BOONKOON®

BOON KOON GROUP BERHAD
(INCORPORATED IN MALAYSIA) (NO. SYARIKAT: 553434-U)

ANNUAL REPORT 2018

CONTENT

LEADERSHIP DRIVEN BY INNOVATION & CREATIVITY

Innovation, technology, change, and focus are the qualities that make a top market leader. Established since 1977, Boon Koon Group Berhad has unveiled its gigantic potential aiming for an extensive breakthrough across the globe with the support of our highly skilled employees and devoted customers. Through visualisation, perseverance and careful execution of powerful strategies, we managed to move forward, hence placing us in the lead. This has created a better future for the company as well as its shareholders. It is undeniable that our abundant encouragement is driven by the advancement of our state-of-the-art machineries and creative flow, which makes us a true leader.

CORPORATE INFORMATION

Board of Directors

1) Datuk Seri Chiau Beng Teik (Non-Independent Non-Executive Chairman)
2) Dato' Goh Boon Koon (Non-Independent Non-Executive Director)
3) Chiau Haw Choon (Non-Independent Non-Executive Director)
4) Datuk Yeo Chun Sing (Executive Director)
5) Khoo Chee Siang (Independent Non-Executive Director)
6) Ho Kok Loon (Independent Non- Executive Director)
7) Shelly Chiau Yee Wern (Alternate Director to Datuk Seri Chiau Beng Teik)

Audit Committee

1) Khoo Chee Siang (Chairman)
2) Ho Kok Loon
3) Chiau Haw Choon

Remuneration Committee

1) Khoo Chee Siang (Chairman)
2) Ho Kok Loon
3) Chiau Haw Choon

Nomination Committee

1) Khoo Chee Siang (Chairman)
2) Ho Kok Loon
3) Chiau Haw Choon

Company Secretaries

1) Chee Wai Hong (BC/C/1470)
2) Foo Li Ling (MAICSA 7019557)

Registered Office

Address: 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang
Tel: 604-228 9700
Fax: 604-227 9800

Business Address

Address: 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang
Tel: 604-593 1504
Fax: 604-598 1696
Email: bkgb@boonkoon.com

Corporate Information (cont'd)

Share Registrar

Bina Management (M) Sdn. Bhd.
Address: Lot 10 The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan
Tel: 603-7784 3922
Fax: 603-7784 1988
Email : binawin@streamyx.com

Auditors

UHY (AF1411) (Chartered Accountants)
Address: Suite 11.05, Level 11, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur
Tel : 603-2279 3088
Fax : 603-2279 3099

Solicitors

1) Allen Chee Ram
2) Phee, Chen & Ung

Principal Bankers

1) AmBank (M) Berhad
2) Hong Leong Bank Berhad
3) Malayan Banking Berhad
4) RHB bank Berhad

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Shares
Stock Code: 7187
Stock Name: BKOON

Warrants
Stock Code: 7187WA
Stock Name: BKOON-WA

Website Address

www.boonkoon.com

PROFILE OF **DIRECTORS**

Datuk Seri Chiau Beng Teik
aged 56, Male, Malaysian

Datuk Seri Chiau Beng Teik is a Non-Independent Non-Executive Chairman and also a major shareholder of the Company. He was appointed to the Board as Non-Independent Non-Executive Director on 25 April 2017 and was designated as Non-Independent Non-Executive Chairman on 26 May 2017. He finished his primary education at SJK (C) Pei Min, Padang Setar in Alor Setar, Kedah in December 1974.

He started working at his father's hardware shop at the young age of 13 in January 1975. After many years of experience gained from working with his father, he took over the business and ventured into the business of trading building materials and cement transportation under the name of Chop Chin Hin in March 1994. In February 1995, he started a cement distributor trading company named Syarikat Perniagaan dan Pengangkutan Chin Hin Sdn Bhd which is now known as PP Chin Hin Sdn Bhd. Over the years, he has played an instrumental role in the growth of Chin Hin Group Berhad Group and its subsidiaries, expanding the business from a single office in Alor Setar, Kedah to a group of companies with an expansive network of branch offices and factories throughout Peninsular Malaysia.

Currently, he is the Deputy Group Executive Chairman of Chin Hin Group Berhad and Non-Independent Non-Executive Chairman of Green Ocean Corporation Berhad, the public company listed on the Main Market and ACE Market of Bursa Malaysia Securities Berhad respectively. He also serves as Director for a number of subsidiaries within the Group of Chin Hin Group Berhad and also has directorships in various other businesses.

Datuk Seri Chiau Beng Teik is the father of Mr Chiau Haw Choon, the Non-Independent Non-Executive Director of the Company. He has no conflict of interest with the Company. He has not conviction for any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Datuk Yeo Chun Sing
aged 51, Male, Malaysian

Datuk Yeo Chun Sing is an Executive Director of the Company and was appointed to the Board on 5 May 2017. He graduated from University Science of Malaysia with Bachelor of Science degree in Housing, Building and Planning in 1990 and obtained his Master of Business Administration from University of Malaya in 2000.

He has more than 27 years of experience in the property development industry and held the post of Managing Director of Malaysia Land Properties Sdn Bhd prior to joining Aera Property Group Sdn Bhd ("Aera"). He is currently the Managing Director of Aera and oversees the Aera's Group overall operation, all conceptual, technical design and implementation of the Aera's Group development projects.

Datuk Yeo Chun Sing does not hold any directorships in any other public companies and listed issuers. He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company. He has not conviction for any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile of Directors (cont'd)

Khoo Chee Siang
aged 41, Male, Malaysian

Mr Khoo Chee Siang is an Independent Non-Executive Director of the Company and was appointed to the Board on 5 May 2017. He is a Fellow Member of the Association of Chartered Certified Accountants (FCCA).

He was the Executive Director of UHY Advisory (KL) Sdn Bhd, a boutique financial and corporate advisory firm from 2008 to 2016. He started his career in auditing with an international medium accounting firm, Morison Anuarul Azizan Chew & Co and was subsequently promoted to Senior Consultant in Corporate Finance and Advisory Department. He later joined Finmart Alliance Sdn Bhd as an Associate Director in-charge of corporate finance and business advisory services. He has significant experience in corporate finance, initial public offerings, corporate debt restructuring as well as his external auditing experience covered various sectors.

He is currently the Chairman of Audit Committee, Nomination Committee and Remuneration Committee of the Company.

Currently, he is an Executive Director of SCH Group Berhad and Independent Non-Executive Director of Green Ocean Corporation Berhad, both listed on ACE Market of Bursa Malaysia Securities Berhad.

Mr Khoo Chee Siang has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company. He has not conviction for any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Ho Kok Loon
aged 51, Male, Malaysian

Mr Ho Kok Loon is an Independent Non-Executive Director of the Company and was appointed to the Board on 7 January 2004. He graduated from University of Malaya in 1991 with a Bachelor of Accounting (Hons) and he obtained his Master degree in Business Administration from the University of Portsmouth, United Kingdom in 1999. He is a Chartered Accountant registered with Malaysian Institute of Accountants and a Fellow of the Chartered Tax Institute of Malaysia.

Upon graduation, he joined Price Waterhouse before joining Southern Steel Berhad as Section Head of Internal Audit in year 1995. He became the Section Head of Business Development in 1996 and later the Finance and Administration Manager in 1997. In 1999, he joined Southern Rubber Works Sdn Bhd as Senior Manager, Corporate Finance & Business Development and was its Director and Group Chief Executive Officer since 2014. Currently he also holds directorship in other private limited companies.

He is currently a member of Audit Committee, Nomination Committee and Remuneration Committee of the Company.

Mr Ho Kok Loon does not hold any directorships in any other public companies and listed issuers. He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company. He has not conviction for any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile of Directors (cont'd)

Dato' Goh Boon Koon
aged 64, Male, Malaysian

Dato' Goh Boon Koon is the founder of Boon Koon Group and was appointed as the Managing Director of the Company on 7 January 2004. On 19 February 2009, he was re-designated as Executive Chairman and later as Non-Independent Non-Executive Director on 26 May 2017. He is also a major shareholder of the Company.

Having being involved in the commercial vehicles industry for more than 35 years, he has acquired extensive experiences and exposures in the business. His entrepreneurial quality and spirit has played a vital role in transforming and ensuring the growth of the Boon Koon Group from a small existence to be the leader and the pioneer of the used/rebuilt commercial vehicles industry in Malaysia.

Dato' Goh Boon Koon does not hold any directorships in any other public companies and listed issuers. He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company. He has not conviction for any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Chiau Haw Choon
aged 34, Male, Malaysian

Mr Chiau Haw Choon is a Non-Independent Non-Executive Director of the Company and was appointed to the Board on 25 April 2017. He graduated from Deakin University, Australia with a Bachelor's Degree in Finance and Marketing in April 2009.

He is the Group Managing Director of Chin Hin Group Berhad ("Chin Hin"), a public company listed on the Main Market of Bursa Malaysia Securities Berhad. His responsibilities includes ensuring board decisions and directions are implemented, providing strong leadership, communicating the vision, management, philosophy and business strategies to the employees, keeping the Board fully informed of all important aspects of Chin Hin's Group operations and ensuring sufficient information is disseminated to the board, as well as ensuring the day-to-day business of Chin Hin's Group are effectively managed. He is in charge of the day-to-day operational matters and decisions of Chin Hin's Group. Working closely with all the Business Unit Heads, he oversees Chin Hin's Group overall execution and implementation of the strategies and corporate policies of the businesses and operations, and is also responsible for the execution and implementation of short term and long term business plans, strategic planning and continuing growth of Chin Hin's Group. He is also responsible for Chin Hin's Group corporate social responsibility activities.

He is currently a member of Audit Committee, Nomination Committee and Remuneration Committee of the Company.

Mr Chiau Haw Choon is the son of Datuk Seri Chiau Beng Teik, the Non-Independent Non-Executive Chairman and a major shareholder of the Company. He has no conflict of interest with the Company. He has not conviction for any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile of Directors (cont'd)

Shelly Chiau Yee Wern
aged 28, Female, Malaysian

Ms Shelly Chiau Yee Wern was appointed as the alternate director to Datuk Seri Chiau Beng Teik on 2 July 2018. She graduated with a Bachelor's Degree, Business Administration in Entrepreneurship from Les Roches International School of Hotel Management Bluche, Switzerland in December 2013.

She started working at Alora Hotel in Penang and Grand Alora Hotel in Alor Setar, Kedah as Hotel General Manager in January 2014. In January 2016, she joined Aera Property Group Sdn Bhd as Sales & Marketing Manager. She is responsible for strategy planning in marketing and sales for a development project name Aera Residence in Petaling Jaya. She resigned from Aera Property Group Sdn Bhd in May 2018. In June 2018, she was appointed as the Chief Operating Officer at BKG Development Sdn Bhd, a wholly-owned subsidiary of Boon Koon Group Berhad.

Ms Shelly Chiau Yee Wern is the daughter of Datuk Seri Chiau Beng Teik, the Non-Independent Non-Executive Chairman and a major shareholder of the Company and sister of Chiau Haw Choon, the Non-Independent Non-Executive Director of the Company. She has no conflict of interest with the Company. She has not conviction for any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF
KEY MANAGEMENT

CHOW SIEW KHENG
Aged 49, Male, Malaysian

Mr Chow Siew Kheng joined Boon Koon Group Berhad as Deputy Chief Executive Officer on 2 January 2018. He graduated from Nanyang Technological University, Singapore with a Bachelor Degree in Mechanical and Production Engineering in 1993.

Prior to joining Boon Koon Group Berhad, he has more than 20 years of experience in the building materials industry, primarily in multinational companies at management level. Upon graduation, he started as ready-mixed concrete Plant Manager at Kuala Lumpur City Centre Project for an Australian based company, Pioneer Concrete. He left Pioneer Concrete in year 2000 to join RMC Concrete, a United Kingdom based company as General Manager and later became the Commercial Director when RMC Group was acquired by CEMEX globally in year 2005. In year 2012, he left CEMEX to join Hume Industries Berhad, concrete precast division as Chief Operating Officer for a brief period before joining WR Grace, a United States based specialty construction chemical company listed on the New York Stock Exchange. In WR Grace, he was managing the chemical businesses as Sales Director for Malaysia, Indonesia and Brunei.

Mr Chow Siew Kheng does not hold any directorship in any other public companies and listed issuers. He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the regulatory bodies during the financial year.

CORPORATE STRUCTURE

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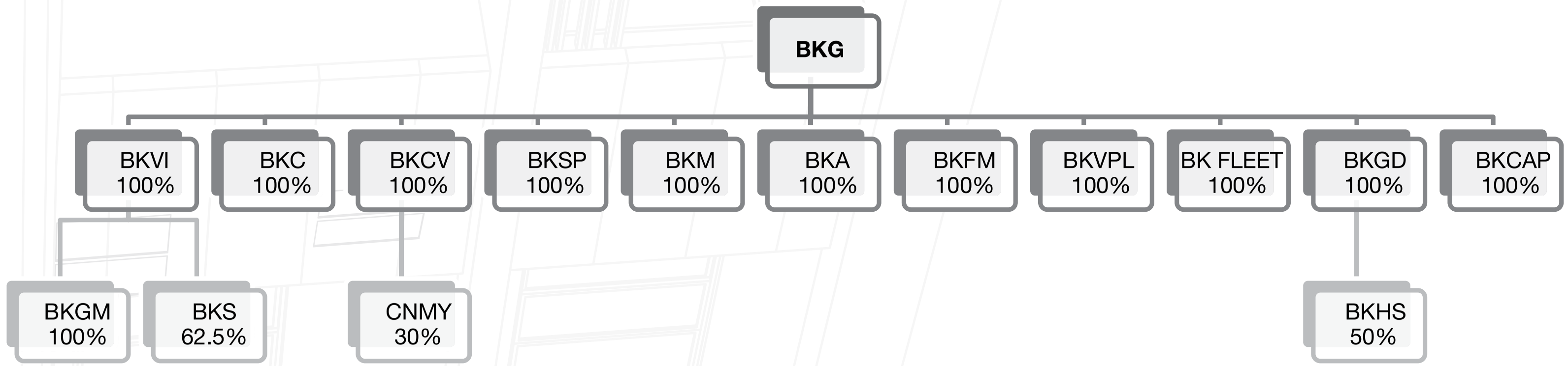
BOON KOON GROUP BERHAD (553434-U)



BKG	-	Boon Koon Group Berhad
BKVI	-	Boon Koon Vehicles Industries Sdn. Bhd.
BKCV	-	BKCV Sdn. Bhd.
BKA	-	BK Alliance Sdn. Bhd.
BKM	-	Boon Koon Motors Sdn. Bhd.
BKFM	-	Boon Koon Fleet Management Sdn. Bhd.
BKVPL	-	Boon Koon Vehicles Pte. Ltd.
BK Fleet	-	BK Fleet Management Sdn. Bhd.
BKSP	-	BKSP Autoworld Sdn. Bhd.
BKS	-	BK Sepadu Sdn. Bhd.
BKGD	-	BKG Development Sdn. Bhd.
BKC	-	Boon Koon Commercial Sdn. Bhd.
CNMY	-	CNMY Truck Sdn. Bhd.
BKGM	-	BKGM Industries Sdn. Bhd.
BKCAP	-	Boon Koon Capital Sdn. Bhd.
BKHS	-	BKHS Capital Sdn . Bhd.

CHAIRMAN'S **STATEMENT**

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure and privilege to present the Annual Report and Audited Financial Statements of Boon Koon Group Berhad ("BKG") for the financial year ended 31 March 2018 ("FY 2018").

The FY 2018 was again a challenging year despite a decent GDP growth of 5.9% for calendar year of 2017. Local economy continued to be bogged down by the weak Malaysian Ringgit and political uncertainty before the 14th General Election.

Based on data released by Malaysian Automotive Association (MAA), the total industry volume (TIV) for the commercial vehicles sector for 2017 was 61,956 vehicles as compared to 65,491 vehicles in 2016 [source: MAA Market Review for 2017 and Outlook for 2018 Report]. The drop in TIV was due to weaker demand for commercial vehicles, volatility in foreign exchange market and stringent lending guidelines imposed by the local Financial Institutions.

The Group has executed various productivity and cost improvement programmes as committed in previous financial year and has yield positive results in terms of productivity and cost efficiency and thus improving the profitability.

FINANCIAL PERFORMANCE REVIEW

For FY 2018, the Group recorded a turnover of RM124.65 million as compared to RM94.41 million for the previous financial year, an increase of approximately RM30.25 million. The increase in turnover was attributed to the increase in sales generated from the new/rebuilt commercial vehicles and bodyworks segment as well as the contribution from property development segment. Profit after taxation recorded at RM9.01 million for the financial year ended 31 March 2018, represent an increase of RM13.03 million as compared to loss after taxation RM4.02 million in previous financial year. The significant increase in profit after tax was mainly attributed to the recognition of gain on disposal of investment in an associate company, namely Hitachi Capital Malaysia Sdn Bhd of RM15.05 million, successful turnaround of the vehicle business and positive contribution from the property division of RM2.60 million. However, during the FY 2018, the Group has written down its inventory to the net realisable value of RM11.37 million.

A detailed review of the performance and results of the Group's major segments is set forth under the Management Discussion and Analysis in this Annual Report.

Chairman's Statement (cont'd)

OUTLOOK FOR THE UPCOMING FINANCIAL YEAR

The Group will continue to focus in its existing Rebuilt Commercial Vehicles business by consolidating and strengthening its position in the market. The main tasks shall be to ensure operational efficiency, strengthening its market base and maintaining lean inventories. In additional, new commercial vehicles will be introduced to the market progressively.

On the other hand, the property development segment will see a positive contribution to the Group's results, as the joint development project with Platinum Eminent Sdn Bhd progresses.

The Board believes that our clear and focused strategy, together with a highly motivated team will put Boon Koon Group in a better position in obtaining a long term sustainable growth for the financial year ending 31 March 2019 and beyond.

CORPORATE GOVERNANCE

The Board is committed to ensuring that good corporate governance is practiced throughout the Group. The Board has worked closely with the Management to ensure the highest compliance to the recommendations of the Malaysian Code on Corporate Governance 2017 throughout the FY 2018.

DIVIDEND

The Board of Directors did not recommend any dividend for the FY 2018.

APPRECIATION

On behalf of the Board of Directors, I would like to extend my sincere gratitude to all of our Management, employees, customers, business associates, suppliers and our loyal shareholders for their tremendous support and cooperation throughout the year. To my fellow Board members, thank you for your steadfast commitment, dedication and guidance. I look forward to an exciting year ahead for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS AND OPERATIONS

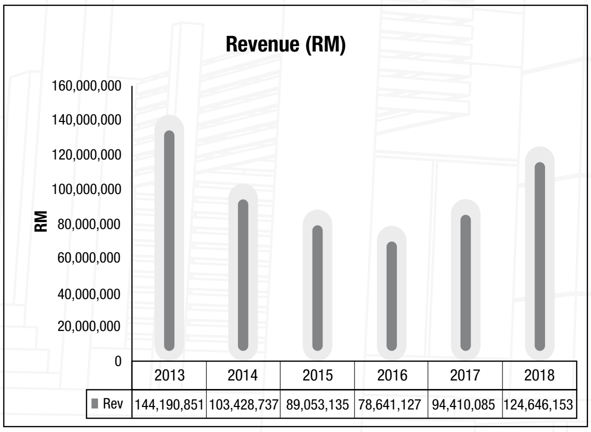
Boon Koon Group Berhad ("BKG" or "the Company" or "the Group") is an investment holding company. The Company has created a diversified portfolio i.e. new/rebuilt commercial vehicles and bodyworks, rental and fleet management services as well as property development via its subsidiaries which presents the optimal balance between the current return on investment and future growth.

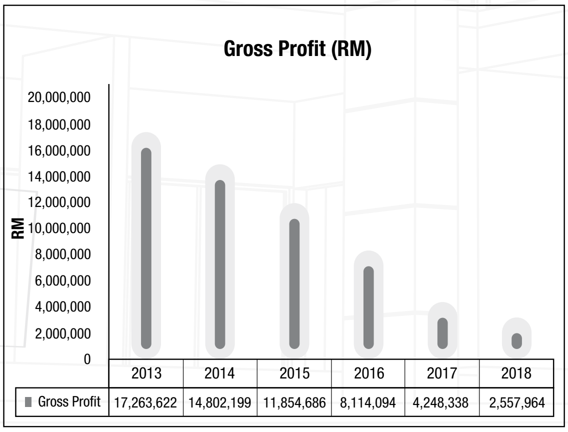
In the financial year ended 31 March 2018 ("FY 2018"), the Group continued to focus on its core businesses of rebuilt commercial vehicle particularly in the areas where demand for rebuilt commercial vehicles still remains strong. While its property segment has kick started with its sole development project which jointly developed between BKG's wholly-owned subsidiary, BKG Development Sdn Bhd and Platinum Eminent Sdn Bhd.

The Group's objective is to become the top market leader and the preferred brand of the new/rebuilt commercial vehicles sector. Through a relentless commitment to innovation and continuously seeking improvements in quality, service and productivity, we strive to provide our customers with excellent products and services, at competitive price levels.

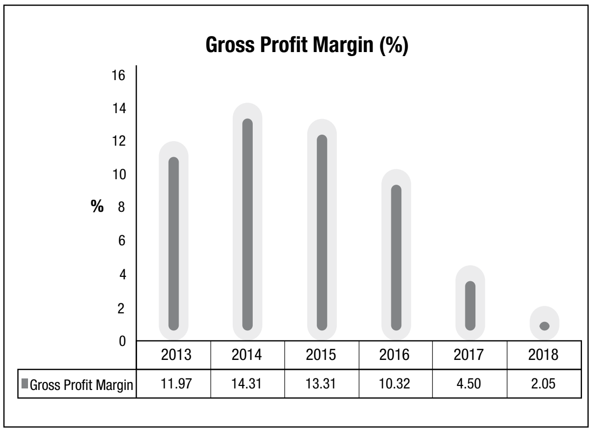
GROUP FINANCIAL REVIEW

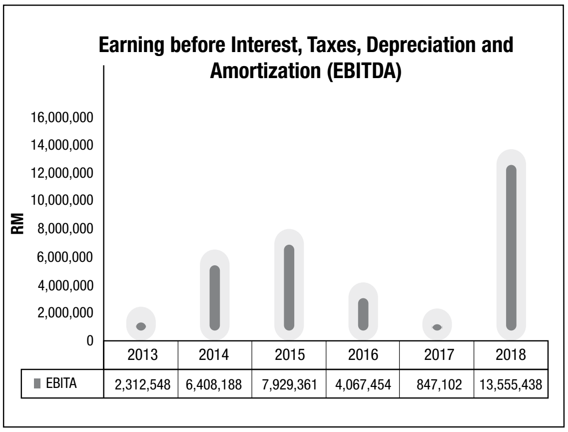
Financial Indicators	FY 2018	FY 2017	Difference
Revenue (RM)	124,646,153	94,410,085	32.03%
Gross Profit (RM)	2,557,964	4,248,338	(39.79%)
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) (RM)	13,555,438	847,102	1,500%
Profit/Loss Before Tax (RM)	9,190,319	(4,635,088)	298%
Profit/Loss After Tax (RM)	9,005,914	(4,020,673)	324%
Current ratio (times)	1.57	1.28	0.29 times
Gearing ratio (times)	0.21	0.31	(0.10) times
Gross Profit Margin (%)	2.05%	4.50%	(2.45%)
Net Profit/Loss Margin (%)	7.23%	(4.26%)	11.49%

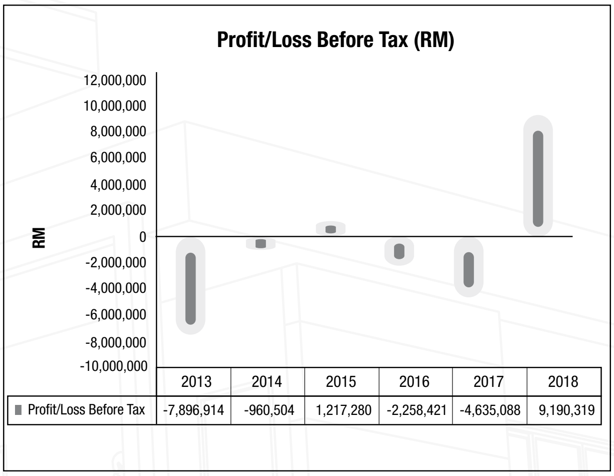


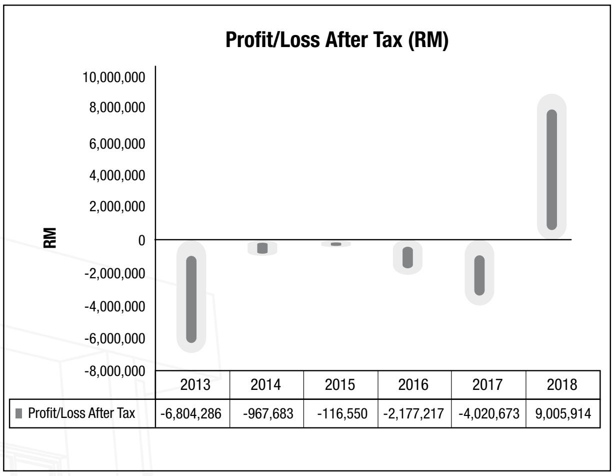


Management Discussion and Analysis (cont'd)









The Group's revenue for FY 2018 had increased by 32.03% to RM124.65 million from RM94.41 million in the preceding year ended 31 March 2017 ("FY 2017"). The overall gross profit decreased by 39.79% to RM2.56 million from RM4.25 million in the FY 2017.

