(35,560,486)	(35,182,742)
	-	-	-	-
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)**13. 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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Trade receivables				
At the beginning of the financial year	584,349	1,715,801	321,887	321,887
Charge for the financial year (Notes 6 and 8)	-	92	-	-
Written off	-	(1,131,544)	-	-
At the end of the financial year	584,349	584,349	321,887	321,887
Other receivables				
At the beginning of the financial year	33,482	33,542	35,182,742	35,580,191
Charge for the financial year (Note 6)	1,541	-	377,744	-
Reversal of impairment loss	-	-	-	(397,449)
Written off	-	(60)	-	-
At the end of the financial year	35,023	33,482	35,560,486	35,182,742

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 is as follows:

	Group	
	2017	2016
	RM	RM
Singapore Dollar	275,314	275,515
United States Dollar	61,690	62,698

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Deposits placed with licensed banks	2,766,294	5,903,963	-	-
Cash and bank balances	949,977	992,440	160,991	207,626
	3,716,271	6,896,403	160,991	207,626

NOTES TO THE FINANCIAL STATEMENTS (continued)**14. CASH AND CASH EQUIVALENTS (continued)**

- (a) Deposits placed with licensed banks amounting to RM2,766,294 (2016: RM5,903,963) bear interest at rates ranging from 3.00% to 3.50% (2016: 2.00% to 3.75%) per annum and has a maturity period of 1 to 3 months (2016: 1 to 3 months).
- (b) The currency exposure profile of cash and cash equivalents of the Group is as follows:-

	Group	
	2017	2016
	RM	RM
Singapore Dollar	511,415	524,114
United States Dollar	73,822	184,972

15. ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2017	2016
	RM	RM
At the beginning of the financial year	-	17,000,000
Disposal	-	(17,000,000)
At the end of the financial year	-	-

On 3 March 2015, the subsidiary of the Company, AKnight Resources 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 in the previous financial year.

16. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of Shares Unit	Amount RM	Number of Shares Unit	Amount RM
Issued and fully paid:				
At 1 July 2016/2015	58,132,908	58,132,908	58,132,908	58,132,908
Transition to no-par value regime	-	2,463,943	-	-
At 30 June 2017	58,132,908	60,596,851	58,132,908	58,132,908

NOTES TO THE FINANCIAL STATEMENTS (continued)**16. SHARE CAPITAL (continued)**

Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months upon the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue of the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

17. CAPITAL RESERVE

	Group and Company	
	2017	2016
	RM	RM
Share premium	-	2,463,943

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

18. DEFERRED TAX LIABILITIES

	Group	
	2017	2016
	RM	RM
At the beginning of the financial year	-	1,129,649
Recognised in profit or loss (Note 7)	-	(1,129,649)
At the end of the financial year	-	-

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Unabsorbed capital allowances	23,057,571	23,063,458	4,397,268	4,397,268
Unabsorbed reinvestment allowances	1,100,535	1,399,528	-	-
Unutilised tax losses	29,599,523	29,599,523	14,623,124	14,623,124
	53,757,629	54,062,509	19,020,392	19,020,392

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables					
Third parties	(a)	2,728,339	2,415,933	-	188,869
Other payables		212,978	200,227	86,987	86,987
Accruals		470,292	543,764	246,586	184,812
Deposits payables		71,525	71,525	-	-
Amount due to a subsidiary	(b)	-	-	2,020,000	-
		754,795	815,516	2,353,573	271,799
		3,483,134	3,231,449	2,353,573	460,668

(a) The normal credit terms granted to the Group and the Company ranging from 30 to 60 days (2016: 30 to 60 days).

(b) Amount due to a subsidiary is non-trade in nature, unsecured, interest-free and repayable upon demand.

20. PROVISION FOR LIABILITIES

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Provision for utility liability	(a)				
At the beginning/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 the beginning of the financial year		1,959,818	2,570,688	-	-
Provision made during the financial year		-	156,885	-	-
Reversal of provision for liabilities		-	(767,755)	-	-
Offset with GST refundable		(57,449)	-	-	-
At the end of the financial year		1,902,369	1,959,818	-	-
		3,545,173	3,602,622	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 26 to the financial statements and recognised the provision.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. PROVISION FOR LIABILITIES (continued)

- (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 (2016: RM719,751 and RM242,694) respectively.

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 financial year ended 30 June 2016, 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.

On 14 November 2016, T-Venture had filed an application for leave for judicial review to Shah Alam High Court.