The increase in revenue attributed to the increase in sales generated from the new/rebuilt commercial vehicles and bodyworks segment as well as the property development segment.

Gross profit margin decreased to 2.05% in FY 2018 from 4.50% in the FY 2017. The decrease in the Group's gross profit margin was mainly due to the written down of inventories which amounted to RM11.37 million and lower profit margin attributed to higher cost on imported components. The higher cost of imported components was due to the volatility in the foreign exchange market whereby the Malaysian Ringgit has weakened against major currencies over the region.

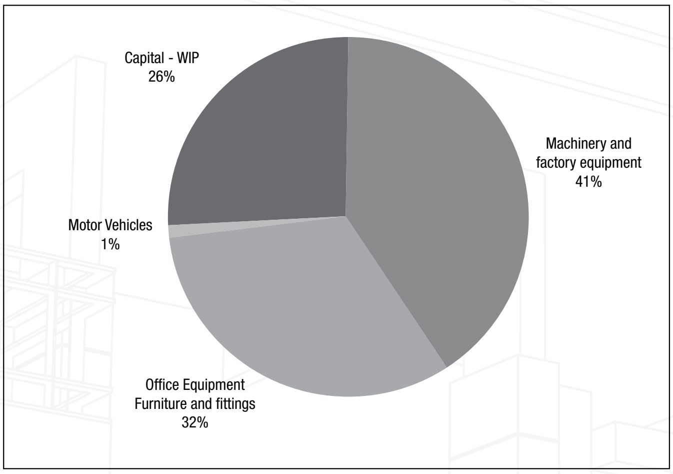
The profit before tax recorded at RM9.19 million in the current financial year as compared to the loss before tax of RM4.64 million in the FY 2017. The significant increase in profit before tax was mainly attributed to the recognition of gain on disposal of investment in an associate company, namely Hitachi Capital Malaysia Sdn Bhd of RM15.05 million, successful turnaround of the vehicle business and positive contribution from the property division of RM3.44 million. However, during the FY 2018, the Group has written down its inventories to the net realisable value of RM11.37 million.

Current Ratio has increased by 0.29 times as compared to the previous financial year mainly attributed to the capitalisation of the property development cost (participation fee) incurred from the development project jointly developed with Platinum Eminent Sdn Bhd and the increase in trade receivables of RM24.15 million due to the considerable improvement in revenue as well as increase in the Repo placement with licensed financial institutions of RM4.88 million. The RM20.00 million participation fee paid to Platinum Eminent Sdn Bhd were capitalised and amortised according to the progress of the project. The money placed under Repo were derived from the special issue of shares to identified shareholder at the issued price of RM0.44 per unit of share.

The Group has successfully pared down its debts and hence reduced its gearing ratio from 0.31 times to 0.21 times by utilised the proceeds from the disposal of an associate company, namely Hitachi Capital Malaysia Sdn Bhd and the exercise of warrants to reduce its' short-term borrowings.

Capital Expenditure (CAPEX)

Capital Expenditure	FY 2018 (RM)
Machinery and factory equipment	285,168
Office equipment, furniture and fittings	225,530
Motor vehicles	8,000
Capital - WIP	179,525
Total	698,233



In FY 2018, 99% of total capital expenditure incurred were spent on the purchase of machinery and factory equipment, office equipment, furniture and fittings as well as expenditures on capital work in progress. Of this, 41% were spent on machinery and factory equipment, 32% were spent for office equipment, furniture and fittings and the balance of 26% were spent on capital work in progress.

The details of the capital expenditure spent on major machinery and factory equipment, office equipment, furniture and fittings and capital work in progress expenditures were as follows:-

i) Machinery and factory equipment – The bulk of the expenditures were spent on the acquisition of Forklifts to replace the aging forklift units to enhance the viability of rental and fleet management services segment.

ii) Office equipment, furniture and fittings – The renovation works carried out mainly for 2 major subsidiaries i.e. Boon Koon Vehicles Industries Sdn Bhd and BKG Development Sdn Bhd.

iii) Capital work in progress – This expenditure was incurred for the enhancement of the assembly line to cater for the increase of rebuilt commercial vehicles and bodyworks.

STATEMENTS OF CASH FLOWS

	2018 (RM'000)	2017 (RM'000)	Change (%)
Net cash (outflows)/inflows from Operating activities	(18,585)	10,967	>-100%
Net cash inflows/(outflows) for Investing activities	22,014	(652)	>100%
Net cash outflows for Financing activities	(840)	(11,088)	92.42%

Management Discussion and Analysis (cont'd)

Net increase/(decrease) in cash balance	2,589	(773)	>100%
Effect of changes in foreign exchange rates	(151)	26	>-100%
Cash balance at beginning of the year	6,135	6,882	-10.85%
Cash balance at end of year	8,573	6,135	39.74%

The Group's net cash outflows from operating activities for the FY 2018 has increased by >-100% to RM18.59 million, largely due to the increase in property development cost and receivables. These increased is set-off with an increased in payables.

Cash inflows from investing activities recorded a net inflows of RM22.01 million for the FY 2018 mainly attributed to the disposal of investment in an associate company i.e. Hitachi Capital Malaysia Sdn Bhd. for RM22.00 million.

The net cash outflows for financing activities of RM0.84 million represented a reduction of 92.42% as compared to FY 2017, mainly stemmed from the repayment of short-term borrowing (Bankers' Acceptance) during the current financial year by utilised the proceeds from the disposal of an associate company, namely Hitachi Capital Malaysia Sdn Bhd and the exercise of warrants. The lower net cash outflows for financing activities as compared to FY 2017 also due to proceed received from the issuance of shares and exercise of warrants.

MANAGEMENT DISCUSSION & ANALYSIS

Statements of Financial Position

	2018 RM('000)	2017 RM('000)
ASSETS		
Non-current assets	77,927	88,109
Current assets	117,078	80,331
Total Assets	195,005	168,440
EQUITY AND LIABILITIES		
EQUITY		
Share capital	62,449	55,350
Foreign currency translation reserve	178	(57)
Revaluation reserve	13,180	13,332
Capital reserve	(28)	(28)
Warrant reserve	7,740	8,367
Retained profits	30,012	20,927
Non-controlling interest	407	652
Total equity attributable to owners of the Company	113,938	98,543
LIABILITIES		
Non-current liabilities	6,478	6,942
Current liabilities	74,589	62,955
Total liabilities	81,067	69,897
Total Equity and Liabilities	195,005	168,440
Net assets per share attributable to ordinary owner of the company	0.38	0.36

In FY 2018, total assets of the Group increased by RM26.57 million to close the year at RM195.01 million. The increase was mainly attributed to the capitalisation of the property development cost (participation fee) incurred from the development project jointly developed with Platinum Eminent Sdn Bhd and the increase in the trade receivables of RM24.15 million due to the considerable improvement in revenue as well as the increase in the Repo placement (short-term funds) with licensed financial institutions of RM4.88 million.

In regard to the liabilities, total liabilities increased by RM11.17 million as compared to FY 2017, mainly due to the increase in trade payable i.e. deposit received from customers for the order of rebuild commercial vehicles and billing accrued for the development project jointly developed with Platinum Eminent Sdn Bhd.

The net assets per share has increased by RM0.02 or 5.56% for the FY 2018 mainly attribute from the capitalisation of RM20.00 million participation fee paid for the development project jointly developed with Platinum Eminent Sdn Bhd. The participation fee was amortised according to the progress of the project.

BUSINESS STRATEGY

Internally, we continued pursuing improvements across the Group through revamping internal processes to deliver enhanced quality and productivity as well as to reduce operating costs and carrying out a robust inventory management. We are also building a close relationship with our exclusive dealers to identify components that are marketable in Malaysia, so that we are able to source it at a lower cost.

SEGMENTAL OVERVIEW

Commercial Vehicles and Bodyworks

Amidst the tough and challenging environment, the Group managed to increase its revenue for commercial vehicles and bodyworks for FY 2018 by 13.18% to RM100.46 million as compared to RM88.76 million in the previous financial year. This segment suffered a loss before taxation of RM7.98 million, an increase of RM1.26 million as compared to RM6.72 million in the previous financial year. The loss before taxation was mainly due to inventories written down of RM11.37 million, as well as impairment loss on receivables of RM0.23 million for rebuilt commercial vehicles.

Rental and Fleet Management Services

For Rental and Fleet Management Services segment, revenue was recorded at RM5.33 million for FY 2018, a decrease of RM0.66 million as compared to RM5.99 million in previous financial year. The lower revenue was mainly due to weaker demand for this service. Profit before taxation was RM0.62 million, an increase of RM1.76 million as compared to the loss before tax RM1.14 million in the previous financial year. The increase in the profit before taxation was mainly attributed from the higher gain on disposal of forklift assets, reduce in the impairment loss on receivables and forklift assets, non-inventories written down and non-impairment loss on property, plant & equipment as compared to previous financial year.

Property Development Segment

For property development segment, revenue was recorded at RM18.75 million and profit before taxation was RM3.44 million for FY 2018, being revenue recognised and profit attributed from the development project jointly developed with Platinum Eminent Sdn Bhd. The stage of completion of this project was 10.14% as at 31 March 2018.

Other Segment

Other segment refers to the Company's level operations and Boon Koon Capital Sdn Bhd. Revenue for the FY 2018 was RM0.93 million, a decrease of RM1.18 million as compared to RM2.11 million in previous financial year. Profit before taxation was RM16.22 million, an increase of RM12.25 million as compared to RM3.97 million in previous financial year. The profit before taxation was mainly attributable to the gain on disposal of investment in associate company i.e. Hitachi Capital Malaysia Sdn Bhd by Boon Koon Capital Sdn Bhd.

Management Discussion and Analysis (cont'd)

REVIEW OF OPERATING ACTIVITIES

During the reporting period, the Group's business, ie. New/Rebuilt Commercial Vehicles faces a challenging situation whereby the Malaysian Ringgit weaken against other major currencies across the region. This has brought down the profit margin with higher importation cost on raw materials or components. With the Group's proactive management of exchange rate it has minimised the exposure on exchange fluctuation. The Sales and Marketing team has demonstrated an excellent performance by increasing sales in this challenging market condition in order to minimise the loss on bottom line.

In view of the challenging market and the risk of dependent on single business segment, the Group, has ventured into the property market as per its announcement to Bursa Malaysia Securities Berhad to mitigate the risk and to increase its shareholder value.

ANTICIPATED OR KNOW RISK

The volatility of the foreign exchange market in recent year which is definitely an operation risk if not keeping it on track. The Group need to monitor the movement of the exchange rate on a daily basis and plan its procurement exercise so that it keeps the best strategy to lower the cost of importation of raw materials or components.

Credit exposure is another business risk that the Group needs to monitor and managed. Therefore, the credit control function was put in place in order to monitor this exposure and to work hand in hand with the sales team to ensure healthy collection on a daily basis.

PROSPECTS OF BUSINESS & FUTURE OUTLOOK

2017, was a challenging year for automakers whereby the local automotive sector recorded a consecutive 2 years decline in annual total industry volume (TIV). The TIV for registered commercial vehicles has declined by 5.4% as compared to 2016 [source: Malaysian Automotive Association ("MAA") Market Review for 2017 and Outlook for 2018 Report]. The main impact for the weaker demand for commercial vehicles were due to economic factor, instability in foreign exchange market and tightening of financing by credit financiers.

The Group expect the automotive segment to remain challenging in a highly competitive market given the intense competition for commercial vehicles market, stringent lending guidelines from financial institutions and volatility in foreign currency exchange. The operating costs continue to face pressure from higher external cost driver such as minimum wage policy and higher utilities costs. This will put pressure on the profit margin. With some of the mega infrastructure projects had been put on hold recently, i.e. KL – Singapore High Speed Rail ("HSR") and the Klang Valley Mass Rapid Transit Line 3 (MRT3) which directly have an impact on the demand for commercial vehicles. However, the recent announcement by the Federal Government to set the GST rate to 0% with effect from 1 June 2018 should have a positive effect on vehicle sales until the expected reintroduction of Sales and Services Tax (SST) on 1 September 2018. The Group will continue to look for option available and progressively increase the number of distributors around Malaysia while keeping the operating cost at bay.

The Group expect the commercial vehicles segment to perform for the financial year ending 31 March 2019 ("FY 2019"), with the introduction of its own new 18-seater mini van by the name of Cergas. The sales forecast for this mini van for FY2019 was approximately 40 units. This will give a better results and contribution to the Group.

As for the property segment, with the current softening in property market, the Group do not foresee any negative impact to the Group results. The sole development project namely "Aera Residence" which jointly developed between BKG's wholly-owned subsidiary, BKG Development Sdn Bhd and Platinum Eminent Sdn Bhd has achieved a promising sales. The Management expect the project to contribute positively to the Group results as it enters into the building structural phases.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The Board of Directors of Boon Koon Group Berhad ("BKG" or "the Company") appreciates the importance of adopting high standards of corporate governance and hence is fully committed to ensuring that the highest standards of corporate governance are practised in all areas throughout the Company and its subsidiaries ("the Group") towards propagating corporate accountability with the objective of safeguarding the interests of all stakeholders and enhancing shareholders' value.

The Board is pleased to report on the application of the principles of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") and the extent of compliance with the Recommendations of the MCCG 2017 as required under MCCG 2017 during the financial year ended 31 March 2018 ("FY2018").

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1.0 The Company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company.

Roles and Responsibilities of the Board

1.1 The Board is responsible for the overall corporate governance of the Group, including the strategic direction, risk management and establishes the vision and strategic objectives of the Group for development which includes management development, succession planning and policies to ensure all procedures within the Group are to be carried out in a systematic and orderly manner to ease the decision-making process.

The Board recognises its duties and responsibilities as detailed in the Board Charter as expectations on how they discharge their duties and this Board Charter shall also be used as a guide to assess their own performance.

The Board assumes the following principal functions and responsibilities:-

a) Review, approve and monitor the overall strategies and direction of the Group;
b) Identify the principal risks and implement appropriate system to manage such risks;
c) Oversee and evaluate the conduct and performance of the Group's business;
d) Review the adequacy of the Group's internal control policy; and
e) Ensure that appropriate plans are in place in respect of the succession plan of the Group.

The Board is scheduled to meet at least four (4) times a year, with additional meetings convened when urgent and important decisions need to be taken in between scheduled meetings.

A total of nine (9) Board meetings were held during the FY2018. The attendance record of each Director are as follows:

Name	Attendance
Dato' Goh Boon Koon	8/9
Ho Kok Loon	8/9
Datuk Seri Chiau Beng Teik (appointed on 25 April 2017)	8/8
Chiau Haw Choon (appointed on 25 April 2017)	6/8
Khoo Chee Siang (appointed on 5 May 2017)	8/8
Datuk Yeo Chun Sing (appointed on 5 May 2017)	8/8

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. All the Directors complied with the minimum 50% attendance requirement in respect of Board meetings held during the FY2018.

The Board is satisfied with the time commitment given by the Directors of the Company in discharging their duties for the FY2018. This is evidenced by the attendance record of the Directors as set out above.

The Directors also understand their responsibility to notify the Chairman before accepting any new directorship. None of the directors have hold any directorships in any other public companies and listed issuers except for Datuk Seri Chiau Beng Teik, Mr Chiau Haw Choon and Mr Khoo Chee Siang. Their directorships are provided on pages 4 to 7 of this Annual Report.

The Board acknowledges the importance of continuous education and training to enable effective discharge of its duties and encourage Directors to attend talks, training programmes and seminars to update themselves on new developments in the business environment.

During the financial year, the following members of the Board had attended various undermentioned programmes:-

Name	Date	Mode	Title of Training
Chiau Haw Choon	May 2017	Training	Strength Based Leadership – Coaching Program
	Jun to Dec 2017	Conference	Business Leader Development Program
	Oct to Dec 2017	Conference & Training	Brand Transformation Workshop
Datuk Yeo Chun Sing	25 & 26 Sep 2017	Training	MAP
	Jun to Dec 2017	Conference	Business Leader Development Program
	Oct to Dec 2017	Conference & Training	Brand Transformation Workshop
Khoo Chee Siang	Oct 2017	Seminar	Advocacy Session on Corporate Disclosure for Directors and Principal officers of Listed issuers.

Saved as disclosed above, Datuk Seri Chiau Beng Teik, Dato' Goh Boon Koon and Ho Kok Loon were not able to select any suitable training programmes to attend during the financial year due to overseas travelling and their busy work schedule. However, they have constantly been updated with relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

Roles & Responsibilities of Chairman

1.2 The present Chairman of the Board is Datuk Seri Chiau Beng Teik who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. The key responsibilities of the Chairman are as follows:-

a) Oversee and lead the Board to ensure effective performance of the Board;
b) Facilitating the effective contribution of all Directors at Board meetings;
c) Ensuring all strategic and critical issues are considered by the Board and directors receive the relevant information on a timely basis; and
d) Ensuring compliance with all relevant regulations and legislation.

Separation of Roles between the Chairman and the Deputy Chief Executive Officer

1.3 The positions of Chairman and the Deputy Chief Executive Officer (DCEO) are held by different individuals. The Group has a clear distinction and separation of roles between the Chairman and the DCEO, with clear division of responsibilities in order to ensure a clear balance of power between the Chairman and the DCEO.

The Chairman leads the Board in its collective oversight of management, while the DCEO is primarily responsible for the day-to-day management of the Group. He is responsible for developing the business direction of the Group, ensure that the business strategies and policies are effectively implemented and to explain, clarify and inform the Board on matters pertaining to the Group.

Company Secretaries

1.4 The Board is supported by experienced, competent, and knowledgeable Company Secretaries who are qualified to act as Company secretaries under Section 235(2) of the Companies Act 2016.

The Company Secretaries play an advisory role to the Board particularly with regard to the constitution of the Company and the Company's compliance with regulatory requirements, rules, guidelines and legislation as well as the best practices of corporate governance.

The Board is regularly updated and advised by the Company Secretaries on new statutory as well as regulatory requirements. Every member of the Board has ready and unrestricted access to the advice and services of the Company Secretaries and the senior management.

Supply of Information

1.5 The Board members have full and unrestricted access to information on the Group's business and affairs in discharging their duties. Unless otherwise agreed, all Directors are provided with the agenda and a set of Board papers at least seven (7) days before each Board Meeting is convened. This is to ensure that the Directors are given sufficient time to read the Board papers and seek any clarification that they may need from management or to consult the Company Secretaries or independent advisers before the Board Meetings, if necessary. In addition to discussing the Group's performances in the meeting, certain matters which are reserved specifically for the Board's decision are discussed. These includes the approval of corporate plans and budgets, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group and key policies, procedures and authority limits.

The Company Secretaries ensures there is a quorum for all meetings and that such meetings are convened in accordance with the relevant Terms of Reference. The minutes prepared by the Company Secretaries memorialise the proceedings of all meetings including pertinent issues, the substances of inquiries and responses, members' suggestion and the decision made. This reflects the fulfillment of the Board's fiduciary duties and the significant oversight role performed by the respective Board Committees.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

Where appropriate, the Directors may whether as a full Board or in their individual capacity, obtain independent professional advice at the Company's expense on specific issues to enable the Board to make well-informed decisions in discharging their duties on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

1.6 **Directors' Responsibility Statement in Relation to the Compliance with Applicable Financial Reporting Standards**

The annual financial statements and quarterly results are reviewed by the Audit Committee and approved by the Board of Directors prior to public release.

The Board acknowledges their responsibility to ensure that the financial statements of the Company and the Group are prepared in accordance with the provisions of the Companies Act, 2016 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs and the results of the Company and the Group. In preparing the financial statements for the year under review, the Board has adopted suitable accounting policies and which have been applied consistently, subject to any material departures disclosed and explained in the financial statements.

This statement is made in accordance with a resolution of the Board dated 9 July 2018.

2.0 There is demarcation of responsibilities between the Board, Board Committees and Management. There is clarity in the authority of the Board, its committees and individual directors.

Board Charter

2.1 The Board has adopted a Board Charter to provide a reference for Directors in relation to the Board's role, duties and responsibilities, division of responsibilities between the Board, the Board Committees, the Chairman and CEO. The Board Charter reflects the matters reserved for the Board's consideration and approval. The Board Charter is subject to review periodically in order to ensure consistency with the Board's strategic intent and relevant standards of corporate governance.

The Board structure ensures a balance and that no individual or group of individuals dominates the Board's decision-making process. The role of the Independent Directors is particularly important in ensuring that the strategies proposed by the Executive Director is deliberated on and that an objective view is established to protect the interests of all stakeholders.

The Board has delegated specific tasks to three (3) committees which have their own respective terms of reference and has the authority to act on behalf of the Board as follows:

(i) Audit Committee;
(ii) Nomination Committee; and
(iii) Remuneration Committee.

The Board Charter and the Terms of Reference of the respective committees are made available on the Company's website at www.boonkoon.com.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

3.0 The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board, management, employees and other stakeholders are clear on what is considered acceptable behavior and practice in the Company.

Code of Conduct and Ethics

3.1 The Board continues to adhere to the Company's Code of Conduct and Ethics ("the Code"). The Code is to assist the directors and all personnel of the Group in defining the ethical standards based on trustworthiness and values as well as uphold the spirit of responsibility in line with the regulations, legislation, and guideline for administration of the Company. A copy of the Code is available for reference at the Company's website at www.boonkoon.com.

Whistleblowing Policy

3.2 The Board has established a Whistleblowing Policy to improve the overall organisational effectiveness and uphold the Group's business ethics of honesty, integrity and transparency on 6 July 2018.

The Whistleblowing Policy is intended to provide and facilitate a mechanism for employees and other stakeholders can report their concerns related to any suspected and/or known unethical, unlawful, fraud, corruption or other improper conduct without fear of reprisal or intimidation.

3.2 Employees and other stakeholders are encouraging to report genuine concerns of breach of legal obligation, miscarriage of justice, danger of health and safety or to the environment and the cover-up of any of these in the workplace to be reported and email to:

Attention : Mr Khoo Chee Siang
Designation : Audit Committee Chairman
Email : kcsiang@hotmail.com

The Whistleblowing Policy can be accessed at the Company's website at www.boonkoon.com.

II. BOARD COMPOSITION

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.

Board Size and Balance

4.1 The Board currently comprises of six (6) members, of which one (1) is Executive Director, three (3) Non-Independent and Non-Executive Directors and two (2) Independent Non-Executive Directors. The composition of two (2) Independent Non-Executive Directors meets the one-third requirement for independent directors to be appointed to the Board under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board consists of individuals of high caliber who have diverse wealth of experience as well as skills and knowledge in the aspects of commercial vehicles, property development, accounting and audit. The profile of each Director is provided on pages 4 to 7 of this Annual Report.

The Board is mindful of Practice 4.1 of the MCCG 2017 which stated "at least half of the board comprises Independent Directors. For Large Companies, the Board comprises a majority independent directors." Notwithstanding this, the Board is of the view that there is balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objective as the Independent Non-Executive Directors of the Company has play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. Further, all the Independent Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

Tenure of Independent Director

4.2 The Board noted that the MCCG 2017 recommends the tenure of an independent director should not exceed a cumulative term of nine (9) years.

The Nomination Committee and the Board have assessed the independence of the Independent Non-Executive Director i.e. Mr Ho Kok Loon and is of the view that the length of service of the independent director does not affect his independent judgement as he is independent-minded and he continues to provide the necessary checks, balances and act in the best interest of the Company.

The Nomination Committee and the Board recommend Mr Ho Kok Loon to continue to act as the Independent Non-Executive Director of the Company and the relevant motion on the subject matter will be presented to the shareholders for approval at forthcoming AGM.

4.3 The Board Charter has set the policy which limits the tenure of its independent directors to nine (9) years. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the re-designation of the said person as a Non-Independent Director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) years, the Board will seek annual shareholders' approval through a two-tier voting process.

Gender, Ethnicity, and Age Diversity Policy

4.4 The Board is aware of the importance of boardroom diversity and is supportive of the recommendation of MCCG 2017 to the establishment of boardroom and workforce gender diversity policy. However, the Company currently does not have a policy on boardroom diversity, including gender, ethnicity and age diversity. The Company will provide equal opportunity to candidates with merit. Nonetheless, the Board will give consideration to the gender diversity objectives.

4.5 The Group practices non-discrimination in any form, whether based on age, gender, ethnicity or religion, throughout the organisation. Currently, the Board does not comprise of any female director. In line with the country's aspirational target of 30% representation of women on boards, the Board may consider appointing females onto the Board in future to bring about a more diverse perspective.

4.6 The Nomination Committee is responsible for proposing new candidates for appointment to the Board. The Nomination Committee considers and recommends to the Board candidates of sufficient skills, knowledge, experience, reliability, professionalism and experience to fulfill the duties of a director.

Currently, the sources to identify suitably qualified candidates for appointment of directors are on recommendations from existing board members, senior management or major shareholders.

The Board and Nomination Committee would not hesitate to utilise independent sources to identify suitably qualified candidates where necessary.

Nomination Committee

4.7 The Nomination Committee currently comprises entirely of Non-Executive Directors with majority being independent as follows:

Khoo Chee Siang – Chairman (Independent Non-Executive Director)
Ho Kok Loon – Member (Independent Non-Executive Director)
Chiau Haw Choon – Member (Non-Independent Non-Executive Director)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

The duties and responsibilities of the Nomination Committee are guided by its terms of reference. The main responsibilities of the Nomination Committee included the following:-

- Identify and recommend to the Board, persons who are technically competent and of integrity and a strong sense of professionalism to be appointed as Directors of the Company.
- Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes.
- Review and recommend the membership of the Audit and Remuneration Committees, in consultation with the chairmen of those committees.
- Assess the effectiveness of the Board and the contribution of individual directors and his independence where applicable.
- To develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors.

When considering new appointment, the Nomination Committee shall evaluate the balance of skills, knowledge and experience on the board. In identifying suitable candidates the Nomination Committee shall consider candidates from a wide range of backgrounds and consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position.

The Nomination Committee and the Board does not set any target on gender diversity. The Company will provide equal opportunity to candidates with merit. Nevertheless, the Board will give consideration to the gender diversity objectives.

A familiarisation programme, including visits to the Group's business and operations premises and meetings with senior management will be arranged for new Directors to facilitate their understanding of the Group's business operations.

5.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.

Annual Assessment

5.1 The Nomination Committee has developed criteria to assess the effectiveness of the Board, the Board committees and individual Director. The evaluation on the Board's effectiveness is divided into four sections on the following key areas:-

- Adding value
- Conformance
- Stakeholder Relationship
- Performance management

The process also assess the competencies of each Director in the areas of integrity and ethics, governance, strategic perspective, business acumen, judgement and decision making, teamwork, communication and leadership.

The Nomination Committee also undertakes annual assessment of the independence of its independent directors based on required mix skills, criteria of independence as per requirements of Main Market Listing Requirements.

The results of the evaluation were summarised by the Company Secretaries and discussed by the Nomination Committee which were then reported to the Board. The Board reviewed the results of the evaluation and is satisfied with the current composition of Board members and believes that it is well balanced with the right mix of high-calibre individuals with the necessary skills and qualifications, credibility and independence to discharge its duties and responsibilities effectively.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III REMUNERATION

The Nomination Committee had met fourth (4) times during FY2018 and the activities of the Nomination Committee are summarised as follows:-

a) Reviewed and recommended the appointment of the Directors.
b) Reviewed and assessed the effectiveness of the Board, the committees of the Board and the contribution of each individual director, including Independent Non-Executive Directors.
c) Reviewed and recommended the re-election of Directors who were retiring and seeking for re-election at Fifteenth Annual General Meeting.
d) Reviewed and assessed the independence of its Independent Non-Executive Directors.
e) Recommended the retention of Independent Non-Executive Directors who has served as an Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, in compliance with the recommendation of MCCG.
f) Reviewed the terms of office and performance of an Audit Committee.

The terms of reference of Nomination Committee can be viewed at the Company's website at www.boonkoon.com.

6.0 The level of composition of remuneration of Directors and senior management take into account the Group's desire to attract and retain the right talent in the Board and senior management to drive the Company's long term objectives. Remuneration policies and decisions are made through a transparent and independent process.

Remuneration Committee

6.1 The Remuneration Committee currently comprises mainly Non-Executive Directors with majority being independent as follows:

Khoo Chee Siang – Chairman (Independent Non-Executive Director)
Ho Kok Loon – Member (Independent Non-Executive Director)
Chiau Haw Choon – Member (Non-Independent Non-Executive Director)

The Remuneration Committee's primary responsibilities are to recommend to the Board from time to time, the remuneration package and terms of employment of each Executive Director. Each Executive Director is to abstain from deliberating and voting on the decision in respect of his/her own remuneration package. The Board as a whole decides on the remuneration of the Non-Executive Directors. The individual concerned is to abstain from deliberating his/her own remuneration package. All Directors' fees and other benefits payable to the Directors must be approved by the shareholders at the Annual General Meeting ("AGM").

6.2 The objectives of the Group's policy on Directors' remuneration are to attract and retain Directors of the caliber needed to manage the Group successfully. In the case of Executive Directors, the component parts of their remuneration are structured to link rewards to corporate and individual performances. For Non-Executive Directors, their level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned.

The Remuneration Committee had met once during FY2018 and the activities of the Remuneration Committee are summarised as follows:-

a) Reviewed and recommended the Directors' fees and Directors' benefits payable to each Director for the financial year ended 31 March 2017.
b) Reviewed and recommended the Directors' fees and Directors' benefits payable to each Director for the financial year ended 31 March 2018.
c) Reviewed and recommended the remuneration package for the Executive Director of the Company for the financial year ended 31 March 2018.

The Remuneration Committee carried out its duties in accordance with its terms of reference which can be obtained from the Company's website at www.boonkoon.com.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III REMUNERATION (CONT'D)

7.0 Stakeholders are able to access whether the remuneration of the Directors and Senior Management is commensurate with their individual performance, taking into consideration the Company's performance.

Directors' Remuneration

7.1 The amounts of remuneration paid to Directors are disclosed in the Note 28 to the Audited Financial Statements for the FY2018.

The remuneration of the Directors of the Company on a named basis for the FY2018 for the Company as well as the Group basis are as follows:

The Company	Fees RM	Salary, allowances, & bonus RM	Meeting Allowances RM	EPF & SOCSO RM	Benefit In kinds RM	Indemnity given or Insurance effected for any director (RM)	Total RM
Datuk Seri Chiau Beng Teik	–	–	400	–	–	2,375	2,775
Dato' Goh Boon Koon	4,000	92,935.74	1,400	6,195.20	5,118.27	2,375	112,024.21
Chiau Haw Choon	–	–	400	–	–	2,375	2,775
Datuk Yeo Chun Sing	33,000	–	1,400	–	–	2,375	36,775
Khoo Chee Siang	47,000	–	1,400	–	–	2,375	50,775
Ho Kok Loon	24,000	–	1,200	–	–	2,375	27,575
Ang Poh Gin#1	1,500	–	200	–	–	–	1,700
Goh Chin Aun#1	2,000	–	200	–	–	–	2,200
Dato' Murelidaran A/L M Navaratnam#2	3,000	–	400	–	–	–	3,400
Dr Goh Peng Yeong#3	4,000	57,076	600	7,558.10		–	69,234.10

Notes:
#1: Mr Ang Poh Gin and Mr Goh Chin Aun resigned as directors on 25 April 2017.
#2: Dato' Murelidaran resigned as director on 24 May 2017.
#3: Dr Goh Peng Yeong resigned as director on 26 May 2017.

Corporate Governance
Overview Statement (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III REMUNERATION (CONT'D)

Group	Fees RM	Salary, allowances, & bonus RM	Meeting Allowances RM	EPF & SOCSO RM	Benefit In kinds RM	Indemnity given or Insurance effected for any director (RM)	Total RM
Datuk Seri Chiau Beng Teik	–	–	400	–	–	2,375	2,775
Dato' Goh Boon Koon	4,000	92,935.74	1,400	6,195.20	5,118.27	2,375	112,024.21
Chiau Haw Choon	–	–	400	–	–	2,375	2,775
Datuk Yeo Chun Sing	33,000	–	1,400	–	–	2,375	36,775
Khoo Chee Siang	47,000	–	1,400	–	–	2,375	50,775
Ho Kok Loon	24,000	–	1,200	–	–	2,375	27,575
Ang Poh Gin#1	1,500	–	200	–	–	–	1,700
Goh Chin Aun#1	2,000	26,000	200	3,518.10	–	–	31,718.10
Dato' Murelidaran A/L M Navaratnam#2	3,000	–	400	–	–	–	3,400
Dr Goh Peng Yeong#3	4,000	57,076	600	7,558.10		–	69,234.10

Notes:
#1: Mr Ang Poh Gin and Mr Goh Chin Aun resigned as directors on 25 April 2017.
#2: Dato' Murelidaran resigned as director on 24 May 2017.
#3: Dr Goh Peng Yeong resigned as director on 26 May 2017.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III REMUNERATION (CONT'D)

The numbers of the Company's Directors whose total remuneration derived from the Company and the Group during the financial year under review that fall within the following bands are as follows:

	The Company		The Group	
	Number of Directors		Number of Directors	
Range of Remuneration	Executive	Non-Executive	Executive	Non-Executive
Below RM 50,000	2[#a]	6[#d]	2[#a]	6[#d]
RM 50,000 – RM 100,000	1[#b]	1[#e]	1[#b]	1[#e]
RM 100,001 – RM 150,000	1[#c]	–	1[#c]	–

Notes:
Details of the changes to the Board of the Company during the FY2018 are as follows, the director's fee and meeting allowance were paid until the cessation date/from the appointment date:-

#a :

Name	Appointment/Resignation	Effective Date
Goh Chin Aun	Resignation	25 April 2017
Datuk Yeo Chun Sing	Appointment	5 May 2017

#b :

Name	Appointment/Resignation	Effective Date
Dr Goh Peng Yeong	Resignation	26 May 2017

#c :

Name	Appointment/Resignation	Effective Date
Dato' Goh Boon Koon	Re-designation to Non-Executive Director	26 May 2017

#d :

Name	Appointment/Resignation	Effective Date
Ang Poh Gin	Resignation	25 April 2017
Dato' Murelidaran	Resignation	25 April 2017
Dato' Goh Boon Koon	Re-designation to Non-Executive Director	26 May 2017
Datuk Seri Chiau Beng Teik	Appointment	25 April 2017
Chiau Haw Choon	Appointment	25 April 2017
Ho Kok Loon	N/A	N/A

#e :

Name	Appointment/Resignation	Effective Date
Khoo Chee Siang	Appointment	5 May 2017

Senior Management's Remuneration

7.2 The top five Senior Management of the Company (including its direct held subsidiary) are Mr Chow Siew Kheng#1, Dr Goh Peng Yeong#2, Ms Kan Keat Peng, Mr Lee Boon Lian and Mr Khor Choon Wooi. The aggregate remuneration of these top five Senior Management received in 2018 was RM0.87 million representing 14.67% of the total employees' remuneration of the Group.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III REMUNERATION (CONT'D)

The remuneration of the aforesaid top five senior management is a combination of annual salary, benefits-in-kind and other emoluments which are determined in a similar manner as other management employee of the Company. This is based on their individual performance and the overall performance of the Company.

The Board is of the opinion that disclosure of remuneration of the Directors of the Board by appropriate components and bands and the top five Senior Management's total combined remuneration package should meet the intended objectives of the MCCG 2017.

Notes:
#1 : Mr Chow Siew Kheng appointed as the Deputy Chief Executive Officer on 2 January 2018.
#2 : Dr Goh Peng Yeong has resigned and ceased as Group Chief Operating Officer on 9 June 2018.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

8.0 There is an effective and independent Audit Committee. The Board is able to objectively review the Audit Committee's findings and recommendations. The Company's financial statement is a reliable source of information.

8.1 The Chairman of the Audit Committee is Mr Khoo Chee Siang. He is an Independent Non-Executive Director and is not the Chairman of the Board.

8.2 The Audit Committee recognised the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the Audit Committee of the Company were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the Audit Committee was a key audit partner of the external auditors of the Group.

8.3 The Audit Committee has assessed and evaluated the suitability, effectiveness and independence of the External Auditors. The annual assessment of the External Auditors encompassed areas such as calibre, quality processes/performance, audit team, independence and objectivity, audit scope and planning, audit fees as well as the audit communications of the External Auditors.

The AC having been satisfied with the independence and performance of Messrs UHY, had recommended the re-appointment of Messrs UHY as External Auditors to the Board for consideration before table to the shareholders for approval at the forthcoming Annual General Meeting.

8.4 The Audit Committee currently comprises of the following Directors:

- Khoo Chee Siang, Chairman (Independent Non-Executive Director)
- Ho Kok Loon, Member (Independent Non-Executive Director)
- Chiau Haw Choon, Member (Non-Independent Non-Executive Director)

The Board noted that the MCCG 2017 recommends the Audit Committee should comprise solely of Independent Directors.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

I. AUDIT COMMITTEE (CONT'D)

8.5 The members of the Audit Committee of the Company had complied with the Main Market Listing Requirements of Bursa Securities of which at least one (1) member with the requisite accounting qualification.

Audit Committee members continuously keep themselves abreast with the relevant development in the accounting and auditing standards, practices and rules.

The Board is satisfied that the Audit Committee composed of members with appropriate mix of skill and experience to meet the requirements of the Company and for the Audit Committee and its members discharged their functions, duties and responsibilities in accordance with its terms of reference.

The terms of reference is available on the Company's website at www.boonkoon.com and the activities of the Audit Committee during the financial year are presented under the Audit Committee Report on pages 40 to 43 of this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9.0 Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Company's objectives is mitigated and managed.

9.1 The Board recognises the importance of risk management and internal controls in the overall management processes.

The Group has established an internal control system and risk management framework which is adopted by the Group and its business units to ensure the effectiveness of identification, analysis, assessment, monitoring and communication of risks and internal control issues that will allow the Group to safeguard shareholders investments and assets by mitigating losses and maximising opportunities.

9.2 The Group's Statement on Risk Management and Internal Control which provides an overview of the Group's risk management and state of internal controls is set out on pages 37 to 39 of the Annual Report.

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with the internal procedures and guidelines.

The DCEO and management regularly review the system of internal controls to ensure that there are sufficient checks and balances to safeguard the Company's assets.

9.3 The Board noted that the MCCG 2017 recommends for the establishing a Risk Management Committee which comprises a majority of independent directors to oversee the Company' risk management framework and policies. The Board, nonetheless, will consider to adopt the practice 9.3 of the MCCG 2017 in future.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

10.0 Companies have an effective governance, risk management and internal control framework and stakeholders are able to access the effectiveness of such a framework.

Internal Audit Function

10.1 The Group has outsourced the internal audit function to an independent professional firm, which is independent of the activities and operations of the Group. The Internal Auditors work within the scope of an audit plan, which has been approved by the Audit Committee, to review and test the adequacy and effectiveness of the internal controls of the Group. The external Auditors will, in the course of their statutory audit, conduct a review of the internal control procedures and highlight any internal control weaknesses which have come to their attention. All such findings and recommendations made by the Internal and External Auditors are reported to the Audit Committee. Any significant issues are discussed at the Audit Committee meetings.

The Internal Auditors will follow up on all its recommendations to ensure that management has implemented them in a timely and appropriate fashion. The Internal Auditors support the Audit Committee in its role to assess the effectiveness of the Group's overall system of internal controls. The assistance provided by the Internal Auditors is primarily accomplished through their appraisals of the financial and operational controls, policies and procedures established by DCEO and management, and their reviews for compliance by the Group's operating entities with these established controls, policies and procedures. The Internal Auditors report directly to the Audit Committee on audit matters.

10.2 The outsourced Internal Audit firm appointed by the Group is Eco Asia Advisory Sdn Bhd, an independent professional internal audit service provider and the consultancy is manned by professionally qualified and experienced staff. For each internal audit review, a team of at least 3 internal audit personnel led by Mr Woon Soon Fai and Ms Kelly Neng will be assigned by Eco Asia Advisory Sdn Bhd to undertake an review in accordance to the internal audit plan approved by the Audit Committee. Mr Woon Soon Fai is a Fellow Member of The Association of Chartered Certified Accountants ("ACCA") and a Member of Malaysian Institute of Accountants ("MIA"). Whereas, Ms Kelly Neng is a Member of the ACCA, MIA and a honors degree holder in Business and Accounting. The internal auditors are free from any relationships or conflict of interest which could impair their objectivity and independence.

The Internal Audit function adopts an Internal Audit framework with processes based on the standards recommended by the International Professional Practices Framework of the Institute of Internal Auditors.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

11.0 There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

11.1 Along with good corporate governance practices, the Company is committed to provide to investors and the public with comprehensive, accurate and material information on a timely basis.

In line with this commitment and in order to enhance transparency and accountability, the Board has adopted an Internal Corporate Disclosure Policies and Procedures to facilitate the handling and disclosure of material information in a timely and accurate manner.

Information of the Group is also accessible through the Company's website at www.boonkoon.com which is updated on a regular basis. Information available in the website includes among others the Group's Annual Report, quarterly financial announcements, major and significant announcements.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS (CONT'D)

I. COMMUNICATION WITH STAKEHOLDERS (CONT'D)

11.2 The Company is not categorised as a large company as defined in the Main Market Listing Requirements of Bursa Securities. The Group's annual report for the FY2018 adopt partly the integrated reporting approach which covers the Group's strategy, performance, governance and future business prospects are connected towards achieving value creation for its shareholders.

II. CONDUCT OF GENERAL MEETINGS

12.0 Shareholders are able to participate, engage the Board and senior management effectively and make informed voting decisions at General Meetings.

12.1 The Board recognises the value of good investors' relation and endeavours to maintain constant and effective communication with shareholders through timely and comprehensive announcements.

The Annual General Meeting ("AGM") is the principal forum for dialogue with all shareholders. The participation of shareholders, both individuals and institutional, at the Company's AGM are encouraged whilst request for briefings from the press and investment analyst are usually met as a matter of course.

In compliance with the Main Market Listing Requirements of Bursa Securities, all resolutions set out in the notice of any general meeting or notice of resolution will be voted by poll.

The Board is endeavor to dispatch its notice of AGM at least twenty-eight (28) days before the meeting and mindful that the sufficient notice and time given would allow the shareholders to make necessary arrangements to attend and participate the AGM.

The notice of AGM together with a copy of the Company's Annual Report for the FY 2018 will be dispatched to shareholders at least twenty-one (21) days before the meeting as required under the Companies Act 2016 and Main Market Listing Requirements of Bursa Securities. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published at least in a major local newspaper.

12.2 Shareholders are given the opportunity to raise questions pertaining to the Annual report, corporate developments, resolutions and businesses of the Group at the AGM. Barring unforeseen circumstances, all Directors and Senior Management will present at the AGM in order to provide meaningful responses if necessary.

12.3 In view of the number of shareholders and the size of the Company, the participation of shareholders of the Company at the general meetings is by way of attending in person or by proxy. If necessary, the Group would embark on electronic voting and remote shareholder participation if our shareholders request for such services.

ADDITIONAL COMPLIANCE **INFORMATION**

1. **Material Contracts**

Save as disclosed below, there were no material contracts entered into by the Company and its subsidiaries involving interests of Directors, Chief Executive who is not a Director or major shareholders, either still subsisting as at 31 March 2018 or entered into since the end of the previous financial year:-

(a) a joint development agreement dated 29 June 2017 and supplementary joint development agreement dated 22 August 2017 entered into between Platinum Eminent Sdn Bhd and BKG Development Sdn. Bhd. ("BKGD") for the Proposed Joint Development for the implementation and completion of a commercial development project comprising inter alia two (2) blocks of twenty-nine (29) storeys each with a total of 752 units of service apartments ("Parcel"), a podium block comprising thirteen (13) retail units of shoplots, one (1) basement carpark and eight (8) storey carpark (collectively, known as "Aera Service Residence" or "Development Project") on a piece of leasehold land held under HS(D) 316525, PT6551, Bandar Petaling Jaya Selatan, District of Petaling, State of Selangor bearing postal address of Jalan PJS 5/28B, PJS 5, Petaling Jaya, Selangor.

2. **Contracts Relating to Loan**

During the FY2018, there were no material contracts relating to loans entered into by the Company involving Directors and major shareholders.

3. **Utilisation of Proceeds**

The shareholders of the Company had at the Extraordinary General Meeting of the Company held on 21 November 2017 approved the proposal in relation to the special issue of up to 55,350,000 Special Issue Shares to independent third party investor(s) to be identified ("Special Issue of Shares").

On 16 March 2018, the Company had submitted an application to Bursa Securities to seek an extension of time of six (6) months up to 2 October 2018 to complete the implementation of the Special Issue of Shares and the said application was approved by Bursa Securities on 22 March 2018.

On 27 March 2018, the first tranche of Special Issue of Shares comprised of 10,000,000 new ordinary shares of the Company has been issued and allotted to the independent third party at an issued price of RM0.44 each.