On 16 January 2017, High Court had granted leave to T-Venture to commence Judicial Review proceedings under Order 53 Rules of Court 2012.

On 13 July 2017, High Court had dismissed the application with an order as to costs in a sum of RM4,000 to the Minister of Finance. T-Venture is currently in the process of appealing to the Court of Appeal against the decision of the High Court for not considering the issue of double taxation.

21. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**21. RELATED PARTY TRANSACTIONS** (continued)

(b) Transaction with a subsidiary is as follows:

	Company	
	2017	2016
	RM	RM
Subsidiary		
- Interest income received/receivable	(1,418)	-

Information regarding outstanding balances arising from related party transaction at each reporting date are disclosed in Note 13.

(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 6 and 8 to the financial statements.

22. 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 moulded plastic products;
- (ii) hotel operation segment (classified as discontinued operation in the previous 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)

22. SEGMENT INFORMATION (continued)

Group 2017	Manufacturing RM	Others RM	Adjustments and Eliminations RM	Consolidated RM
Revenue				
External sales	10,514,467	-	-	10,514,467
Results				
Interest income	(17,901)	(143,875)	1,418	(160,358)
Depreciation of plant and equipment	354,707	24,047	-	378,754
Other non-cash expenses/(income)	(31,425)	2,409,362	(2,403,662)	(25,725)
Segment profit/(loss) after tax	284,910	(4,154,060)	2,402,244	(1,466,906)
Segment Assets				
Additions to non-current assets	696,286	4,960	-	701,246
Segment assets	7,363,043	6,102,499	(3,501,208)	9,964,334
Segment liabilities				
	4,547,706	40,837,009	(38,184,427)	7,200,288

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. 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 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)**22. SEGMENT INFORMATION (continued)**

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

	2017 RM	2016 RM
Bad debts written off	-	100,359
Deposits written off	5,577	-
Gain on foreign exchange - unrealised	(27,776)	(6,935)
Gain on disposal of plant and equipment	(5,648)	(29,999)
Impairment loss on:		
- other receivables	1,541	-
- trade receivables	-	92
Inventories written off	-	35,456
Plant and equipment written off	581	-
Provision for liabilities	-	156,885
Provision for retrenchment benefits	-	81,344
Reversal of provision for liabilities	-	(767,755)
	<u>(25,725)</u>	<u>(430,553)</u>

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

	2017 RM	2016 RM
Other income	-	(2,209,661)
Other operating expenses	2,402,244	-
	<u>2,402,244</u>	<u>(2,209,661)</u>

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

	2017 RM	2016 RM
Plant and equipment	<u>701,246</u>	<u>46,463</u>

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

	2017 RM	2016 RM
Inter-segment assets	<u>(3,501,208)</u>	<u>(3,210,866)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**22. SEGMENT INFORMATION (continued)**

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

	2017 RM	2016 RM
Inter-segment liabilities	(38,184,427)	(35,495,125)

- (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 RM4,361,556 (2016: RM4,465,484) or 41% (2016: 44%) of the Group's revenue.

23. FINANCIAL INSTRUMENTS

- (a) Categories of financial instruments

	Group 2017 RM	2016 RM	Company 2017 RM	2016 RM
Financial Assets				
Loans and receivables				
Trade and other receivables, net of prepayments	3,182,251	2,857,630	295,557	3,999
Cash and cash equivalents	3,716,271	6,896,403	160,991	207,626
	<u>6,898,522</u>	<u>9,754,033</u>	<u>456,548</u>	<u>211,625</u>
Financial Liabilities				
Other financial liabilities				
Trade and other payables	3,483,134	3,231,449	2,353,573	460,668

- (b) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables are reasonably approximate to their fair values due to relatively short term nature of these financial instruments.

The fair value of amount due from a subsidiary is determined using the discounted cash flows method based on discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. 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 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 59% (2016: 60%) of the Group's trade receivables were due from four (2016: four) major customers who are involved in agriculture, chemicals and timber industries.

(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 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
2017			
Group			
Financial liabilities			
Trade and other payables	3,483,134	3,483,134	3,483,134
Company			
Financial liabilities			
Trade and other payables	2,353,573	2,353,573	2,353,573

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

	Carrying Amount RM	Contractual <-Undiscounted Cash Flows-> 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

(c) 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. 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 RM585,237 (2016: RM709,086).