As at 31 March 2018, the total proceeds of RM4.4 million raised from the first tranche of Special Issue of Shares has been utilised by the Company as follows :

	RM'000
Proceeds raised from first tranche of Special Issue of Shares	4,400
Reimbursement of the internal generated fund used for the partially payment of participation fee pursuant to the Joint Venture Agreement dated 29 June 2017 entered with Platinum Eminent Sdn Bhd for the proposed joint development.	(3,800)
Payment of the relevant expenses incurred for Special Issue of Shares	(501)
Balance Unutilised	99

Additional Compliance Information (cont'd)

4. Audit Fees Paid to External Auditors

During the FY2018, the amount of audit fees paid to external auditors by the Company and the Group respectively were as follows:

	Audit Fees (RM)
Company	26,000
Group	111,194

5. Non-Audit Fees Paid to External Auditors

During the FY2018, the amount of non-audit fees paid to external auditors and its affiliates by the Company and the Group respectively were as follows:

	Audit Fees (RM)
Company	5,000
Group	5,000

6. Recurrent Related Party Transactions Of A Revenue Or Trading Nature

Save for such disclosure made in Note 30 to the audited consolidated financial statements on pages 131 to 133 of this Annual Report, there were no material recurrent related party transactions of revenue nature during the FY2018.

CORPORATE SUSTAINABILITY **STATEMENT**

The Board of Directors of Boon Koon Group Berhad perceived corporate sustainability as its commitment to creating long-term value for the shareholders, environment and society through innovation and overall operational excellence.

Mindful of the need to be a corporately responsible organisation, the Group undertook various steps to play its part in contributing to the welfare of the society and communities in the environment it operates. The Group recognises that for long-term sustainability, its strategic orientation will need to look beyond the financial parameters. Hence, the Group supports important causes such as a donation to the needy, community services, promoting a healthy and safety culture within the organisation.

WORKFORCE

The Group acknowledges that its employees are its primary asset and a key resource for all our activities as the success of the Group depends largely on its employees. We will continue to invest in human resource developments to ensure the employees further enhance their skills and knowledge which includes training, learning and development opportunities along an employee's career path.

Every employee undergoes regular, formal performance and career development reviews, and we encourage leaders to have frequent informal performance conversations with their team members. We have also embraced a culture of teamwork as it ensures optimisation of our employees' level of skills, knowledge, passion, creativity and productivity.

SAFETY AND HEALTH

The Group are committed to ensure an environmental friendly, healthy and safe workplace for all its employees, contractors and visitors at its business premises. As employer, the Company is responsible for its employees' safety and wellbeing. Not only does providing a healthy working environment offer employees a sense of comfort, thereby boosting morale and work performance, the avoidance of health and safety breaches also safeguards against reputational risks and costly fines.

The Executive Director and Deputy Chief Executive Officer have the ultimate responsibility for the health, safety and welfare for all employees, contractors and visitors by delegation through individual companies' health and safety structure, to provide a safe working environment. Information on safety matters is communicated through various Health & Safety Committees, Safety Representatives, Notice Boards and regular management briefings.

ENVIRONMENT

The Group values the importance of the environmental protection, pollution prevention and resource conservation, which are essential to a sustainable environment. The Group will ensure that its business activities are conducted in compliance with the applicable environmental rules and regulations and explores feasible opportunities to minimise any adverse impact from manufacturing operations and waste disposal. The Group ensures continued compliance with the respective national legislation on waste disposal, and engages licensed waste disposal contractors to collect and dispose non-hazardous waste.

In addition, the Group has also initiated among its staff awareness towards recycling of waste materials, and continuous improvements in our manufacturing process. These steps contribute towards a greener environment.

MARKETPLACE

The Group's vision and mission reflect its standing as a leader in the Rebuilt Commercial Vehicles industry. As part of its on-going efforts of enhancing relationship between the Group and its stakeholders, various programs are organised on a regular basis to provide an interaction and an effective communication. The Group has adopted the Code of Business Conduct and Ethics policy (the "Code"). The Code provide guidance that deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty and accountability.

It is the Group's aim to provide quality products and services with reasonable price to the customers. The Directors believe in maintaining a high standard of transparency and accountability in dealing with all stakeholders and emphasises on good corporate governance practices to meet shareholders' expectation. The Group is also committed to provide timely and meaningful information to various stakeholders, in order to facilitate understanding of the Group's business growth and direction.

The Group will be continued to uphold and be steered by the spirit of the six (6) principles of the Malaysian Code of Business Ethics and as such, will strive to instill these principles and values within the Company's culture, with the management leading the way by example when formulating policies within the Company. The six (6) principles are:-

i. Sincerity in Business Dealings.
ii. Conscious of Responsibility towards Customers, Society and Environment.
iii. Geniality towards Fellow Humans.
iv. Moderation in Business Dealings.
v. Fair Treatment of Customers.
vi. Zeal in Business-Building.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2017 (“the Code”) emphasised on the responsibilities of the Board of Directors (“the Board”) to ensure implementation of appropriate internal controls and effective risk management within the Group so as to safeguard shareholders’ investment, stakeholders’ interest and the Group’s assets.

The Board is pleased to issue the following Statement on Risk Management and Internal Control (the “Statement”) pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD’S RESPONSIBILITIES

The Board of Boon Koon Group Berhad (“BKG”) recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board affirms its overall responsibilities for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and integrity periodically.

The Board is assisted by the Group Deputy Chief Executive Officer (“DCEO”) and Chief Operating Officer (“COO”) and Management team in implementing the Board approved policies and procedures on risk and internal controls by identifying and analysing risk information, designing and operating suitable internal controls and monitoring the effectiveness of risk management and control activities.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The Board is of the view that the risk management and internal control system is in place for the year under review and up to the date of issuance of the annual report.

It should be noted that these systems are designed to manage, rather than to eliminate risks that may impede the achievement of the Group’s business objectives. Therefore, the risk management and internal control system in place can only provide reasonable and not absolute assurance against material misstatements or errors.

KEY FEATURES OF THE GROUP’S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Key elements that have been established in the Group’s risk management and internal control system are described below: -

1. Risk Management

The Group’s risk management framework comprises of the following key elements: -

- identify risk that could affect the achievement of the Group’s business objective;
- assessment and analysis of likelihood, impact and consequences of risk identified;
- evaluation on the effectiveness and adequacy of existing controls;
- determine appropriate response strategy or additional controls;
- monitoring and report of risks across the Group.

At strategic level, business plans, strategies and investment proposals with risk consideration are formulated by the DCEO, COO and Management team and presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group’s risk appetite.

Any changes in the key operational risks or emergence of new key business risks are identified through daily operational management, controls and review of financial and operational reports by the respective level of Management. Any critical and material risks shall be highlighted to the Board for final decision on the formulation and implementation of effective internal controls.

The Group’s risk monitoring and management is enhanced by the internal audit function, in which risk-based internal audit review was carried out based on the internal audit plan approved by the Audit Committee after considering the risk areas of the Group.

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

2. Internal Controls

The key salient features of the Group's system of internal controls are as follows: -

Board of Directors/ Board Committees

Board Committees (i.e. Audit Committee, Nomination Committee and Remuneration Committee) have been established to carry out duties and responsibilities delegated by the Board and are governed by written terms of references as stated in the Group's website.

Meetings of the Board and respective Board Committees are carried out on quarterly basis to review the performance of the Group, from financial to operational perspectives. The quarterly financial performance review containing key financial results and previous corresponding financial results are presented to the Audit Committee for review and the Board for approval for public release.

Standard Operating Procedures

The Group has a set of well-established standard operating procedures covering all critical and significant facets of the Group's operating process at its subsidiary level.

The standard operating procedures are being reviewed periodically or as and when the circumstances warrants to ensure that these documentations remain current and relevant. Compliance with these procedures is an essential element of the risk management and internal control framework.

Organisation Structure and Authorisation Procedure

The Group has a formal organisation structure in place to ensure appropriate level of authority and responsibilities are delegated appropriately to competent staffs so as to achieve operational effectiveness and efficiency.

The authorisation requirement of the key internal control points of key business processes are included in the standard operating procedures of the Group.

Reporting and Communication

At operational level, clear reporting lines established across the Group. DCEO and COO who is aided by the Management team is responsible for the day-to-day management functions. Monthly meetings are held to discuss operational and financial aspects of the business. DCEO and COO shall oversee all management meetings conducted. These meetings usually involve the review of financial performance, operational and business issues including risk management and internal control matters.

Action-plans are constructed for issues identified during the monthly meeting. Follow-up meetings are conducted to monitor progress of the implementation and if necessary, alteration is done to the implementation so that the planned action achieves its purpose.

Matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely manner.

Communication with external stakeholders are channelled through the Group's website, annual reports and announcements made in Bursa Securities' website.

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

3. **Internal Audit Function**

The Board recognises the importance of a sound system of risk management and internal control to safeguard the shareholders' investment, stakeholders' interest and the Group's assets. To ensure the system of internal control is functioning effectively, the internal audit function of the Group has been outsourced to a professional services firm. The external professional services firm shall provide the Audit Committee and the Board an independent professional assessment on the adequacy, efficiency and effectiveness of the Group's internal control systems.

The outsourced internal auditor reports directly to the Audit Committee and the internal audit plans are tabled to the Audit Committee for review and approval to ensure adequate coverage.

Generally, internal control review procedures performed by our outsourced internal auditor are designed to review related controls so as to determine the adequacy of risk management and control structures and to formulate recommendations for improvement thereon.

The internal audit reports which consist of internal audit findings, recommendations, as well as management responses and action plans were presented and deliberated by the Audit Committee. Updates on the follow-up status of the action plans identified in the previous internal audit report were also presented to the Audit Committee.

The professional fee incurred in maintaining the outsourced internal audit function for the financial year ended 31 March 2018 is RM20,000.

MANAGEMENT'S ASSURANCE

The DCEO and COO, representing the Management, have given reasonable assurance to the Board that the Group's risk management and internal control systems are adequate and effective, in all material aspects, based on the risk management and internal controls adopted by the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement for inclusion in this Annual Report for the financial year ended 31 March 2018 and have reported to the Board that nothing has come to their attention that causes them to believe this Statement is inconsistent with their understanding of the process the Board has adopted, in the review of the adequacy and integrity of the systems of internal control of the Group.

CONCLUSION

For the financial year under review, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system and there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual Report. However, the Board is also cognisant of the fact that the Group's system of risk management and internal control practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board, will, when necessary, put in place appropriate action plans to further enhance the Group's system of internal control and risk management framework.

The Group's system of internal control does not extend to associate companies as the Group does not have full management control over them. However, the Group's interest is represented through the Board of these associate companies.

This statement is made in accordance with the resolution passed in the Board of Directors' Meeting held on 6 July 2018.

AUDIT COMMITTEE **REPORT**

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee ("AC") currently comprises of the following Directors:

Khoo Chee Siang
Chairman *(Independent Non-Executive Director)*

Ho Kok Loon
Member *(Independent Non-Executive Director)*

Chiau Haw Choon
Member *(Non-Independent Non-Executive Director)*

1. ATTENDANCE OF MEETINGS

During the financial year ended 31 March 2018, a total of nine (9) AC meetings were held. The details of attendance of the AC members were as follows:

Name of AC Member	Attendance
Khoo Chee Siang (appointed on 24 May 2017)	9/9
Ho Kok Loon	9/9
Chiau Haw Choon (appointed on 24 May 2017)	7/9

The composition of the AC is in compliance with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Securities. The Chairman of the AC reported to the Board on matters deliberated during the AC meetings.

2. FINANCIAL LITERACY OF THE AUDIT COMMITTEE MEMBERS

Collectively, the members of the AC have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the AC. The qualification and experience of the individual AC members are disclosed in the Profile of Directors on pages 4 to 7 of this Annual Report. The AC will undertake the relevant training programmes to keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to effectively discharge their duties.

3. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The AC had during the financial year ended 31 March 2018 discharged the following duties as set out in its terms of reference:

a) Reviewed the quarterly unaudited financial results and made recommendations to the Board for approval.

b) Reviewed the draft audited financial statements with external auditors prior to the submission to the Board for approval.

c) Reviewed the audit exit memorandum, audit findings of the external auditors and their reports.

d) Reviewed the audit planning memorandum from external auditors.

e) Reviewed and recommended the re-appointment of external auditors and their fees to the Board for consideration and approval.

Audit Committee Report (cont'd)

3. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

The AC had during the financial year ended 31 March 2018 discharged the following duties as set out in its terms of reference: (Cont'd)

f) Dialogue session with external auditors without the presence of Executive Director and Management to discuss any issues of concern to the External Auditors arising from the annual statutory audit.

g) Reviewed the internal audit reports of the Group.

h) Discussed and recommended to the Board for approval, the Audit Committee Report for inclusive in the Annual Report 2017.

i) Reviewed the internal audit plan from internal auditors.

4. HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR

a) Financial Reporting

The AC reviewed the quarterly unaudited financial results and the annual financial statements of the Company and of the Group and made recommendations to the Board for approval and for announcement to Bursa Securities as follows:-

Date of Meetings	Financial Statements
27 May 2017	Unaudited Fourth Quarter Interim Financial Report for the quarter ended 31 March 2017
5 July 2017	Draft Audited financial statements for the financial year ended 31 March 2017
22 August 2017	Unaudited First Quarter Interim Financial Report for the quarter ended 30 June 2017
21 November 2017	Unaudited Second Quarter Interim Financial Report for the quarter ended 30 September 2017
26 February 2018	Unaudited Third Quarter Interim Financial Report for the quarter ended 31 December 2017

4. HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR (CONT'D)

a) Financial Reporting (cont'd)

The AC reviewed the annual audited financial statements with the External Auditors and finance team to ensure that the financial statements give a true and fair view of the financial position and performance of the Group are in compliance with the relevant accounting standards, other legal requirements and to ensure compliance with the provisions of the Companies Act 2016 and the Main Market Listing Requirement of Bursa Securities.

b) External Auditors

The AC met twice with the External Auditors on 5 July 2017 and 26 February 2018 respectively without the presence of any Executive Director or Management of the Company to review on the issues relating to financial controls and operational efficiencies of the Company and its subsidiaries arising from the audit. Significant matters requiring follow up were highlighted in the management letter by the External Auditors and enquired on the adequacy and effectiveness of remedial actions taken by Management in resolving these issues.

On 5 July 2017, the AC reviewed the External Auditors' Exit Planning Memorandum for the financial year ended 31 March 2017.

On 26 February 2018, the AC reviewed and evaluated the audit planning memorandum ("APM") prepared by Messrs UHY ("UHY") for the financial year 2018. UHY's APM covered the following:-

- audit objective;
- engagement and reporting responsibilities;
- audit approach, areas of audit emphasis and possible key audit matters;
- legal updates on Malaysian Financial Reporting Standards ("MFRS") in year 2018; and
- engagement team, proposed reporting schedule, proposed fees and fraud risk questionnaires.

The proposed audit fees for the External Auditors in respect of their audit of the financial statements of the Company and its subsidiaries were analysed and reviewed by the AC for recommendation to the Board for approval.

On 5 July 2017, the AC also evaluated the performance and independence of the External Auditors covering areas such as calibre, quality processes/performance, audit team, independence and objectivity, audit scope and planning, audit fees as well as the audit communications of the External Auditors. The AC having been satisfied with the independence and performance of Messrs Grant Thornton ("GT"), had recommended the re-appointment of GT as External Auditors to the Board for consideration. The Board has considered on the long tenure of the office of the GT as the External Auditors of the Company and proposed to change the External Auditors to ensure audit independence. Subsequently, the Company has received a notice from major shareholder who is also the director of the Company i.e. Datuk Seri Chiau Beng Teik in relation to the proposed nomination of UHY as new auditors of the Company in place of GT and the motion has been approved at the 15th AGM held on 22 August 2017.

c) Internal Audit

On 26 February 2018 and 30 May 2018, the AC reviewed and evaluated the Internal Audit Reports ("IAR") pertaining to the internal control on inventory management for the quarter ended 31 December 2017 and 31 March 2018 respectively prepared by Eco Asia Advisory Sdn Bhd ("Eco Asia Advisory"). Eco Asia Advisory's IARs covered the following:-

a) Receipt and issuance / release of inventories;
b) Inventory storage;
c) Perpetual and physical records;
d) Inventory costing system; and
e) Safeguarding of inventories.

Audit Committee Report (cont'd)

4. HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR (CONT'D)

c) Internal Audit (cont'd)

The IAR on audit findings, comments, implication, recommendations to improve any weaknesses or non-compliance and the Management action plan and comments thereto were tabled to the AC for their review and deliberations. The Management was invited to attend the meetings as and when necessary to brief the AC on matters relating to their areas of responsibility.

Some weaknesses in internal control were identified for the year under review and measures have been or are being taken to address these weaknesses. The Internal Audit monitored the implementation of Management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

5. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent consulting firm. In order to act independently from the Management, the external consultant will report directly to the AC and assists the AC in monitoring and reviewing the effectiveness of the risk management, internal control and governance process within the Group.

The AC approved the internal audit review plan presented by the external consultant. The internal audit plan is derived based on a risk-based assessment of all units and operations of the Group. The internal audit reports highlight any deficiencies or findings which are discussed with the Management and relevant action plans agreed and to be implemented. Significant findings are presented in the AC meetings for consideration and reporting to the Board. A follow-up audit review is also conducted to determine whether all audit recommendations are effectively implemented.

The AC and the Board are satisfied with the performance of the outsourced internal audit function and agreed that the internal audit review was done in accordance with the audit plan approved by the AC and the coverage is adequate.

Further details on the internal audit function are set out in the Statement on Risk Management and Internal Control on pages 37 to 39 of this Annual Report.

The Board is of the view that there is no significant breakdown or weaknesses in the systems of internal controls of the Group that may result in material losses incurred by the Group for the financial year ended 31 March 2018.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be held at Chin Hin Culture Centre of No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Monday, 27 August 2018 at 10:00 am for the following purposes :-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2018 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees and Directors' benefits of RM136,200 for the financial year ending 31 March 2019. **Resolution 1**

3. To re-elect Dato' Goh Boon Koon who retires in accordance with the Company's Constitution (Article 95(1) of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016). **Resolution 2**

4. To re-elect Datuk Seri Chiau Beng Teik who retires in accordance with the Company's Constitution (Article 95(1) of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016). **Resolution 3**

5. To re-appoint Messrs UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 4**

AS SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modifications the following resolutions:-

    6.1 ORDINARY RESOLUTION
    AUTHORITY TO ISSUE SHARES
    "That pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 5**

Notice of
Annual General Meeting (cont'd)

6.2 ORDINARY RESOLUTION
PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

"That subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries **("BKG Group")** to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of BKG Group with specified classes of Related Parties (as defined in the Main Market Listing Requirements of Bursa Securities) as specified in Section 2.4, Part A of the Circular to Shareholders dated 31 July 2018, which are necessary for the day-to-day operations of BKG Group provided that the transactions are in the ordinary course of business and are carried out at arms' length basis on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public as well as are not detrimental to the minority shareholders of the Company and such approval, shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting **("AGM")** of the Company, at which time the mandate will lapse, unless the mandate is renewed by a resolution passed at that meeting;

(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

And that the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the transactions contemplated and/or authorised by this Ordinary Resolution." **Resolution 6**

6.3 **ORDINARY RESOLUTION**
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"That subject to Sections 112, 113 and 127 of the Companies Act 2016 **("the Act")**, the provisions of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad **("Bursa Securities") ("Listing Requirements")** and all other applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised, to make purchase(s) of ordinary shares in the Company on Bursa Securities subject to the following:-

(a) The maximum number of shares which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company for the time being;
(b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company; and
(c) Upon completion of the purchase by the Company of its own shares, the Directors of the Company are authorised to deal with the shares so bought-back in their absolute discretion in any of the following manner:-

    (i) cancel the shares so purchased; or
    (ii) retain the shares so purchased as treasury shares and held by the Company; or
    (iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or,
    (iv) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or
    (v) transfer all or part of the treasury shares for purposes of an employees' share scheme, and/or as purchase consideration; or

    in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act, the Listing Requirements and other relevant guidelines issued by Bursa Securities and any other relevant authority for the time being in force;

And that the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution passed at the AGM either unconditionally or subject to conditions; or
(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Listing Requirements and other relevant guidelines issued by the Bursa Securities or any other relevant authorities.

And that the Directors of the Company be and are authorised to take all such steps to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, revaluations and/or amendments as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter in accordance with the Act, the Listing Requirements and other relevant guidelines issued by Bursa Securities and any other relevant authorities." **Resolution 7**

Notice of Annual General Meeting (cont'd)

6.4 **ORDINARY RESOLUTION**
MANDATE FOR MR HO KOK LOON TO CONTINUE TO ACT AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR
"That approval be and is hereby given to Mr Ho Kok Loon who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 8**

6.5 **SPECIAL RESOLUTION**
PROPOSED CHANGE OF COMPANY'S NAME
"That the name of the Company be changed from "Boon Koon Group Berhad" to "Chin Hin Group Property Berhad" effective from the date of the Notice of Registration of New Name to be issued by the Companies Commission of Malaysia to the Company.

And that the Constitution of the Company (Memorandum and Articles of Association of the Company as adopted before the commencement of the Companies Act 2016) shall be amended to replace all references therein to "Boon Koon Group Berhad" with "Chin Hin Group Property Berhad" subject to and upon issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia.

And that the Directors and the Secretary of the Company be and are hereby authorised to take all such necessary steps to give effect to the Proposed Change of Company's Name and to carry out all the necessary formalities in effecting the Proposed Change of Company's Name." **Resolution 9**

7. To transact any other business of which due notices shall have been given in accordance with the Companies Act 2016.

By Order of the Board,

CHEE WAI HONG (BC/C/1470)
FOO LI LING (MAICSA 7019557)
Company Secretaries

Penang

Date : 31 July 2018

Notes :

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.

2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.

3. A member shall be entitled to appoint one (1) or more proxies to attend and vote at the same meeting.

4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.

Notice of Annual General Meeting (cont'd)

7. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act 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 Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Company's Constitution (Article 62(3) of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016) and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 20 August 2018 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.

9. All resolutions as set out in this notice of Sixteenth Annual General Meeting are to be voted by poll.

Explanatory Notes on Ordinary Business

Item 1 of the Agenda
To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2018 together with the Reports of the Directors and Auditors thereon
The item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.

Resolution 2 – Payment of Directors' fees and Directors' benefits for the financial year ending 31 March 2019
Resolution 2 is to facilitate payment of Directors' fees and Directors' benefits on current financial year basis, calculated based on the number of scheduled Board and Committee meetings for financial year 2019 and assuming that all Directors will hold office until the end of the financial year. In the event the Directors' fees and Directors' benefits proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees and benefits to meet the shortfall.

Explanatory Notes on Special Business

Resolution 5 – Authority to Issue Shares
The proposed Ordinary Resolution 5, if passed, primarily to renew the mandate to give authority to the Board of Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a general meeting. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

As at the date of this Notice, the Company has not issued any new shares pursuant to the general authority granted to the Directors at the Fifteenth Annual General Meeting held on 22 August 2017 and which will lapse at the conclusion of the Sixteenth Annual General Meeting to be held on 27 August 2018. A renewal of this authority is being sought at the Sixteenth Annual General Meeting under proposed Resolution 5.

This authority if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

Resolution 6 – Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature
The proposed Resolution 6, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties which are necessary for the Group's day-to-day operations and are in the ordinary course of business which carried out on an arm's length basis based on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company. The details of the proposal are set out in the Circular to Shareholders dated 31 July 2018.