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	
		2017 RM	2016 RM
SGD/RM	- strengthen by 5% (2016: 5%)	29,896	29,986
	- weaken by 5% (2016: 5%)	(29,896)	(29,986)
USD/RM	- strengthen by 5% (2016: 5%)	5,149	9,288
	- weaken by 5% (2016: 5%)	(5,149)	(9,288)

NOTES TO THE FINANCIAL STATEMENTS (continued)**25. CAPITAL MANagements**

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 2017 and 30 June 2016.

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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Trade and other payables	3,483,134	3,231,449	2,353,573	460,668
Less: Cash and cash equivalents	(3,716,271)	(6,896,403)	(160,991)	(207,626)
Net (cash)/debt	(233,137)	(3,664,954)	2,192,582	253,042
Total equity	2,764,046	4,230,952	(267,366)	1,399,703
	<u>2,530,909</u>	<u>565,998</u>	<u>1,925,216</u>	<u>1,652,745</u>
Gearing ratio	*	*	114%	15%

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.

26. 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 Federal Court has fixed a new case management on 10 November 2017 to update the Court on the status of Ground of Judgement.

NOTES TO THE FINANCIAL STATEMENTS (continued)**27. 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 20 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 financial year ended 30 June 2016, 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.

On 14 November 2016, T-Venture had filed an application for leave for judicial review to Shah Alam High Court.

On 16 January 2017, High Court had granted leave to T-Venture to commence Judicial Review proceedings under Order 53 Rules of Court 2012.

On 13 July 2017, High Court had dismissed the application with an order as to costs in a sum of RM4,000 to the Minister of Finance. T-Venture is currently in the process of appealing to the Court of Appeal against the decision of the High Court for not considering the issue of double taxation.

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 application is not accepted by the Court of Appeal.

NOTES TO THE FINANCIAL STATEMENTS (continued)**28. GUARANTEE**

	Group and Company	
	2017	2016
	RM	RM
Financial guarantees given by the Company in favour of a third party material supplier for annual credit term granted to a subsidiary	2,000,000	-

29. CAPITAL COMMITMENTS

	Group	
	2017	2016
	RM	RM
In respect of capital expenditure:		
Plant and equipment		
- approved and contracted for	55,827	-

30. OPERATING LEASE COMMITMENTS

The Group has entered into commercial leases for its factory, hostel and photocopier machine. These leases have tenure of 1 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	
	2017	2016
	RM	RM
Not later than one year	367,200	301,800
Later than one year but not later than five years	304,500	5,850
	671,700	307,650

NOTES TO THE FINANCIAL STATEMENTS (continued)**31. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

On 16 January 2017, the High Court had granted leave to the Company's wholly-owned subsidiary, T-Venture Industries (M) Sdn. Bhd. ("T-Venture") ("Applicant") to commence Judicial Review proceedings under Order 53 Rules of Court 2012 to seek the following reliefs:

- (a) An Order of certiorari to quash the decision of the Minister of Finance vide their letter dated 15.08.2016 in rejecting the appeal made by T-Venture against the claim raised by Royal Malaysian Customs ("RMC") ("Respondent") in respect of import duty and sales tax pursuant to Section 17 of Customs Act 1972 and Section 30 of Sales Tax Act 1972 respectively; and
- (b) A declaration that T-Venture as a manufacturer registered under Sales Tax Act 1972 and subsequently under Section 65/65A of Customs Act 1967 is not liable to pay the import duty and sales tax raised by the RMC on manufactured goods sold in the domestic market using locally procured raw materials.

32. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

- (i) On 13 July 2017, High Court had dismissed T-Venture's application with an order as to costs in a sum of RM4,000 to the Minister of Finance. T-Venture is currently in the process of appealing to the Court of Appeal against the decision of the High Court for not considering the issue of double taxation.
- (ii) On 14 August 2017, the Company had entered into a share sale agreement with Hor Lim Chee, Ng Choon Keat, Tan Song Chai, Lim Seat Hoe and Tan Ann Chee ("Vendors") for the purposes of undertaking and implementing the Proposed Acquisition. The Company had also formally served a notice of termination to the Vendors on even date to terminate and rescind the share sale agreement dated 5 April 2016 and the supplemental share sale agreement dated 14 April 2016 for the previous proposed acquisition which forms part of the Company's previous regularisation plan.
- (iii) On 15 August 2017, the Company has submitted its Proposed Regularisation Plan to Bursa Securities for approval. The Company proposed to undertake the following proposals to regularise the financial position of the Company:-
 - (i) Proposed reduction of the Company's share capital pursuant to Section 116 of the Companies Act, 2016 ("Proposed Capital Reduction");
 - (ii) Proposed renounceable rights issue of 348,797,448 new ordinary shares in Asia Knight ("Asia Knight Shares" or "Shares") ("Rights Shares") together with 174,398,724 free detachable warrants in Asia Knight ("Warrants") on the basis of 6 Rights Shares together with 3 free Warrants for every 1 existing Asia Knight Share held by entitled shareholders of Asia Knight on an entitlement date to be determined later ("Proposed Rights Issue with Warrants"); and
 - (iii) Proposed acquisition of 9,000,000 ordinary shares in Rapid Growth Technology Sdn Bhd ("RGT") (representing 60% equity interest) for a purchase consideration of RM48.0 million to be satisfied via issuance of 170,000,000 Asia Knight Shares ("Consideration Shares") at an issue price of RM0.10 per Consideration Share and cash payment of RM31.0 million ("Proposed Acquisition").

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 2017 and 30 June 2016 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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Total accumulated losses of the Group and of the Company				
- Realised	(105,579,800)	(101,693,093)	(60,864,217)	(59,197,148)
- Unrealised	27,776	6,935	-	-
	(105,552,024)	(101,686,158)	(60,864,217)	(59,197,148)
Less: Consolidation adjustments	48,167,445	45,763,900	-	-
Total accumulated losses	(57,384,579)	(55,922,258)	(60,864,217)	(59,197,148)

ANALYSIS OF SHAREHOLDINGS AS AT 2 OCTOBER 2017

Total Number of Issued Shares	:	58,132,908/-
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote for every Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

No of Shareholders	Size of Shareholdings	No. of Shares	%
49	Less than 100	811	0.00
73	100 - 1,000	40,990	0.07
616	1,001 - 10,000	1,829,615	3.15
125	10,001 - 100,000	3,864,408	6.65
48	100,001 - less than 5% of issued shares	27,534,330	47.36
2	5% and above of issued shares	24,862,754	42.77
----- 913		----- 58,132,908	----- 100.00
=====		=====	=====

ANALYSIS OF SHAREHOLDINGS AS AT 2 OCTOBER 2017 (continued)**SUBSTANTIAL SHAREHOLDERS**

	Name	Direct Interest		Indirect Interest	
		No. of Shares	%	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.	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	429,000	0.74	17,608,060	30.29
See Han Liong	1,118,300	1.92	31,851,245	54.80
Tan Teng Cheok	-	-	-	-
Seah Cheong Wei	-	-	-	-
Lim Heng Gaul	-	-	-	-

ANALYSIS OF SHAREHOLDINGS AS AT 2 OCTOBER 2017 (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.	Perbadanan Kemajuan 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 Berhad	549,807	0.95
18.	Desipac Sdn Bhd	538,100	0.93
19.	Chun Sau Chin	452,200	0.78
20.	See Seng Hong	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 Berhad	300,000	0.52
28.	Lim Poh Fong	284,500	0.49
29.	Lim Tuan	272,000	0.47
30.	Chu Pak Mue	257,981	0.44

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ASIA KNIGHT BERHAD
(71024-T)

THIRTY-SIXTH ANNUAL GENERAL MEETING

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-Sixth Annual General Meeting (“AGM”) of Asia Knight Berhad (“the Company”) to be held on 21 November 2017 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
1	To approve the payment of Directors’ Fees for the financial year ended 30 June 2017.		
2	To approve the payment of Directors’ Benefits.		
3	To re-elect Mr Tan Teng Cheok as Director of the Company in accordance with Articles 78 and 79 of the Company’s Constitution.		
4	To re-elect Mr Lim Heng Gaul as Director of the Company in accordance with Articles 78 and 79 of the Company’s Constitution		
5	To re-appoint Mr See Seng Hong as a Director of the Company.		
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.		



7	To retain Mr Tan Teng Cheok as Senior Independent Non-Executive Director of the Company.		
8	Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		

(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 _____ 2017

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 Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 14 November 2017. Only a depositor whose name appears on the General Record of Depositors as at 14 November 2017 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. 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. Voting by poll

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be voted by poll.

6. Directors' Report, Audited Financial Statements and Auditors' Report

Agenda No 1 is meant for discussion only as the Audited Financial Statements do not require the formal approval of the shareholders pursuant to Sections 248(2) and 340(1) of the Companies Act, 2016. Hence, the matter will not be put forward for voting.