Notice of Annual General Meeting (cont'd)

Resolution 7 – Proposed Renewal of Share Buy-Back Authority
The proposed Resolution 7, if passed, will allow the Directors of the Company to exercise the power of the Company to purchase up to 10% of the total number of issued shares of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Resolution 8 – Mandate for Mr Ho Kok Loon as an Independent Non-Executive Director of the Company
The proposed Resolution 8, if passed, will enable Mr Ho Kok Loon to continue to act as Independent Non-Executive Director of the Company in line with the recommendation of the Malaysian Code of Corporate Governance. Both the Nomination Committee and Board have assessed the independence of Mr Ho Kok Loon, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

i. He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as check and balance, and bring an element of objectivity to the Board.
ii. His vast experience in the accounting and audit industry enabled him to provide the Board with a diverse set of experience, expertise and independent judgment.
iii. He devotes sufficient time and attention to his professional obligations for an informed and balanced decision making.
iv. He consistently challenged management in an effective and constructive manner and actively participated in board discussion.
v. He has a good and thorough understanding of the main drivers of the business in a detailed manner.

Resolution 9 – Proposed Change of Company's Name
The proposed Resolution 9, if passed, will allow the Company to change its name from "Boon Koon Group Berhad" to "Chin Hin Group Property Berhad", which will take effect from the date of issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia to the Company. The details of the proposal are set out in the Circular to Shareholders dated 31 July 2018.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or it agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"). (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed resolution 5 as stated in the Notice of Annual General Meeting of the Company for the details.

REPORTS AND FINANCIAL STATEMENTS

DIRECTORS' **REPORT**

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

Principal Activities

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

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

Financial Results

	Group RM	Company RM
Net profit/(loss) for the financial year	9,005,914	(2,022,621)
Attributable to:		
Owners of the Parent	8,933,117	(2,022,621)
Non-controlling interests	72,797	–
	9,005,914	(2,022,621)

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year, the Company issued:

(i) 10,000,000 new ordinary shares of RM0.44 each for a total cash consideration of RM4,400,000 to finance the new venture in property development.

(ii) 10,360,900 new ordinary shares through conversion of Warrants at an exercise price of RM0.20 for a total cash consideration of RM2,072,180; and

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

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

Directors' Report (cont'd)

Warrants 2013/2023

The Warrants were constituted under the Deed Poll dated 27 May 2013.

A total of 138,375,000 warrants were issued on the basis of one (1) rights share together with one (1) free warrant for every one (1) share held on 12 June 2013. Each warrants entitles the holder to subscribe for one (1) new share at the exercise price of RM0.20.

The salient features and other terms of the Warrants are disclosed in Note 17(a) to the financial statements.

As at 31 March 2018, the total numbers of Warrants that remained unexercised were 128,014,100.

Details of the warrants granted to Directors are disclosed in the section of Directors' Interest in Shares in the report.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Directors

The Directors in office during the financial year until the date of this report are:

Dato' Goh Boon Koon*
Ho Kok Loon
Datuk Seri Chiau Beng Teik*
Chiau Haw Choon*
Khoo Chee Siang
Datuk Yeo Chun Sing
Shelly Chiau Yee Wern
(Alternate Director to Datuk Seri Chiau Beng Teik) (Appointed on 2.7.2018)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Goh Chin Aun
Ng Chee Wei
Khor Choon Wooi
Dato' Cheah Suan Lee
Dato' Hj. Mat Yusof Bin Abdullah
Koay Chun Yeong
Alvin Tan Jit Kwong
Ong Tong Ing
Chow Siew Kheng (appointed on 8 June 2018)
Goh Peng Yeong (resigned on 8 June 2018)

* Directors of the Company and its subsidiary companies

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

Directors' Report (cont'd)

Directors' Interests in Shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

		Number of ordinary shares		
	At 1.4.2017	**Bought**	**Sold**	**At 31.3.2018**
Interests in the Company				
Direct interests:				
Dato' Goh Boon Koon	63,694,746	64,594,746	125,639,492	2,650,000
Datuk Seri Chiau Beng Teik *	55,423,800	31,500,000	12,000,000	74,923,800
Chiau Haw Choon	–	15,718,000	7,859,000	7,859,000
Ho Kok Loon	67,500	–	–	67,500
Indirect interests:				
Dato' Goh Boon Koon [1]	25,630,944	48,735,997	25,041,251	49,325,690

		Number of Warrants		
	At 1.4.2017	**Bought**	**Sold**	**At 31.3.2018**
Interests in the Company				
Direct interests:				
Dato' Goh Boon Koon	31,847,373	42,927,929	42,927,929	31,847,373
Ho Kok Loon	33,750	–	–	33,750
Datuk Seri Chiau Beng Teik *	12,223,000	–	–	12,223,000
Datuk Yeo Chun Sing #	100,000	–	–	100,000

<u>Notes</u>

1 *Deemed interest through BKNT Resources Sdn. Bhd. by virtue of his shareholdings of not less than 20% in BKNT Resources Sdn. Bhd. pursuant to section 8 of the Companies Act 2016 ("the Act") and other interest held through his children pursuant to section 59(11)(c) of the Act*

* *The opening number of shares held by Dato' Seri Chiau Beng Teik was at the date of appointment, 25 April 2017*

\# *The opening number of shares held by Datuk Yeo Chun Sing was at the date of appointment, 5 May 2017*

By virtue of their interests in the shares of the Company, Dato' Goh Boon Koon and Datuk Seri Chiau Beng Teik are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

None of the other Directors in office at the end of the financial year had any interest in shares in 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 a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors and shown in Note 30(c) 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, other than Director who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business to a firm in which a Director is a member as disclosed in Note 30(b) to the financial statements.

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

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM10,000,000 and RM14,250 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

    (i) 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 satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

(b) At the date of this report, the Directors are not aware of any circumstances:

    (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

    (iii) 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; or

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

Directors' Report (cont'd)

Other Statutory Information (Cont'd)

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

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, and

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

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 6 to the financial statements.

Auditors Remuneration

The details of auditors' remuneration are set out in Note 23 to the financial statements.

Significant Events

Significant events during the financial year are disclosed in Note 35.

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 9 July 2018.

DATUK SERI CHIAU BENG TEIK **DATUK YEO CHUN SING**

KUALA LUMPUR

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 63 to 148 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 9 July 2018.

DATUK SERI CHIAU BENG TEIK **DATUK YEO CHUN SING**

KUALA LUMPUR

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, DATUK YEO CHUN SING, being the Director primarily responsible for the financial management of Boon Koon Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 63 to 148 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.

Subscribed and solemnly declared by)
the abovenamed DATUK YEO CHUN SING at)
Kuala Lumpur in the Federal Territory on)
9 July 2018.)

DATUK YEO CHUN SING

Before me,

MOHAN A.S. MANIAM
NO. W710
Commissioner for oaths

INDEPENDENT AUDITORS' **REPORT TO THE MEMBERS**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Boon Koon Group Berhad, which comprise the statements of financial position as at 31 March 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 148.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

Key audit matters	How our audit addressed the key audit matter
1. <u>Revenue and cost recognition for property development activity</u> The Group starts its property development activity during the financial year. The revenue from property development activities is recognised over the period of the property development activities by reference to the progress towards complete satisfaction of the performance obligation. The Group uses progressive recognition method in accounting for the progress towards complete satisfaction of the performance obligation.	As part of our audit, we performed the followings: • Evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15 *Revenue from Contracts with Customers;* • Obtained an understanding of the internal controls pertaining to management budgeting process for the ongoing property development project; • Read the sales and purchase agreements entered into with the customers to obtain an understanding of the specific terms and conditions;

Independent Auditors' Report to the Members (cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matter
<u>1. Revenue and cost recognition for property development activity (Cont'd)</u> We focused on this area because of the inherent complexity involved in the application of MFRS 15 *Revenue from Contracts with Customers* and the significant management judgement involved in developing and monitoring total budgeted property development costs, and estimating future costs which are impacted by changes in prices, exchange rates and inflation, among others. For the financial year ended 31 March 2018, the revenue and cost of the property development activity contributed to 15% and 12% of the Group's revenue and total expenses. Key management judgements include: (a) Estimating the budgeted costs to complete the project; (b) The future profitability of the project; and (c) The percentage of completion at the end of the reporting period.	As part of our audit, we performed the followings: (Cont'd) • Evaluated management's assumptions applied in estimating the total property development costs including the provisions and allocations of common infrastructure costs for the property development project by comparing the estimated property development costs to the contracts awarded to the contractors; • Assessed the completeness of the property development cost recorded by examining the supporting documents such as latest progress claims from the contractors and suppliers' invoices; • Evaluated variances between actual costs received and budgeted property development costs to assess whether the total estimated costs to completion has been properly updated; • Assessed the mathematical accuracy of the revenue and profit based on progressive recognition computation; and • Assessed the adequacy of the disclosures in accordance with MFRS 15 *Revenue from Contracts with Customers.* Based on our work done, no major exceptions noted.
<u>2. Net valuation of inventories</u> As at 31 March 2018, the Group held inventories of RM32,368,283 (2017: RM42,163,062). As described in the Accounting Policies in Note 3 to the financial statements, inventories are carried at the lower of cost and net realisable value. We focused on this area due to Group holds significant amount of inventories which exposed the Group to a risk that the inventories may become slow moving or obsolete and eventually non-saleable or selling below their carrying value.	Our audit procedures included, amongst others: • Reviewed the valuation method of inventories in accordance with MFRS 102 *Inventories;* • Obtained an understanding of how the Group derive its general impairment policy and makes the accounting estimates for inventory write-downs; • Reviewed the consistency of the application of the Group's policy in write-down of inventory; • Tested the reliability of the ageing report of inventories provided by management; • Made inquiries of management regarding the action plans to clear slow moving aged and obsolete inventories;

Independent Auditors'
Report to the Members (cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matter
2. Net valuation of inventories (Cont'd)	Our audit procedures included, amongst others: (Cont'd) • Tested the net realisable value of inventories on a sampling basis; and • Evaluated the reasonableness and adequacy of the allowance for inventories recognised in the financial statements; Based on our work done, no major exceptions noted.
3. Assessment of the carrying value of trade receivables Refer to significant accounting policies Note 3(o)(ii), significant accounting judgements, estimates and assumptions Note 2(d) and Note 11 Trade Receivables. We focused on this area due to the Group has significant trade receivables as at 31 March 2018 and it is subject to credit risk exposure.	Our audit procedures included, amongst others: • Understood and tested the relevant controls over identification of objective evidence of impairment of trade receivables and the calculation of the impairment loss; • Where objective evidence of impairment had been identified by the Group and impairment loss was individually calculated, we examined both the quantum and timing of future cash flows used by the Group in the impairment loss calculation and considered whether the estimates made were reasonable given the trade receivables' circumstances; • Evaluated and challenged management's assessment of the recoverability of the Group's aged trade receivables which are past due but not impaired as at the reporting date; • Enquired with management on the reasons for the delay in payments on certain aged trade receivables and the appropriateness of any allowance for impairment loss to be made, by considering amongst others, factors such as subsequent cash receipts, past payment practices and the ongoing business relationship with the receivables involved; and • Assessed the adequacy and reasonableness of the disclosures in the financial statements. Based on our work done, no major exceptions noted.

Independent Auditors' Report to the Members (cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Auditors' Report to the Members (cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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 of the Company's internal control.

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 6 to the financial statements .

Independent Auditors' Report to the Members (cont'd)

Other Matters

The financial statements of the Group and of the Company as at and for the financial year ended 31 March 2017 were audited by another auditor who expresses an unqualified opinion on those statements on 5 July 2017.

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 content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

NG WEE TEIK
Approved Number: 1817/12/2018 (J)
Chartered Accountant

KUALA LUMPUR

9 July 2018

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Non-Current Assets					
Property, plant and equipment	4	43,684,490	47,064,187	39,943	54,117
Investment properties	5	28,800,000	28,800,000	28,800,000	28,800,000
Investments in subsidiary companies	6	–	–	43,182,804	43,232,810
Investments in associate companies	7	–	7,733,489	–	–
Land held for development	8(a)	884,475	884,475	–	–
Deferred tax assets	9	4,558,430	3,626,901	–	–
		77,927,395	88,109,052	72,022,747	72,086,927
Current Assets					
Inventories	10	32,368,283	42,163,062	–	–
Property development cost	8(b)	19,406,359	1,392,164	–	–
Trade receivables	11	44,703,411	20,556,521	–	–
Other receivables	12	11,713,247	9,868,582	28,131	138,278
Amounts due from subsidiary companies	13	–	–	23,961,904	2,849,166
Tax recoverable		207,238	81,289	300	–
Fixed deposits with licensed banks	14	106,615	133,967	–	–
Cash and bank balances	15	8,573,112	6,135,124	4,662,456	214,030
		117,078,265	80,330,709	28,652,791	3,201,474
Total Assets		195,005,660	168,439,761	100,675,538	75,288,401
Equity					
Share capital	16	62,448,653	55,350,000	62,448,653	55,350,000
Other reserves	17	21,069,792	21,613,731	7,740,387	8,366,860
Retained earnings		30,011,761	20,926,867	1,377,819	3,400,440
Equity attributable to owners of the parent		113,530,206	97,890,598	71,566,859	67,117,300
Non-controlling interests		407,574	652,185	–	–
Total equity		113,937,780	98,542,783	71,566,859	67,117,300
Non-Current Liabilities					
Bank borrowings	18	1,336,643	1,720,602	–	–
Deferred tax liabilities	9	5,141,972	5,220,908	1,087,574	1,087,574
		6,478,615	6,941,510	1,087,574	1,087,574
Current Liabilities					
Trade payables	19	36,176,566	14,718,593	–	–
Other payables	20	14,908,275	18,925,515	102,993	301,148
Amount due to subsidiary companies	13	–	–	27,918,112	6,782,379
Bank borrowings	18	22,375,080	29,303,290	–	–
Tax payable		1,129,344	8,070	–	–
		74,589,265	62,955,468	28,021,105	7,083,527
Total Liabilities		81,067,880	69,896,978	29,108,679	8,171,101
Total Equity and Liabilities		195,005,660	168,439,761	100,675,538	75,288,401

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Revenue	21	124,646,153	94,410,085	931,966	2,108,689
Cost of sales		(122,088,189)	(90,161,747)	–	–
Gross profit		2,557,964	4,248,338	931,966	2,108,689
Other income		17,993,748	3,793,191	350,115	2,810,909
Administrative expenses		(7,662,797)	(10,385,494)	(3,304,608)	(2,596,386)
Selling and distribution expenses		(1,679,749)	(2,339,406)	–	–
Profit/(Loss) from operations		11,209,166	(4,683,371)	(2,022,527)	2,323,212
Finance costs	22	(1,235,369)	(1,628,350)	–	–
Share of results of associates		(783,478)	1,676,633	–	–
Profit/(Loss) before taxation	23	9,190,319	(4,635,088)	(2,022,527)	2,323,212
Taxation	24	(184,405)	614,415	(94)	(140,000)
Profit/(Loss) for the financial year		9,005,914	(4,020,673)	(2,022,621)	2,183,212
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Realisation of revaluation surplus upon					
- depreciation		142,133	142,367	–	–
- property, plant and equipment written off		9,644	–	–	–
Transfer of revaluation reserve to retained profits		(151,777)	(142,367)	–	–
		–	–	–	–

Statement of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 31 March 2018 (cont'd)

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Items that are or may be reclassified subsequently to profit or loss:					
Exchange translation differrences for foreign operations		234,311	(25,830)	–	–
		234,311	(25,830)	–	–
Other comprehensive loss for the financial year		234,311	(25,830)	–	–
Total comprehensive income/(loss) for the financial year		9,240,225	(4,046,503)	(2,022,621)	2,183,212
Profit/(loss) for the financial year attributable to:					
Owner of the parent		8,933,117	(4,018,492)	(2,022,621)	2,183,212
Non-controlling interest		72,797	(2,181)	–	–
		9,005,914	(4,020,673)	(2,022,621)	2,183,212
Total comprehensive income/(loss) for the financial year attributable to:					
Owner of the parent		9,167,428	(4,044,322)	(2,022,621)	2,183,212
Non-controlling interest		72,797	(2,181)	–	–
		9,240,225	(4,046,503)	(2,022,621)	2,183,212
Earnings/(Loss) per share (sen):					
Basic	25	3.17	(1.45)		
Diluted	25	2.51	(1.36)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		Attributable to Owners of the Parent								
		Non-Distributable					Distributable			
Group	Note	Share Capital RM	Warrant Reserve RM	Foreign Currency Translation Reserve RM	Capital Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total RM
At 1 April 2017		55,350,000	8,366,860	(56,679)	(27,934)	13,331,484	20,926,867	97,890,598	652,185	98,542,783
Profit for the financial year		–	–	–	–	–	8,933,117	8,933,117	72,797	9,005,914
Foreign exchange translation reserve		–	–	234,311	–	–	–	234,311	–	234,311
Realisation of revaluation surplus		–	–	–	–	(151,777)	151,777	–	–	–
Total comprehensive income for the financial year		–	–	234,311	–	(151,777)	9,084,894	9,167,428	72,797	9,240,225
Transactions with owners:										
Exercise of warrants	16	2,698,653	(626,473)	–	–	–	–	2,072,180	–	2,072,180
Issuance of ordinary shares	16	4,400,000	–	–	–	–	–	4,400,000	–	4,400,000
Disposal / written off of subsidiary company		–	–	–	–	–	–	–	(317,408)	(317,408)
Total Transaction with owners		7,098,653	(626,473)	–	–	–	–	6,472,180	(317,408)	6,154,772
At 31 March 2018		62,448,653	7,740,387	177,632	(27,934)	13,179,707	30,011,761	113,530,206	407,574	113,937,780
At 1 April 2016		55,350,000	8,366,860	(30,849)	(27,934)	13,473,851	24,802,992	101,934,920	432,722	102,367,642
Loss for the financial year		–	–	–	–	–	(4,018,492)	(4,018,492)	(2,181)	(4,020,673)
Foreign exchange translation reserve		–	–	(25,830)	–	–	–	(25,830)	–	(25,830)
Realisation of revaluation surplus		–	–	–	–	(142,367)	142,367	–	–	–
Total comprehensive loss for the financial year		–	–	(25,830)	–	(142,367)	(3,876,125)	(4,044,322)	(2,181)	(4,046,503)
Transactions with owners:										
Acquisition of subsidiary company		–	–	–	–	–	–	–	221,644	221,644
At 31 March 2017		55,350,000	8,366,860	(56,679)	(27,934)	13,331,484	20,926,867	97,890,598	652,185	98,542,783

Statement of Changes in Equity
for the Financial Year Ended 31 March 2018 (cont'd)

	← Non-Distributable →		Distributable	
Company	**Share Capital RM**	**Warrant Reserve RM**	**Retained Earnings RM**	**Total RM**
At 1 April 2017	55,350,000	8,366,860	3,400,440	67,117,300
Loss for the financial year, representing total comprehensive loss for the financial year	–	–	(2,022,621)	(2,022,621)
Transactions with owners:				
Exercise of warrants	2,698,653	(626,473)	–	2,072,180
Issuance of ordinary shares	4,400,000	–	–	4,400,000
Total transactions with owners	7,098,653	(626,473)	–	6,472,180
At 31 March 2018	62,448,653	7,740,387	1,377,819	71,566,859
At 1 April 2016	55,350,000	8,366,860	1,217,228	64,934,088
Profit for the financial year, representing total comprehensive income for the financial year	–	–	2,183,212	2,183,212
At 31 March 2017	55,350,000	8,366,860	3,400,440	67,117,300

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash Flows From Operating Activities				
Profit/(Loss) before taxation	9,190,319	(4,635,088)	(2,022,527)	2,323,212
Adjustments for:				
Bad debt written off	–	–	526,608	–
Depreciation of property, plant and equipment	3,129,750	3,853,840	18,940	19,491
Gain on disposal of:				
- property, plant and equipment	(577,292)	(685,377)	–	–
- investment in associate	(15,049,990)	–	–	–
- investment in a subsidiary company	(6,029)	–	–	–
Fair value adjustment on investment properties	–	(2,800,000)	–	(2,800,000)
Impairment loss on:				
- property, plant and equipment	–	207,252	–	–
- receivables	307,873	1,411,653	–	–
- investment in subsidiary companies	–	–	50,006	–
- amount due from subsidiary companies	–	–	51,038	–
Interest expense	1,235,369	1,628,350	–	–
Interest income	(261,789)	(68,908)	(224,966)	(3,689)
Inventories written down	11,370,677	3,776,166	–	–
Loss on liquidation of a subsidiary company	186,590	–	–	–
Property, plant and equipment written off	180,832	60,843	–	–
Reversal of impairment loss on:				
- amount due from subsidiary company	–	–	(348,691)	–
- receivables	(128,861)	(13,224)	–	–
Share of results of associates	783,478	(1,676,633)	–	–
Unrealised (gain)/loss on foreign exchange	(701,086)	296,137	2,110	(1,933)
Operating profit/(loss) before working capital changes	9,659,841	1,355,011	(1,947,482)	(462,919)

Statement of Cash Flows
for the Financial Year Ended 31 March 2018 (cont'd)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Changes in working capital:				
Property development costs	(18,014,195)	(126,245)	–	–
Inventories	(1,575,898)	(6,874,665)	–	–
Receivables	(26,861,166)	8,998,985	110,234	(61,041)
Payables	19,318,762	9,393,059	(198,155)	(31,385)
Subsidiary companies	–	–	(205,960)	285,926
	(27,132,497)	11,391,134	(293,881)	193,500
Cash (used in)/generated from operations	(17,472,656)	12,746,145	(2,241,363)	(269,419)
Interest received	224,966	3,692	224,966	3,689
Interest paid	(1,235,369)	(1,628,350)	–	–
Tax refund	15,187	40,994	–	–
Tax paid	(117,402)	(194,731)	(394)	–
	(1,112,618)	(1,778,395)	224,572	3,689
Net cash (used in)/from operating activities	(18,585,274)	10,967,750	(2,016,791)	(265,730)
Cash Flows From Investing Activities				
Purchases of property, plant and equipment	(698,223)	(1,977,508)	(4,766)	(9,528)
Placement of fixed deposit	–	(33,967)	–	–
Proceeds from disposals of property, plant and equipment	1,344,630	1,320,216	–	–
Proceeds from disposals of investment in associates	22,000,000	–	–	–
Net cash outflow from disposal of a subsidiary company	(696,682)	–	–	–
Interest received	36,823	65,216	–	–
Acquisition of subsidiary companies, net of cash acquired	–	(26,270)	–	–
Withdrawal of short-term deposits pledged	27,353	–	–	–
Net cash from/(used in) investing activities	22,013,901	(652,313)	(4,766)	(9,528)

Statement of Cash Flows for the Financial Year Ended 31 March 2018 (cont'd)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash Flows From Financing Activities				
Repayment of finance lease payables	(422,349)	(820,789)	–	–
Repayment of banker acceptances	(6,867,000)	(10,319,000)	–	–
Repayment of term loans	(22,820)	(19,820)	–	–
Proceeds from issuance of shares	4,400,000	–	4,400,000	–
Proceeds from exercise of Warrants	2,072,180	–	2,072,180	–
Proceeds from shares issued to non-controlling interest	–	71,644	–	–
Net cash (used in)/from financing activities	(839,989)	(11,087,965)	6,472,180	–
Net changes in cash and cash equivalents	2,588,638	(772,528)	4,450,623	(275,258)
Cash and cash equivalents at the beginning of the financial year	6,135,124	6,881,610	214,030	487,355
Effect of exchange translation difference on cash and cash equivalents	(150,650)	26,042	(2,197)	1,933
Cash and cash equivalents at the end of the financial year	8,573,112	6,135,124	4,662,456	214,030
Cash and cash equivalents at end of the financial year comprises:				
Fixed deposits with licensed banks	106,615	133,967	–	–
Cash and bank balances	8,573,112	6,135,124	4,662,456	214,030
	8,679,727	6,269,091	4,662,456	214,030
Less: Fixed deposits pledged with licensed banks	(106,615)	(133,967)	–	–
	8,573,112	6,135,124	4,662,456	214,030

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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2018

1. Corporate Information

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

The principal place of business of the Company is located at 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang.

The registered office of the Company is located at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. Basis of Preparation

(a) Statement of Compliance

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

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014 – 2016 Cycle	Amendments to MFRS 12

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities in Note 29. Other than that, the adoption of above amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

MFRS 15 *Revenue from Contracts with Customers*

In the current financial year, the Group early adopted MFRS 15 *Revenue from Contracts with Customers* ("MFRS 15") and amendments to MFRS 15 *Clarification of MFRS 15* which are effective for the financial period beginning on or after 1 January 2018. The early adoption was made in conjunction with the commencement of new business venture in property development.

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 supersedes the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related interpretations.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts 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.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling price of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The early adoption of MFRS 15 did not have any significant impact on the opening retained earnings of the Group.

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*	1 January 2018*
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Annual Improvements to MFRSs 2014 – 2016 Cycle:		
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019

Notes to the Financial Statements (cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
Amendments to Reference to the Conceptual Framework in MFRS Standards		
• Amendments to MFRS 2 *Share-Based Payment*		1 January 2020
• Amendments to MFRS 3 *Business Combinations*		1 January 2020
• Amendments to MFRS 6 *Exploration for and Evaluation of Mineral Resources*		1 January 2020
• Amendments to MFRS 14 *Regulatory Deferred Accounts*		1 January 2020
• Amendments to MFRS 101 *Presentation of Financial Statements*		1 January 2020
• Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*		1 January 2020
• Amendments to MFRS 134 *Interim Financial Reporting*		1 January 2020
• Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*		1 January 2020
• Amendments to MFRS 138 *Intangible Assets*		1 January 2020
• Amendments to IC Interpretation 12 *Service Concession Arrangements*		1 January 2020
• Amendments to IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*		1 January 2020
• Amendments to IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*		1 January 2020
• Amendments to IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*		1 January 2020
• Amendments to IC Interpretation 132 *Intangible Assets – Web Site Costs*		1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:

* *Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned below:

(i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement.*

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

During financial year, the Group and the Company have performed an impact assessment of all three aspects of MFRS 9. This assessment is based on the currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company for the financial year 2019 when the Group and the Company adopt MFRS 9.

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

(a) Classification and measurement of financial assets

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

MFRS 9 contains three (3) principal classification categories for financial assets:

- Amortised Cost ("AC");
- Fair Value through Other Comprehensive Income ("FVOCI"); and
- Fair Value through Profit or Loss ("FVTPL").

The standard eliminates the existing MFRS 139 categories of Held-to-Maturity ("HTM"), Loans and Receivables ("L&R") and Available-for-Sale ("AFS").

Notes to the Financial Statements (cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

(i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)

(a) Classification and measurement of financial assets (Cont'd)

Based on its assessment, the financial assets held by the Group and the Company as at 31 March 2018 will be reclassified to the following classifications:

	2018 RM	Existing classification under MFRS 139	New classification under MFRS 9
Group			
Financial assets			
Trade receivables	44,703,411	L&R	AC
Other receivables	10,752,724	L&R	AC
Fixed deposits with licensed banks	106,615	L&R	AC
Cash and bank balances	8,573,112	L&R	AC
Company			
Financial assets			
Other receivables	6,704	L&R	AC
Amounts due from subsidiary companies	23,961,904	L&R	AC
Cash and bank balances	4,662,456	L&R	AC

(b) Impairment of financial assets

MFRS 9 replaces the "incurred loss" model in MFRS 139 with a forward-looking "expected credit loss" ("ECL") model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability- weighted basis.

The new impairment model will apply to financial assets measured at AC or FVOCI, except for investment securities.

Under MFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

(i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)

(b) Impairment of financial assets (Cont'd)

The Group and the Company will apply the lifetime expected credit losses on all trade and other receivables. The Group and the Company have determined that there will be no significant impact on the Group's and the Company's financial statements.

(c) Classification of financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

The Group and the Company are currently finalising the quantitative effects of applying the standard on the financial statements of the Group and of the Company.

(ii) <u>MFRS 16 Leases</u>

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management

Notes to the Financial Statements (cont'd)

2. Basis of Preparation (Cont'd)

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis other than as disclosed in Note 3 to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is rounded to nearest RM, unless otherwise stated.

(d) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

<u>Useful lives of property, plant and equipment</u>

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4 to the financial statements.

<u>Fair value of investment properties</u>

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 March 2018 for investment properties. For investment properties, a valuation methodology based on sales comparison approach was used. Fair value was determined by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location, condition and property size.

The key assumptions used to determine the fair value of the investment properties are provided in Note 5 to the financial statements.

<u>Impairment of investment in subsidiary companies</u>

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 6 to the financial statements.

2. Basis of Preparation (Cont'd)

(d) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 9 to the financial statements.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 10 to the financial statements.

Property development revenue and expenses

Revenue is recognised over the period of the property development activity by reference to the progress towards complete satisfaction of the performance obligation.

The Group recognises property development revenue by reference to progress towards complete satisfaction of the performance obligation at reporting date. This is measured based on efforts or budgeted inputs to the satisfaction of the performance obligation.

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amount of the Group's property development costs at the reporting date is disclosed in Note 8 to the financial statements.

Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for financial assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 11, 12 and 13 to the financial statements respectively.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

Notes to the Financial Statements (cont'd)

2. Basis of Preparation (Cont'd)

(d) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Income taxes (cont'd)

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 March 2018, the Group has tax recoverable and payable of RM207,238 (2017: RM81,289) and RM1,129,344 (2017: RM8,070) and the Company has tax recoverable of RM300 (2017: Nil) respectively.

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistent throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end to the reporting period in which the combinations occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(o) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Notes to the Financial Statements (cont'd)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(o) to the financial statements on impairment of non-financial assets.

(b) Investments in associate companies

An associate company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate company, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associated company's profit or loss for the period in which the investment is acquired.

An associate company is equity accounted for from the date on which the investee becomes an associate company. Under the equity method, on initial recognition the investment in an associate company is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate company after the date of acquisition. When the Group's share of losses in an associate company equals or exceeds its interest in the associate company, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate company.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate company are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate company. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associated companies are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associated company. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount.

Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

3. Significant Accounting Policies (Cont'd)

(b) Investments in associated companies (Cont'd)

Upon loss of significant influence over the associate company, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate company upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associate company are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(o) to the financial statements on impairment of non-financial assets.

(c) Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the MFRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint operation.

(d) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

Notes to the Financial Statements (cont'd)

3. Significant Accounting Policies (Cont'd)

(d) Foreign currency translation (Cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM are translated at the rate of exchange prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operations reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o) to the financial statements.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every two to five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

3. Significant Accounting Policies (Cont'd)

(e) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on a straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Leasehold land	Over the remaining lease
Buildings	50 years
Machinery and factory equipment	5 - 10 years
Office equipment, furniture and fittings	3 - 12½ years
Motor vehicles	5 - 6¼ years

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in property, plant and equipment.

Notes to the Financial Statements (cont'd)

3. Significant Accounting Policies (Cont'd)

(f) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

As lessee

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. Significant Accounting Policies (Cont'd)

(g) Land held for property development

The cost of land held for property development is stated at the lower of cost and net realizable value. The cost of land held for property development consist of the purchase price of the land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development costs incurred in preparing the land for development.

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3 (o).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(h) Property development costs

Cost is determined based on a specific identification basic. Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, that meet the defination of inventories are recognised as an asset.

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Where the financial outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised in profit or loss using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that are likely to be recoverable. Property development costs are recognised as expenses in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not is measured at the lower of cost and net realisable value, and subsequently recognised as an expenses where or as the control of the asset is transferred to the customer.

3. Significant Accounting Policies (Cont'd)

(i) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

3. Significant Accounting Policies (Cont'd)

(j) Financial assets

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depending on the purpose for which the financial assets were acquired at initial recognition, into loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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 on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

(k) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

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

3. Significant Accounting Policies (Cont'd)

(k) Financial liabilities (cont'd)

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

(i) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables, and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific 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, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, 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 recognised less cumulative amortisation.

A financial liability or 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 of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(l) Offsetting of financial instruments

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

(m) Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on first-in-first-out basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a first-in-first-out.

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

3. Significant Accounting Policies (Cont'd)

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with banks and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of pledged deposits.

(o) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives, the recoverable amount is estimated each period at the same time.

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 other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. 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 cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3. Significant Accounting Policies (Cont'd)

(o) Impairment of assets (Cont'd)

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies and associates are assessed at each reporting date 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 asset.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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

(p) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Warrant

Warrants are classified as equity instrutments. The issuance of ordinary shares upon exercise of warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Upon exercise of the warrants, the proceeds are credited to share capital and the related warrant reserves are reversed. The warrant reserves in relation to unexercised warrants at the expiry of the warrants will be reversed into retained profit.

3. Significant Accounting Policies (Cont'd)

(q) Provisions

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

Provisions are reviewed at each end of the reporting period 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(r) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension scheme. Such contributions are recognised as an expense in the profit and loss as incurred. Once the contribution has been paid, the Group has no further payment obligation.

(s) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is 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.

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

Notes to the Financial Statements (cont'd)

3. Significant Accounting Policies (Cont'd)

(s) Income taxes (Cont'd)

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

(u) Revenue

(i) Sale of goods

Revenue from contract with customers is recognised when or as a performance obligation in the contract with customer is satisfied, (i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue from the sale of goods is recognised upon delivery of goods where control of the goods has been transferred to the customer. Revenue is recognised based on the price specified in the contract, net of rebates and discounts.

(ii) Rental and fleet management service income

Rental and fleet management service income are recognised on a straight-line basis over lease term.

3. **Significant Accounting Policies (Cont'd)**

(u) Revenue (Cont'd)

(iii) Property development

Revenue from property development is recognised when or as the control of the assets is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- Creates and enhances an asset that the customer controls as the Group performs or
- Does not create and asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract).

(iv) Management fee

Management fee is recognised on accrual basis when services are rendered.

(v) Interest income

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

(v) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

(i) 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 asset or as part of the expense item as applicable; and

(ii) receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivables from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(x) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

4. **Property, Plant and Equipment**

	At valuation/cost							
	Freehold land RM	Leasehold land RM	Buildings RM	Machinery and factory equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital expenditure in progress RM	Total RM
Group								
2018								
Valuation								
At 1 April 2017	18,900,000	1,677,000	19,133,000	–	–	–	–	39,710,000
Written off	–	–	(103,610)	–	–	–	–	(103,610)
At 31 March 2018	18,900,000	1,677,000	19,029,390	–	–	–	–	39,606,390
Cost								
At 1 April 2017	–	1,347,030	–	26,725,908	4,049,458	10,269,544	231,820	42,623,760
Additions	–	–	–	285,168	225,530	8,000	179,525	698,223
Disposals	–	–	–	(5,176,689)	–	(466,870)	–	(5,643,559)
Written off	–	–	–	–	(9,823)	(188,185)	–	(198,008)
At 31 March 2018	–	1,347,030	–	21,834,387	4,265,165	9,622,489	411,345	37,480,416
Accumulated depreciation								
At 1 April 2017	–	43,492	1,026,426	20,898,740	3,866,689	9,117,791	–	34,953,138
Charge for the financial year	–	41,345	510,879	2,124,231	173,021	280,274	–	3,129,750
Disposals	–	–	–	(4,196,646)	–	(433,990)	–	(4,630,636)
Written off	–	–	(6,068)	–	(2,928)	(111,790)	–	(120,786)
At 31 March 2018	–	84,837	1,531,237	18,826,325	4,036,782	8,852,285	–	33,331,466
Accumulated impairment loss								
At 1 April 2017	–	–	–	316,435	–	–	–	316,435
Disposals	–	–	–	(245,585)	–	–	–	(245,585)
At 31 March 2018	–	–	–	70,850	–	–	–	70,850
Carrying amount								
At 31 March 2018	18,900,000	2,939,193	17,498,153	2,937,212	228,383	770,204	411,345	43,684,490

4. Property, Plant and Equipment (Cont'd)

Group 2017	Freehold land RM	Leasehold land RM	Buildings RM	Machinery and factory equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital expenditure in progress RM	Total RM
	At valuation/cost							
Valuation								
At 1 April 2016/ 31 March 2017	18,900,000	1,677,000	19,133,000	–	–	–	–	39,710,000
Cost								
At 1 April 2016	–	–	–	28,768,597	3,877,446	10,981,309	–	43,627,352
Additions	–	1,347,030	–	64,270	175,658	586,100	231,820	2,404,878
Disposals	–	–	–	(1,882,105)	(3,646)	(1,297,865)	–	(3,183,616)
Written off	–	–	–	(224,854)	–	–	–	(224,854)
At 31 March 2017	–	1,347,030	–	26,725,908	4,049,458	10,269,544	231,820	42,623,760
Accumulated depreciation								
At 1 April 2016	–	19,964	513,213	19,564,976	3,576,670	10,137,263	–	33,812,086
Charge for the financial year	–	23,528	513,213	2,747,741	290,965	278,393	–	3,853,840
Disposals	–	–	–	(1,249,966)	(946)	(1,297,865)	–	(2,548,777)
Written off	–	–	–	(164,011)	–	–	–	(164,011)
At 31 March 2017	–	43,492	1,026,426	20,898,740	3,866,689	9,117,791	–	34,953,138
Accumulated impairment loss								
At 1 April 2016	–	–	–	109,183	–	–	–	109,183
Charge for the financial year	–	–	–	207,252	–	–	–	207,252
At 31 March 2017	–	–	–	316,435	–	–	–	316,435
Carrying amount								
At 31 March 2017	18,900,000	2,980,538	18,106,574	5,510,733	182,769	1,151,753	231,820	47,064,187

Notes to the Financial Statements (cont'd)

4. Property, Plant and Equipment (Cont'd)

	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Company			
2018			
Costs			
At 1 April 2017	277,155	92,637	369,792
Additions	4,766	–	4,766
At 31 March 2018	281,921	92,637	374,558
Accumulated depreciation			
At 1 April 2017	223,038	92,637	315,675
Charge for the financial year	18,940	–	18,940
At 31 March 2018	241,978	92,637	334,615
Carrying amount			
At 31 March 2018	39,943	–	39,943
2017			
Costs			
At 1 April 2016	267,627	92,637	360,264
Additions	9,528	–	9,528
At 31 March 2017	277,155	92,637	369,792
Accumulated depreciation			
At 1 April 2016	203,547	92,637	296,184
Charge for the financial year	19,491	–	19,491
At 31 March 2017	223,038	92,637	315,675
Carrying amount			
At 31 March 2017	54,117	–	54,117

(a) Purchase of property, plant and equipment

The aggregate cost for the property, plant and equipment of the Group and the Company during the financial year acquired under finance lease arrangement and cash payment are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Aggregate costs	698,223	2,404,878	4,766	9,528
Less: Finance lease financing	–	(427,370)	–	–
Cash payments	698,223	1,977,508	4,766	9,528

4. Property, Plant and Equipment (Cont'd)

(b) Assets held under finance leases

The carrying amount of property, plant and equipment of the Group acquired under finance lease are as follows:

	Group	
	2018 **RM**	**2017** **RM**
Machinery and factory equipment	349,252	773,871
Motor vehicles	565,400	806,057
	914,652	1,579,928

Leased assets are pledged as security for the related finance lease liabilities.

(c) Assets pledged as securities to financial institutions

The carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 18 to the financial statements are:

	Group	
	2018 **RM**	**2017** **RM**
Freehold land	18,900,000	18,900,000
Leasehold land	1,617,108	1,637,072
Buildings	17,498,153	18,106,574
	38,015,261	38,643,646

(d) The title deed to the leasehold land stated at valuation has not been issued as the master title is still in the custody of the Lands and Surveys Department of Sabah, for subdivision.

(e) Impairment loss

In the previous financial year, the Group carried out an impairment review on certain forklifts which have not been able to generate economic benefits in excess of the depreciation charge recognised. As a result, an impairment loss of RM207,252 representing the write-down of the forklifts to its recoverable amount was recognised in the profit or loss.

(f) Valuation of freehold land, leasehold land and buildings

Freehold land, leasehold land and building of the subsidiary companies were revalued on 4 August 2014 and 19 September 2014 respectively, by independent professional valuers. The fair value of land was determined based on market comparable approach that reflects recent transaction price for similar properties. The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obcolescence.

Notes to the Financial Statements (cont'd)

4. Property, Plant and Equipment (Cont'd)

(f) Valuation of freehold land, leasehold land and buildings (cont'd)

Details of the Group's freehold land, leasehold land and buildings and information about the fair value hierarchy as follows:

	Level 1 RM	Level 2 RM	Level 3 RM
Group			
Freehold land	–	18,900,000	–
Leasehold land	–	1,617,108	–
Buildings	–	17,498,153	–
	–	38,015,261	–

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

Had the freehold, leasehold land and buildings been carried at historical cost less accumulated depreciation, their carrying amounts would be as follows:

	Freehold land RM	Leasehold land RM	Buildings RM
Group			
2018			
Cost	10,609,431	851,519	16,624,888
Accumulated depreciation	–	(95,912)	(5,187,132)
	10,609,431	755,607	11,437,756
2017			
Cost	10,609,431	851,519	16,715,020
Accumulated depreciation	–	(86,555)	(4,908,046)
	10,609,431	764,964	11,806,974

5. Investment Properties

	Freehold land RM	Buildings RM	Total RM
Group and Company			
At 1 April 2017/ At 31 March 2018	27,700,000	1,100,000	28,800,000
At 1 April 2016	24,900,000	1,100,000	26,000,000
Change in fair value recognised in profit or loss	2,800,000	–	2,800,000
At 31 March 2017	27,700,000	1,100,000	28,800,000

5. Investment Properties (Cont'd)

(a) Fair value basis of investment properties

The investment properties are valued annually at fair value based on market values determined by independent qualified valuers amounting to RM28,800,000 (2017: RM28,800,000). The independent professional qualified valuers hold recognised relevant professional qualifications and have recent experience in the locations and segment of the investment properties valued. The fair value measurement of the investment properties are based on the highest and best use. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and property size. The most significant input into this valuation approach is price per square foot of comparable properties.

There were no transfer between levels during current and previous financial year.

The increase in the fair values of RMNil (2017: RM2,800,000) has been recognised in the profit or loss during the financial year.

(b) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	2018 RM	2017 RM
Group		
Direct operating expenses:		
- income generating investment properties	(14,279)	(12,999)
Company		
Rental income	10,000	60,000
Direct operating expenses:		
- income generating investment properties	(14,279)	(12,999)

6. Investments in Subsidiary Companies

	Company	
	2018 RM	2017 RM
In Malaysia		
At cost		
Unquoted shares	70,154,327	70,154,327
Less: Impairment loss	(26,971,523)	(26,921,517)
	43,182,804	43,232,810

During the financial year, the Company carried out a review of the recoverable amounts due to declining business operation of certain subsidiary companies. The recoverable amounts are estimated based on fair value less cost of disposal of approximately Nil (2017: Nil). An impairment loss amounting to RM50,006 (2017: Nil) was recognised in administrative expenses in the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements (cont'd)

6. Investments in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows:

Name of company	Country of Incorporation	Effective 2018 %	interest 2017 %	Principal activities
Direct holding:				
Boon Koon Vehicles Industries Sdn. Bhd. ("BKVI")	Malaysia	100	100	Manufacturing and assembling of rebuilt commercial vehicles and the provision of related services
Boon Koon Motors Sdn. Bhd. ("BKM")	Malaysia	100	100	Sale of commercial vehicles and the provision of related services
Boon Koon Vehicles Pte. Ltd. ("BKVPL")*	Singapore	100	100	Sale of commercial vehicles. motor vehicles accessories and the provision of related services
BKCV Sdn. Bhd. ("BKCV")	Malaysia	100	100	Manufacturing and assembling of new commercial vehicles
BK Fleet Management Sdn. Bhd. ("BK Fleet")	Malaysia	100	100	Sale and rental of commercial vehicles, provision of fleet management and other related services
Boon Koon Fleet Management Sdn. Bhd. ("BKFM")	Malaysia	100	100	Forklift and equipment rental business and the provision of repairs and maintenance services
BKSP Autoworld Sdn. Bhd. ("BKSP")	Malaysia	100	100	Provision of repair and maintenance service for forklifts, reach trucks, heavy machineries commercial vehicles and others
Boon Koon Commercial Sdn. Bhd. ("BKC")	Malaysia	100	100	Sales of reconditioned, rebuilt. used and new commercial vehicles and other related services
BKG Development Sdn. Bhd. ("BKGD")	Malaysia	100	100	Property development

6. Investments in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows (Cont'd):

Name of company	Country of Incorporation	Effective interest 2018 %	Effective interest 2017 %	Principal activities
Direct holding:				
Boon Koon Capital Sdn. Bhd. ("BK Capital")	Malaysia	100	100	Investment holding
BK Alliance Sdn. Bhd. ("BKA")	Malaysia	100	100	Sale of commercial vehicles and the provision of related services
Indirect holding:				
Subsidiary companies of Boon Koon Vehicles Pte. Ltd:				
PT Boon Koon Continental ("PTBKC")* [Note (c)(ii)]	Indonesia	–	90	Sale of commercial vehicles
Indirect holding:				
Subsidiary company of Boon Koon Vehicles Industries Sdn. Bhd.:				
BKGM Industries Sdn. Bhd. ("BKGM")	Malaysia	100	100	Provision of sub-contractor services to the commercial vehicle industry
BK Sepadu Sdn. Bhd. ("BK Sepadu")	Malaysia	62.50	62.50	Sale of commercial vehicle and provision of related services
Boon Koon Japan Co. Ltd. ("BK Japan") * [Note (b)(i)]	Japan	–	60	Sourcing and trading of commercial vehicle and provision of related services
Subsidiary company of BKG Development Sdn. Bhd.				
BKHS Capital Sdn. Bhd. ("BKHS")	Malaysia	50	50	Property development

* Subsidiary companies not audited by UHY

Notes to the Financial Statements (cont'd)

6. Investments in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies

Name of Company	Proportion of ownership interests and voting rights held by non controlling-interest		(Loss)/profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2018 %	2017 %	2018 RM	2017 RM	2018 RM	2017 RM
BKHS	50	50	(15,604)	(209)	134,727	149,791
BK Japan	0	40	–	37,459	–	137,087
BK Sepadu	37.5	37.5	(10,847)	(35,849)	272,847	283,694
Individually immaterial subsidiaries with non-controlling interest					–	81,613
					407,574	652,185

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(i) Summarised statement of financial position

	BKHS 2018 RM	BKHS 2017 RM
Non-current assets	695,295	695,295
Current assets	1,456,321	1,509,661
Non-current liabilities	(828,863)	(851,306)
Current liabilities	(1,242,478)	(1,243,247)
Net assets	80,275	110,403

	BK Japan 2018 RM	BK Japan 2017 RM
Non-current assets	–	–
Current assets	–	2,080,968
Non-current liabilities	–	–
Current liabilities	–	(1,789,643)
Net assets	–	291,325

	BK Sepadu 2018 RM	BK Sepadu 2017 RM
Non-current assets	–	7,520
Current assets	618,970	2,315,045
Non-current liabilities	–	–
Current liabilities	(5,000)	(1,679,670)
Net assets	613,970	642,895

6. Investments in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies (Cont'd)

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations. (Cont'd)

(ii) Summarised statement of profit or loss and other comprehensive income

	BKHS	
	2018 RM	**2017 RM**
Revenue	–	–
Loss for the financial year	(30,128)	(23,769)
Other comprehensive income for the financial year	–	–
Total comprehensive loss for the financial year	(30,128)	(23,769)

	BK Japan	
	2018 RM	**2017 RM**
Revenue	–	2,503,294
Profit for the financial year	–	93,648
Other comprehensive income for the financial year	–	18,568
Total comprehensive income for the financial year	–	112,216

	BK Sepadu	
	2018 RM	**2017 RM**
Revenue	1,292,000	2,713,420
Loss for the financial year	(28,925)	(95,597)
Other comprehensive income for the financial year	–	–
Total comprehensive loss for the financial year	(28,925)	(95,597)

Notes to the Financial Statements (cont'd)

6. Investments in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies (Cont'd)

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations. (Cont'd)

(iii) Summarised statement of cash flows

	BKHS	
	2018 RM	2017 RM
Net cash used in operating activities	(72,701)	(119,089)
Net cash generated from/(used in) investing activities	–	–
Net cash (used in)/ generated from financing activities	(22,820)	184,792
Net (decrease)/increase in cash and cash equivalants	(95,521)	65,703

	BK Japan	
	2018 RM	2017 RM
Net cash used in operating activities	–	(1,407,882)
Net cash generated from/(used in) investing activities	–	–
Net cash generated from financing activities	–	1,530,385
Net increase in cash and cash equivalants	–	122,503

6. Investments in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies (Cont'd)

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations. (Cont'd)

(iii) Summarised statement of cash flows (Cont'd)

	BK Sepadu 2018 RM	BK Sepadu 2017 RM
Net cash generated from operating activities	1,272,561	896,358
Net cash generated from/ (used in) investing activities	39,098	(2,177)
Net cash used in financing activities	(1,013,792)	(813,472)
Net increase in cash and cash equivalants	297,867	80,709

(b) Acquisition of subsidiary company

There were no acquisition in the current financial year.

<u>In previous financial year</u>

(i) On 5 April 2016, the Company via its wholly-owned subsidiary company, BKGD completed the acquisition of 100,000 ordinary shares of RM1.00 each in BKHS, representing 50% of the issued and paid-up share capital of BKHS for a total cash consideration of RM150,000. The directors determined that the Group controls BKHS even though it owns only 50% equity interest as the remaining 50% equity interest of BKHS is held by a director of the Group. Prior to the above acquisition, BKHS was a related party of the Group.

The fair value of BKHS's identifiable assets acquired and liabilities assumed on acquisition date are as follows:

	Fair value RM	Carrying amount RM
Assets		
Land held for development	884,475	695,295
Property development cost	1,265,919	1,265,919
Cash and bank balances	123,730	123,730
	2,274,124	2,084,944
Liabilities		
Payables	1,080,349	1,080,349
Borrowings	893,775	893,775
	1,974,124	1,974,124
Net tangible assets	300,000	110,820

Notes to the Financial Statements (cont'd)

6. **Investments in Subsidiary Companies (Cont'd)**

(b) Acquisition of subsidiary company (Cont'd)

Net cash outflow arising from acquisition of 50% equity interest in BKHS:

	RM
Purchase consideration settled in cash	150,000
Less: Cash acquired	(123,730)
	26,270

(ii) On 14 April 2016, the Company via its wholly-owned subsidiary, BKVI incorporated BK Japan with cash consideration of RM107,466 (equivalent to JPY3,000,000) representing 300 units of common shares.

(c) Disposal of subsidiary companies

2018

(i) <u>Boon Koon Japan Co. Ltd. ("BK Japan")</u>

On 26 July 2017, BKVI. disposed of its 60% equity interest in BK Japan for a cash consideration of RM247,000, which had resulted a gain of RM6,029. The subsidiary company was previously reported as part of the manufacturing and trading segment.

The effect of disposal of BK Japan on the financial position of the Group as at the date of the disposal are as follow:

	Group RM
Trade and other receivables	572,143
Cash and bank balances	943,682
Trade and other payables	(1,012,532)
Tax payable	(88,593)
Foreign currency translation reserve	(13,082)
Net assets	401,618
Less: Non-controlling interests	(160,647)
Total net assets disposed	240,971
Less: Cash proceeds from disposal	(247,000)
Gain on disposal	(6,029)
Proceed from disposal	247,000
Less: Cash and cash balances disposed	(943,682)
Net cash outflows from disposal	(696,682)

6. Investments in Subsidiary Companies (Cont'd)

(c) Disposal of subsidiary company (Cont'd)

(ii) PT Boon Koon Continental ("PTBKC")

On 30 September 2017, Boon Koon Vehicles Pte. Ltd. had closed the operation of its subsidiary Company, PTBKC and application for dissolution was submitted on 24 January 2018. PTBKC received a letter from the Indonesia Ministry of Law and Human Rights ("IMLHR") confirming that PTBKC was struck off from the Register of Company of IMLHR with effect from 5 March 2018. As such, the Company has written off the investment of RM186,590 during the financial year.

7. Investment in Associate Companies

	Group 2018 RM	Group 2017 RM
Unquoted shares		
- at cost	900,000	3,900,000
- at fair value *	–	1,682,645
	900,000	5,582,645
Share of post-acquisition reserves	(900,000)	2,150,844
	–	7,733,489

* Measured at fair value at date of loss in control but significant influence retained.

Details of the associate companies are as follows:

Name of companies	Country of Incorporation	Effective interest 2018 %	Effective interest 2017 %	Principal activities
Held through BKCV Sdn. Bhd.				
CNMY Truck Sdn. Bhd.	Malaysia	30	30	Trading in new commercial vehicles and the provisionof related services
Held through Boon Koon Capital Sdn. Bhd.				
Hitachi Capital Malaysia Sdn. Bhd.*	Malaysia	–	25	Provision of hrie purchase financing and insurance agent

* Associate companies not audited by UHY

Notes to the Financial Statements (cont'd)

7. Investment in Associate Companies (Cont'd)

On 4 May 2017, the Company completed the disposal of its entire equity interest of 3,750,000 ordinary shares in Hitachi Capital Malaysia Sdn. Bhd. to Hitachi Capital Asia Pacific Pte. Ltd. for RM22,000,000, which had resulted a gain of RM15,049,990. The Group had shared the profit of Hitachi Capital Malaysia Sdn. Bhd. up to the date of disposal, amounting to RM93,878.

The summarised financial information of the Group's material associates ie. Hitachi Capital Malaysia Sdn Bhd ("HCM") and CNMY Truck Sdn. Bhd. ("CNMY") is set out below:

(a) Summarised statements of financial position

	HCM		CNMY	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Current assets	–	277,798,721	932	3,338,674
Non-current assets	–	446,950,880	3	458
Current liabilities	–	(276,925,073)	(420,800)	(407,174)
Non-current liabilities	–	(420,400,000)	–	–
Net assets/(liabilities)	–	27,424,528	(419,865)	2,931,958
Interest in associates	–	25%	30%	30%
Group's share of net assets	–	6,856,133	(125,960)	879,587
Elimination of unrealised profits	–	–	(2,231)	(2,231)
Unrecognised of share of profits	–	–	128,191	–
Carrying value of Group's interest in associates	–	6,856,133	–	877,356

(b) Summarised statements of profit or loss and other comprehensive income

	HCM		CNMY	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Profit/(Loss) for the financial year, representing total comprehensive income	–	6,692,758	(3,351,823)	11,479
Included in total comprehensive income is:				
Revenue	–	46,421,015	–	–

The Group has not recognised losses related to CNMY, totalling RM128,191 in 2018 (2017: Nil) and cummulatively RM128,191 in 2018 (2017: Nil). Since the Group has no obligation in respect of these losses.

8. Land Held for Property Development and Property Development Costs

	Group 2018 RM	Group 2017 RM
(a) Land held for property development		
Freehold land		
At 1 April	884,475	–
Acquisition of subsidiary company	–	884,475
At 31 March	884,475	884,475
(b) Property development costs		
Freehold land, at cost		
At 1 April	1,205,617	–
Acquisition of subsidiary company	–	1,205,617
At 31 March	1,205,617	1,205,617
Property development costs		
At 1 April	186,547	–
Acquisition of subsidiary company	–	60,302
Additions	33,176,815	126,245
At 31 March	33,363,362	186,547
Cost recognised in the statements of profit or loss		
At 1 April	–	–
Recognised during the financial year	15,162,620	–
At 31 March	15,162,620	–
Total property development cost	19,406,359	1,392,164

(i) The property development costs of the Group represent expenditures incurred in relation to the mixed residential and commercial development.

During the financial year, BKG Development Sdn. Bhd. ("BKGD"), a wholly-owned subsidiary company, has entered into the Joint Development Agreement with Platinum Eminent Sdn. Bhd. for the implementation and completion of the Development Project on the leasehold land owned by Platinum Eminent Sdn. Bhd.. The Company shall be effectively entitled 60% of the gross development profits of the development project as disclosed in Note 27.

Notes to the Financial Statements (cont'd)

8. Land Held for Property Development and Property Development Costs (Cont'd)

(ii) Included in the property development costs incurred during the financial year are the following:

	Group	
	2018 RM	**2017 RM**
Finance costs	42,181	32,846
Participation fee	20,000,000	–

(iii) The freehold land of RM 2,090,092 (2017: RM 2,090,092) is pledged to a licensed bank as securities for banking facility granted to a subsidiary company as disclosed in Note 18.

9. Deferred Tax Assets/(Liabilities)

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Deferred tax assets:				
At 1 April	3,626,901	3,127,000	–	–
Recognised in profit or loss	564,599	505,901	–	–
Under/(Over) provision in prior years	366,930	(6,000)	–	–
At 31 March	4,558,430	3,626,901	–	–
Deferred tax liabilities:				
At 1 April	(5,220,908)	(4,417,022)	(1,087,574)	(947,574)
Recognised in profit or loss	(265,786)	(1,012,886)	–	(140,000)
Over provision in prior years	344,722	209,000	–	–
At 31 March	(5,141,972)	(5,220,908)	(1,087,574)	(1,087,574)

The net deferred tax assets and liabilities shown on the statement of financial position after appropriate offsetting are as follows:

	Group	
	2018 RM	**2017 RM**
Deferred tax assets:		
Unutilised tax losses	4,203,006	3,391,488
Unabsorbed capital allowances	355,424	235,413
	4,558,430	3,626,901
Deferred tax liabilities:		
Investment properties	(1,162,941)	(1,162,941)
Property, plant and equipment	(3,979,031)	(4,057,967)
	(5,141,972)	(5,220,908)

9. Deferred Tax Assets/(Liabilities) (Cont'd)

The components and movements of deferred tax liabilities and assets are as follows:

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Deferred tax assets:				
Unutilised tax losses				
At 1 April	3,391,488	3,007,200	–	–
Recognised in profit or loss	444,588	390,288		
Under/(Over) provision in prior years	366,930	(6,000)	–	–
At 31 March	4,203,006	3,391,488	–	–
Unabsorbed capital allowances				
At 1 April	235,413	119,800	–	–
Recognised in profit or loss	120,011	115,613	–	–
At 31 March	355,424	235,413	–	–
	4,558,430	3,626,901	–	–
Deferred tax liabilities:				
Deferred tax on fair value changes in investment properties				
At 1 April	1,162,941	1,022,941	1,087,574	947,574
Recognised in profit or loss	–	140,000	–	140,000
At 31 March	1,162,941	1,162,941	1,087,574	1,087,574
Revaluation of assets				
At 1 April	2,137,301	2,182,259	–	–
Recognised in profit or loss	(47,908)	(44,958)	–	–
At 31 March	2,089,393	2,137,301	–	–
Accelerated capital allowances				
At 1 April	1,920,666	1,211,822	–	–
Recognised in profit or loss	313,694	917,844	–	–
Over provision in prior years	(344,722)	(209,000)	–	–
	1,889,638	1,920,666	–	–
At 31 March	5,141,972	5,220,908	1,087,574	1,087,574

Notes to the Financial Statements (cont'd)

9. Deferred Tax Assets/(Liabilities) (Cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unutilised tax losses	21,450,700	14,138,752	792,500	–
Unabsorbed capital allowances	1,474,500	1,478,882	–	–
Other deductible temporary differences	(16,600)	(84,136)	(16,600)	(41,293)
	22,908,600	15,533,498	775,900	(41,293)

10. Inventories

	Group	
	2018 RM	2017 RM
At cost		
Raw materials	2,234,868	4,695,035
Work-in-progress	2,114,952	6,644,035
Finished goods	19,909,389	20,799,598
	24,259,209	32,138,668
At net realisible value		
Raw materials	1,734,731	5,319,087
Work-in-progress	1,756,219	706,053
Finished goods	4,618,124	3,999,254
	8,109,074	10,024,394
	32,368,283	42,163,062
Recognised in profit or loss:		
Inventories recognised as cost of sales	91,784,646	81,081,658
Inventories written down	11,370,677	3,776,166

The Group has written down slow moving obsolete inventories amounting to RM11,370,677 (2017: RM3,776,166) respectively during the financial year. The amount written down has been included in cost of sales.

11. Trade Receivables

	Group 2018 RM	Group 2017 RM
Trade receivables		
- Associates	316,712	316,712
- Third parties	50,200,668	25,874,876
	50,517,380	26,191,588
Less: Impairment losses	(5,813,969)	(5,635,067)
At 31 March	44,703,411	20,556,521

Included in trade receivables in an amount of RM18,747,752 (2017: Nil) due to Platinum Eminent Sdn. Bhd., a company in which the Directors have significant financial interests. Trade receivables are recognised at their original certificate of claimed amounts which represent their fair value on initial recognition.

Associates refer to CNMY Truck Sdn. Bhd.

The Group's normal trade credit terms are from 30 days to 210 days (2017: 30 days to 210 days). Other credit terms are assessed and approved on a case by case basis.

(a) The movement in the impairment loss (individually assessed) during the financial year are as follows:

	Group 2018 RM	Group 2017 RM
At 1 April	5,635,067	4,604,257
Impairment losses recognised	307,763	1,411,653
Amount written off	–	(367,619)
Impairment losses reversed	(128,861)	(13,224)
At 31 March	5,813,969	5,635,067

Notes to the Financial Statements (cont'd)

11. Trade Receivables (Cont'd)

(b) Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	Group 2018 RM	Group 2017 RM
Neither past due nor impaired	31,099,160	5,935,175
Past due not impaired:		
Less than 30 days	1,397,443	429,422
31 to 60 days	632,782	888,001
61 to 90 days	675,094	809,545
More than 90 days	10,898,932	12,494,378
	13,604,251	14,621,346
	44,703,411	20,556,521
Impaired	5,813,969	5,635,067
	50,517,380	26,191,588

As at 31 March 2018, trade receivables of the Group amounting to RM13,604,251 (2017: RM14,621,346) were past due but not impaired. These relate to a number of customers from whom there is no recent history of default.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties, have defaulted on payments and/or dispute billings. These receivables are not secured by any collateral or credit enhancements and under legal case.

The trade receivables of the Group that are individually assess to be impaired amounting to RM5,813,969 (2017: RM5,635,067) related to customers have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

12. Other Receivables

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Other receivables				
- Associates	–	2,374	–	–
- Third parties	318,889	366,932	2,204	4,903
	318,889	369,306	2,204	4,903
Less: Accumulated impairment loss	(110)	(25,660)	–	–
	318,779	343,646	2,204	4,903
Deposits	10,433,945	8,508,382	4,500	22,912
Prepayments	432,736	719,864	11,304	110,463
GST recoverable	527,787	296,690	10,123	–
	11,713,247	9,868,582	28,131	138,278

12. Other Receivables (Cont'd)

The movement in the impairment loss individually assessed during the financial year are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
At 1 April	25,660	25,660	–	–
Impairment losses reversed	(25,550)	–	–	–
At 31 March	110	25,660	–	–

Included in the Group's other receivables are deposits of RM9,855,902 (2017: RM8,467,670) are related to deposits paid for purchase of raw materials.

13. Amount Due from/(to) Subsidiary Companies

	Company	
	2018 RM	2017 RM
Amount due from subsidiaries companies		
Non-interest bearing	24,794,396	3,979,311
Less: Accumulated impairment losses	(832,492)	(1,130,145)
	23,961,904	2,849,166
Amount due to subsidiaries companies		
Non-interest bearing	27,918,112	6,782,379

Movements in the allowance for impairment losses are as follows:

	Company	
	2018 RM	2017 RM
At 1 April 2017	1,130,145	1,130,145
Impairment losses recognised	51,038	–
Reversal of impairment losses	(348,691)	–
	832,492	1,130,145

The amount due from/(to) subsidiaries is non-trade in nature, unsecured, interest free advances and are repayable on demand.

14. Fixed Deposits with Licensed Banks

The fixed deposits of the Group amounting to RM106,615 (2017: RM133,967) is pledged to licensed banks as security for bank facilities granted to the Group as disclosed in Note 18 to the financial statements.

The interest rates of deposits are 2.90 % (2017: range from 2.85% to 2.90%) per annum and the maturities of deposits is 365 (2017: 90 to 365) days.

Notes to the Financial Statements (cont'd)

15. Cash and Bank Balances

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	3,696,432	4,694,624	285,776	214,030
Short-term funds with licensed financial institutions	4,876,680	1,440,500	4,376,680	–
	8,573,112	6,135,124	4,662,456	214,030

The currency profile of cash and bank balances as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Ringgit Malaysia	8,329,340	5,296,574	4,640,483	192,511
Japanese Yen	10,520	396,732	2,439	–
Singapore Dollar	110,859	162,540	3,205	3,439
Chinese Renminbi	80,551	144,469	6,023	6,278
Hong Kong Dollar	29,414	91,222	–	–
Others	12,428	43,587	10,306	11,802
	8,573,112	6,135,124	4,662,456	214,030

The effective interest rate per annum as at the end of period are as follows:

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Short-term funds with licensed financial institutions	2.30%	1.75% - 2.15%	2.30%	NIL

The maturity/redemption period as at the end of the reporting period are as follows:

	Group		Company	
	2018	2017	2018	2017
Short-term fund with licensed financial institutions	3 - 5 days	3 days	5 days	–

16. Share Capital

	Group and Company			
	2018		2017	
	Number of shares	Amount RM	Number of shares	Amount RM
Issued and fully paid				
Ordinary shares				
At 1 April	276,750,000	55,350,000	276,750,000	55,350,000
Shares issued during the financial year	10,000,000	4,400,000	–	–
Warrants exercised	10,360,900	2,698,653	–	–
At 31 March	297,110,900	62,448,653	276,750,000	55,350,000

During the financial year, the Company issued:

(i) the issuance of 10,000,000 ordinary shares at RM0.44 each for a total cash consideration of RM4,400,000 for the new venture in property development; and

(ii) the issuance of 10,360,900 new ordinary shares through conversion of Warrants at an exercise price of RM0.20 for a total cash consideration of RM2,072,180.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

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. Other Reserves

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Non-distributable:					
- Warrant reserve	(a)	7,740,387	8,366,860	7,740,387	8,366,860
- Foreign currency translation reserve	(b)	177,632	(56,679)	–	–
- Capital reserve	(c)	(27,934)	(27,934)	–	–
- Revaluation reserve	(d)	13,179,707	13,331,484	–	–
		21,069,792	21,613,731	7,740,387	8,366,860

Notes to the Financial Statements (cont'd)

17. Other Reserves (Cont'd)

The nature of other reserves of the Group and the Company is as follows:

(a) Warrant reserve

The warrant reserve is in respect of the allocated fair value of the 138,375,000 warrants issued pursuant to the Company's right issue exercise.

The fair value allocated to the warrant reserve is derived by adjusting the proceeds from the Company's rights issue to the fair value of the shares and warrants on a proportionate basis. A charge to the retained profits is created by the same amount to preserve the par value of the ordinary shares (prior to Companies Act, 2016) issued pursuant to the rights issue. This charge will be reversed upon exercise or expiry of the warrants.

The warrants may be exercised at any time during the tenure of the warrants of ten (10) years including and commencing from the issue date of the warrants and ending on the expiry date, 7 July 2023. Each warrant carries the entitlement to subscribe for one (1) new ordinary share in the Company at the exercise price of RM0.20 which shall be satisfied fully in cash and shall be subject to adjustments in accordance with the Deed Poll.

Subject to the provision in the Deed Poll, the exercise price and the number of warrants held by each warrant holder shall be adjusted by the Board of Directors of the Company in consultation with the adviser and certification of the external auditor in the event of addition to the share capital of the Company.

As at 31 March 2018, the total number of Warrants that remain unexercised were 128,014,100 (2017: 138,375,000).

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Capital reserve

Capital reserve represents the premium paid/discount on acquisition of additional equity interest in an existing subsidiary company from non-controlling interest.

(d) Revaluation reserve

This is in respect of revaluation surplus net of deferred tax arising from the revaluation of the Group's freehold land, leasehold land and buildings and is non-distributable.

18. Bank Borrowings

	Group 2018 RM	Group 2017 RM
Secured		
Banker acceptances (Note a)	21,937,000	28,804,000
Finance leases (Note b)	923,588	1,345,937
Term loans (Note a)	851,135	873,955
	23,711,723	31,023,892
Analysed as:		
Current		
Banker acceptances	21,937,000	28,804,000
Finance leases	415,808	476,641
Term loans	22,272	22,649
	22,375,080	29,303,290
Non-current		
Finance leases	507,780	869,296
Term loans	828,863	851,306
	1,336,643	1,720,602

(a) Bank borrowings

The term loans and banker acceptances are secured by the following:

(i) Legal charge over the freehold and leasehold land, land held for development, land held under property development cost and buildings of subsidiary companies; and

(ii) Corporate guarantee by the Company and a related company.

(iii) Personal guarantees by a Director and his family members.

(iv) Pledge of fixed deposit of the Group as disclosed in Note 14.

Maturity of bank borrowings is as follows:

	Group 2018 RM	Group 2017 RM
Within one year	21,959,272	28,826,649
Between one to two years	24,128	24,461
Between two to five years	85,025	85,760
After five years	719,710	741,085
	22,788,135	29,677,955

Notes to the
Financial Statements (cont'd)

18. Bank Borrowings (Cont'd)

(b) Finance lease liabilities

	Group 2018 RM	2017 RM
Minimum lease payments:		
Within one year	457,577	541,937
Between one to two years	401,526	442,502
Between two to five years	132,420	487,717
	991,523	1,472,156
Less: Future finance charges	(67,935)	(126,219)
Present value of minimum lease payments	923,588	1,345,937
Present value of minimum lease payments:		
Within one year	415,808	476,641
Between one to two years	378,157	404,562
Between two to five years	129,623	464,734
	923,588	1,345,937
Analysed as:		
Repayable within twelve months	415,808	476,641
Repayable after twelve months	507,780	869,296
	923,588	1,345,937

(c) The average effective interest rates per annum are as follows:

	Group 2018 %	2017 %
Banker acceptances	3.46% - 4.16%	3.42% - 3.76%
Finance leases	2.37% - 3.90%	2.37% - 3.97%
Term loans	7.78%	7.72%

19. Trade Payables

	Group 2018 RM	Group 2017 RM
Trade payables	36,176,566	14,718,593

(a) Included in trade payables is an amount of RM924,650 (2017: RM924,650) due to an associate Company.

(b) The currency profile of trade payables is as follows:

	Group 2018 RM	Group 2017 RM
Ringgit Malaysia	15,566,097	2,230,551
Japanese Yen	13,443,228	8,361,453
Singapore Dollar	1,051,660	1,220,883
Hong Kong Dollar	1,066,214	853,515
US Dollar	443,909	79,848
UK Pound	4,469,182	1,825,473
Chinese Renminbi	57,828	60,278
Others	78,448	86,592
	36,176,566	14,718,593

(c) The normal trade credit terms granted to the Group range from 30 to 120 days (2017: 30 to 120 days). Other credit terms are assessed and approved on a case by case basis.

(d) Included in trade payables in an amount of RM13,134,634 (2017: Nil) due to Platinum Eminent Sdn. Bhd., a company in which the Directors have significant financial interests.

20. Other Payables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables	2,890,832	2,747,967	13,687	50,066
Accruals	3,132,971	4,071,081	89,306	240,612
Deposits received	8,830,267	11,852,986	–	–
GST payables	54,205	253,481	–	10,470
	14,908,275	18,925,515	102,993	301,148

Notes to the Financial Statements (cont'd)

20. Other Payables (Cont'd)

(a) The deposits received from customers are for purchase of goods and are non-refundable.

(b) The currency profile of other payables is as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Ringgit Malaysia	14,896,475	18,891,539	102,993	301,148
Japanese Yen	–	20,637	–	–
Singapore Dollar	11,800	13,339	–	–
	14,908,275	18,925,515	102,993	301,148

21. Revenue

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Sales of commercial vehicles and body works	101,019,053	88,840,950	–	–
Rental and fleet management service income	4,654,263	5,565,446	–	–
Property development	18,747,752	–	–	–
Insurance commission income	119	–	–	–
Advisory fee	–	–	–	837,000
Dividend income	–	–	–	500,000
Interest income	224,966	3,689	224,966	3,689
Management fee income	–	–	697,000	708,000
Rental income	–	–	10,000	60,000
	124,646,153	94,410,085	931,966	2,108,689

22. Finance Costs

	Group	
	2018 RM	2017 RM
Interest expenses on:		
Bank overdraft	–	415
Banker acceptances	1,140,108	1,501,332
Finance lease	70,933	103,410
Term loans	66,509	41,684
Loan interest charged by shareholders of a subsidiary company	–	14,355
	1,277,550	1,661,196
Less: Finance costs capitalised in property development costs	(42,181)	(32,846)
	1,235,369	1,628,350

23. Profit/(Loss) Before Taxation

Profit/(Loss) before taxation is derived at after at charging/(crediting):

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Auditors' remuneration				
- statutory audit				
- current year	111,194	106,086	26,000	26,000
- over provision in prior years	(3,000)	(6,530)	(3,000)	–
- other services	5,000	3,000	5,000	3,000
Bad debts written off	–	–	526,608	–
Depreciation of property, plant and equipment	3,129,750	3,853,840	18,940	19,491
Non-executive Directors' remuneration				
- allowance	5,000	4,000	5,000	4,000
- fees	75,500	69,000	75,500	69,000
Impairement loss				
- amount due from subsidiary companies	–	–	51,038	–
- Investment in subsidiary companies	–	–	50,006	–
- property, plant and equipment	–	207,252	–	–
- trade receivables	307,873	1,411,653	–	–

Notes to the Financial Statements (cont'd)

23. Profit/(Loss) Before Taxation (Cont'd)

Profit/(Loss) before taxation is derived at after at charging/(crediting): (Cont'd)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Inventories written down	11,370,677	3,776,166	–	–
Loss on liquidation of a subsidiary company	186,590	–	–	–
Property, plant and equipment written off	180,832	60,843	–	–
Rental of equipment	–	8,745	–	–
Rental of hostel	27,700	21,750	2,100	5,400
Rental of premises	261,000	398,200	78,000	78,000
Rental of vehicles	109,727	219,700	36,700	107,300
Gain on disposal of:				
- investment in associate company	(15,049,990)	–	–	–
- investment in subsidiary company	(6,029)	–	–	–
- property, plant and equipment	(577,292)	(685,377)	–	–
Fair value adjustment on investment properties	–	(2,800,000)	–	(2,800,000)
(Gain)/Loss on foreign exchange				
- realised	(675,398)	613,908	–	–
- unrealised	(701,086)	296,137	2,110	(1,933)
Interest income	(261,789)	(68,908)	(224,966)	(3,689)
Rental income	(105,100)	(108,000)	–	–
Reversal of impairment loss on				
- amount due from a subsidiary company	–	–	(348,691)	–
- receivables	(128,861)	(13,224)	–	–

24. Taxation

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Tax expenses for the financial year:				
Current tax provision	1,218,604	75,169	–	–
(Over)/Under provision in prior years	(23,734)	(19,569)	94	–
	1,194,870	55,600	94	–
Deferred tax: (Note 9)				
Relating to origination and reversal of temporary differences	(298,813)	(467,015)	–	140,000
Over provision in prior years	(711,652)	(203,000)	–	–
	(1,010,465)	(670,015)	–	140,000
	184,405	(614,415)	94	140,000

Income tax is calculated at the statutory tax rate of 24% (2017: 24%) of chargeable income of the estimated assessable profit for the financial year.

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit/(Loss) before taxation	9,190,319	(4,635,088)	(2,022,527)	2,323,212
Share of results of associates	783,478	(1,676,633)	–	–
	9,973,797	(6,311,721)	(2,022,527)	2,323,212
Taxation at statutory tax rate of 24% (2017: 24%)	2,393,711	(1,514,813)	(485,406)	557,571
Effects of different tax rates in other countries	11,916	12,547	–	–
Income not subject to tax	(4,687,878)	(822,788)	–	(792,464)
Expenses not deductible for tax purposes	1,476,895	1,872,916	289,280	231,310
Deferred tax assets not recognised	1,770,024	(34,750)	196,126	3,583
Deferred tax on fair value gain of investment properties	–	140,000	–	140,000
Annual crystalisation of deferred tax on revaluation surplus	(44,877)	(44,958)	–	–
(Over)/Under provision of income tax expense in prior years	(23,734)	(19,569)	94	–
Over provision of deferred tax expense in prior years	(711,652)	(203,000)	–	–
Tax expense/(credit) for the financial year	184,405	(614,415)	94	140,000

Notes to the Financial Statements (cont'd)

24. Taxation (Cont'd)

The Group and the Company has the following estimated unused tax losses and unabsorbed capital allowance available for set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unutilised tax losses	38,963,225	28,269,952	792,500	–
Unabsorbed capital allowances	2,938,833	2,375,634	(16,600)	(41,293)
	41,902,058	30,645,586	775,900	(41,293)

25. Earnings/(Loss) per Share

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share are calculated based on the consolidated profit/(loss) for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2018 RM	2017 RM
Profit/(Loss) for the financial year, attributable to owners of the parent	8,933,117	(4,018,492)
Weighted average number of ordinary shares issue	276,750,000	276,750,000
Effect of ordinary shares issued during the financial year	4,613,170	–
Weighted average number of ordinary shares at 31 March	281,363,170	276,750,000
Basic earnings/(loss) per share (in sen)	3.17	(1.45)

25. Earnings/(Loss) per Share (Cont'd)

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share has been calculated by dividing the consolidated profit/(loss) for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group 2018 RM	Group 2017 RM
Profit/(Loss) attributable to owners of the parent for basic earnings	8,933,117	(4,018,492)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	281,363,170	276,750,000
Adjustment for assumed conversion of Warrants	75,167,909	17,844,000
Weighted average number of ordinary shares at 31 March (diluted)	356,531,079	294,594,000
Diluted earnings/(loss) per share (in sen)	2.51	(1.36)

26. Goodwill

	Group 2018 RM	Group 2017 RM
Cost	1,492,744	1,492,744
Less: Impairment losses	(1,492,744)	(1,492,744)
	–	–

27. Interest in Joint Operation

The details of the joint operation are as follows:

Name of Company	Country of incorporation	Effective Interest 2018 %	Effective Interest 2017 %	Principal activities
Platinum Eminent Sdn. Bhd. *	Malaysia	60	60	Property Development

* Joint ventures not audited by UHY

Notes to the Financial Statements (cont'd)

27. Interest in Joint Operation (Cont'd)

On 29 June 2017, subsidiary company of the Group, BKG Development Sdn. Bhd. ("BKGD") had entered into a joint venture development agreement with Platinum Eminent Sdn. Bhd.("Platinum Eminent"), a wholly-owned subsidiary of Aera Property Group Sdn Bhd (formerly known as Asthetik Property Group Sdn. Bhd.), for the implementation and completion of a mixed residential and commercial development project.

Under the Proposed Joint Development, Platinum Eminent shall implement and complete the Development Project in its capacity as the developer for the Development Project and BKGD shall facilitate the implementation and completion of the Development Project. BKGD is required to pay Platinum Eminent the Participation Fees. In return, BKGD shall be effectively entitled to 60% of the gross development profits of the Development Project estimated at RM93.5 million.

The following are recognised in profit or loss in respect of interest in joint operations:

	2018 RM	2017 RM
Group		
Revenue	18,747,752	–
Cost of sales	(15,162,620)	–

28. Staff Costs

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Salaries, wages, allowances and bonus	4,196,342	6,624,606	1,062,335	1,557,630
EPF	498,471	655,401	129,340	165,617
SOCSO	48,108	69,734	5,960	13,970
EIS	1,200	–	152	–
	4,744,121	7,349,741	1,197,787	1,737,217

28. Staff Costs (Cont'd)

Included in the staff costs is aggregate amount of remuneration received and receivables by the Executive Directors of the Company and of the subsidiary companies as shown below:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive Directors				
Salaries, wages, allowances and bonus	27,400	1,012,328	1,400	847,328
EPF	3,380	103,727	–	80,627
SOCSO	138	2,081	–	1,339
Directors' fee	33,000	72,000	33,000	72,000
Benefits-in-kind	–	28,000	–	28,000
	63,918	1,218,136	34,400	1,029,294

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive Directors				
Past Directors				
Salaries, wages, allowances and bonus	151,212	–	151,212	–
EPF	13,467	–	13,467	–
SOCSO	286	–	286	–
Director's fee	10,000	–	10,000	–
Benefits-in-kind	5,118	–	5,118	–
	180,083	–	180,083	–

Notes to the Financial Statements (cont'd)

29. Reconciliation of Liabilities Arising From Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1.4.2017 RM	Repayments RM	At 31.3.2018 RM
Group			
Bankers acceptances (Note 18)	28,804,000	(6,867,000)	21,937,000
Finance lease payables (Note 18)	1,345,937	(422,349)	923,588
Term loans (Note 18)	873,955	(22,820)	851,135
	31,023,892	(7,312,169)	23,711,723

30. Related Party Disclosures

(a) Identified related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management and chief executive officers of major subsidiary companies of the Group.

The Group and the Company have related party relationships with its subsidiary companies, others related parties and key management personnel.

30. Related Party Disclosures (Cont'd)

(b) Significant related party transaction

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Transactions with subsidiary companies				
- Advisory fee	–	–	–	837,000
- Administrative fee	–	–	1,424	–
- Dividend income	–	–	–	500,000
- Management fee income	–	–	697,000	708,000
- Rental income	–	–	10,000	60,000
- Operating expenses	–	–	(802)	(1,662)
- Rental expenses	–	–	(78,000)	(78,000)
Transactions with associate companies				
- Handling charges	–	3,281	–	–
- Interest expenses	(2,105)	(29,574)	–	–
Transactions with companies in which Directors of the Company have substantial financial interest				
- Sales	18,912,752	–	–	–
- Purchases	(15,312,220)	–	–	–
- Rental expenses	(52,000)	(168,000)	–	–
- Transport charges income	1,200	–	–	–
Transactions with a person connected to a Director of the Company				
- Rental expenses	(64,800)	(115,800)	(2,100)	(5,400)
Transactions with corporate shareholders of subsidiary company				
- Sales	419,900	1,405,820	–	–
- Incentives	–	(21,000)	–	–
- Interest expneses	–	(14,355)	–	–

Notes to the Financial Statements (cont'd)

30. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

Information regarding compensation of key management personnel is as follows:

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
- Fees	118,500	141,000	118,500	141,000
- Salaries and allowances	586,281	1,084,409	509,143	852,667
- Defined contribution plans	62,393	103,727	59,013	80,627
- EIS	48	–	48	–
- Benefit in kind	5,118	28,000	5,118	28,000
	772,340	1,357,136	691,822	1,102,294

31. Segmental Information

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

Manufacturing and trading	Manufacturing and trading of rebuilt and new commercial vehicles and the manufacture of body works and their related services.
Rental and fleet management services	Rental of commercial vehicles and provision of fleet management and other related services.
Property development	Property development activities.
Others	Investment holding and the provision of management services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

	Manufacturing and trading RM	Rental and fleet management services RM	Property development RM	Others RM	Adjustments and eliminations * RM	Per consolidated financial statements RM
2018						
Revenue						
External sales	100,342,669	5,330,766	18,747,752	224,966	–	124,646,153
Inter-segment	115,567	–	–	707,000	(822,567)	–
Total revenue	100,458,236	5,330,766	18,747,752	931,966	(822,567)	124,646,153
Results						
Segment results	(5,966,269)	658,627	3,462,078	15,900,622	(3,107,681)	10,947,377
Interest income	25,639	11,184	–	224,966	–	261,789
Finance costs	(1,164,321)	(46,720)	(24,328)	–	–	(1,235,369)
Share of results of associates	(877,356)	–	–	93,878	–	(783,478)

Notes to the Financial Statements (cont'd)

31. Segmental Information (Cont'd)

	Manufacturing and trading RM	Rental and fleet management services RM	Property development RM	Others RM	Adjustments and eliminations * RM	Per consolidated financial statements RM
Profit before taxation	(7,982,307)	623,091	3,437,750	16,219,466	(3,107,681)	9,190,319
Taxation	349,964	301,397	(833,248)	(94)	(2,424)	(184,405)
Profit for the financial year	(7,632,343)	924,488	2,604,502	16,219,372	(3,110,105)	9,005,914
Assets						
Segment assets	118,341,025	9,091,969	39,754,603	117,941,772	(103,462,489)	181,666,880
Tax recoverable	62,264	141,134	–	3,840	–	207,238
Deferred tax assets	4,558,430	–	–	–	–	4,558,430
Cash and bank balances	3,208,548	1,555,386	57,378	4,695,482	(943,682)	8,573,112
Total assets	126,170,267	10,788,489	39,811,981	122,641,094	(104,406,171)	195,005,660
Liabilities						
Segment liabilities	45,266,909	1,056,890	36,285,937	28,024,105	(58,419,656)	52,214,185
Borrowings	22,372,055	488,533	851,135	–	–	23,711,723
Deferred tax liabilities	3,674,218	292,162	786	1,087,574	87,232	5,141,972
Total liabilities	71,313,182	1,837,585	37,137,858	29,111,679	(58,332,424)	81,067,880
Non-cash expenses/ (income)						
Depreciation	889,248	2,228,587	1,293	18,940	(8,318)	3,129,750
Gain on disposal of property, plant and equipment	–	(577,292)	–	–	–	(577,292)
Gain on disposal of investment in associate	–	–	–	(18,154,002)	3,104,012	(15,049,990)
Gain on disposal of investment in a subsidiary company	(6,029)	–	–	–	–	(6,029)
Impairment loss on receivables	233,155	74,718	–	–	–	307,873
Inventories written down	11,370,677	–	–	–	–	11,370,677
Loss on liquidition of a subsidiary company	186,590	–	–	–	–	186,590
Property, plant and equipment written off	104,438	76,394	–	–	–	180,832
Reversal of impairment on:						
- receivables	(3,000)	(125,861)	–	–	–	(128,861)
Unrealised gain on foreign exchange	(703,196)	–	–	2,110	–	(701,086)

Notes to the Financial Statements (cont'd)

31. Segmental Information (Cont'd)

	Manufacturing and trading RM	Rental and fleet management services RM	Property development RM	Others RM	Adjustments and eliminations * RM	Per consolidated financial statements RM
2017						
Revenue						
External sales	88,418,067	5,988,329	–	3,689	–	94,410,085
Inter-segment	342,677	1,000	–	2,105,000	(2,448,677)	–
Total revenue	88,760,744	5,989,329	–	2,108,689	(2,448,677)	94,410,085
Results						
Segment results	(5,233,479)	(1,070,364)	9,451	2,295,841	(753,728)	(4,752,279)
Interest income	118,608	9,544	–	3,688	(62,932)	68,908
Finance costs	(1,606,785)	(75,659)	(8,838)	–	62,932	(1,628,350)
Share of results of associates	3,443	–	–	1,673,190	–	1,676,633
Loss before taxation	(6,718,213)	(1,136,479)	613	3,972,719	(753,728)	(4,635,088)
Taxation	461,303	283,282	(1,031)	(141,521)	12,382	614,415
Loss for the financial year	(6,256,910)	(853,197)	(418)	3,831,198	(741,346)	(4,020,673)
Assets						
Segment assets	128,168,164	10,082,002	2,087,459	79,673,754	(61,414,932)	158,596,447
Tax recoverable	20,289	53,500	–	7,500	–	81,289
Deferred tax assets	3,626,901	–	–	–	–	3,626,901
Cash and bank balanes	4,306,164	1,444,982	117,497	266,481	–	6,135,124
Total assets	136,121,518	11,580,484	2,204,956	79,947,735	(61,414,932)	168,439,761
Liabilities						
Segment liabilities	42,215,571	1,898,329	1,220,598	7,969,199	(19,651,519)	33,652,178
Borrowings	29,385,194	764,743	873,955	–	–	31,023,892
Deferred tax liabilities	3,157,527	891,000	–	1,087,574	84,807	5,220,908
Total liabilities	74,758,292	3,554,072	2,094,553	9,056,773	(19,566,712)	69,896,978
Non-cash expenses/ (income)						
Gain on disposal of property, plant and equipment	(150,944)	(599,271)	–	–	64,838	(685,377)
Fair value adjustment on investment properties	–	–	–	(2,800,000)	–	(2,800,000)
Impairment loss on:						
- property, plant and equipment	–	207,252	–	–	–	207,252
- receivables	1,161,742	249,911	–	–	–	1,411,653
Inventories written down	3,568,600	207,566	–	–	–	3,776,166
Others	300,385	45,437	–	(1,933)	(133)	343,756

* Inter-segment revenue, profit and transactions are eliminated.

31. Segmental Information (Cont'd)

	Revenue 2018 RM	2017 RM
2018		
Revenue		
Manufacturing and trading	47,600,321	54,776,829
Property development	18,747,752	–
	66,348,073	54,776,829

Major customers
2 (2017: 2) major customer are from manufacturing and trading industry, whereas 1 (2017: Nil) is from property development industry.

32. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Group			
2018			
Financial Assets			
Trade receivables	44,703,411	–	44,703,411
Other receivables	10,752,724	–	10,752,724
Fixed deposits with licensed banks	106,615	–	106,615
Cash and bank balances	8,573,112	–	8,573,112
Total financial assets	64,135,862	–	64,135,862
Financial Liabilities			
Trade payables	–	36,176,566	36,176,566
Other payables	–	14,854,070	14,854,070
Bank borrowings	–	23,711,723	23,711,723
Total financial liabilities	–	74,742,359	74,742,359

Notes to the Financial Statements (cont'd)

32. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Group			
2017			
Financial Assets			
Trade receivables	20,556,521	–	20,556,521
Other receivables	8,852,028	–	8,852,028
Fixed deposits with licensed banks	133,967	–	133,967
Cash and bank balances	6,135,124	–	6,135,124
Total financial assets	35,677,640	–	35,677,640
2017			
Financial Liabilities			
Trade payables	–	14,718,593	14,718,593
Other payables	–	18,672,034	18,672,034
Bank borrowings	–	31,023,892	31,023,892
Total financial liabilities	–	64,414,519	64,414,519
Company			
2018			
Financial Assets			
Other receivables	6,704	–	6,704
Amount due from subsidiary companies	23,961,904	–	23,961,904
Cash and bank balances	4,662,456	–	4,662,456
Total financial assets	28,631,064	–	28,631,064
Financial Liabilities			
Other payables	–	102,993	102,993
Amount due to subsidiary companies	–	27,918,112	27,918,112
Total financial liabilities	–	28,021,105	28,021,105

32. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Company			
2017			
Financial Assets			
Other receivables	27,815	–	27,815
Amount due from subsidiary cimpanies	2,849,166	–	2,849,166
Cash and bank balances	214,030	–	214,030
Total financial assets	3,091,011	–	3,091,011
Financial Liabilities			
Other payables	–	290,678	290,678
Amount due to subsidiary companies	–	6,782,379	6,782,379
Total financial liabilities	–	7,073,057	7,073,057

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including foreign currency exchange risk, interest rate risk, credit risk and liquidity risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

<u>Receivables</u>

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 principally from its receivables from customers and deposits with licensed banks. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

Notes to the Financial Statements (cont'd)

32. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

Receivables (Cont'd)

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with licensed banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's maximum exposure to credit risk.

Credit risk concentration

At the reporting date, approximately 63% (2017: 42%) of the Group's trade receivables were due from 4 (2017: 3) major customers which contribute from property development and commercial vehicle sales segment .

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

32. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total Contractual Cash Outflow RM	Total Carrying Amount RM
Group						
2018						
Trade payables	36,176,566	–	–	–	36,176,566	36,176,566
Other payables	14,854,070	–	–	–	14,854,070	14,854,070
Bank borrowings	22,483,905	490,854	400,403	1,098,140	24,473,302	23,711,723
Total financial liabilities	73,514,541	490,854	400,403	1,098,140	75,503,938	74,742,359
2017						
Trade payables	14,718,593	–	–	–	14,718,593	14,718,593
Other payables	18,672,034	–	–	–	18,672,034	18,672,034
Bank borrowings	29,435,262	531,830	755,700	1,187,468	31,910,260	31,023,892
Total financial liabilities	62,825,889	531,830	755,700	1,187,468	65,300,887	64,414,519

	On demand or within 1 year RM	Total Contractual Cash Outflow RM	Total Carrying Amount RM
Company			
2018			
Other payables	102,993	102,993	102,993
Amount due to subsidiary companies	27,918,112	27,918,112	27,918,112
Financial guarantee liabilities*	23,010,533	23,010,533	–
Total financial liabilities	51,031,638	51,031,638	28,021,105
2017			
Other payables	290,678	290,678	290,678
Amount due to subsidiary companies	6,782,379	6,782,379	6,782,379
Financial guarantee liabilities*	30,153,754	30,153,754	–
Total financial liabilities	37,226,811	37,226,811	7,073,057

* *Based on the maximum amount that can be called for under the financial guarantee contract.*

Notes to the Financial Statements (cont'd)

32. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The Company provides unsecured financial guarantee to banks in respect of credit facilities granted to certain subsidiary companies and monitors on an ongoing basis the performance of the subsidiary companies. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

Financial guarantee have not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their credit facilities is remote.

The maximum amount of the financial guarantees issued to the banks for subsidiary companies' borrowings is limited to the amount utilised by the subsidiary companies, amounting to RM32,538,533 as at 31 March 2018 (2017: RM47,409,754). The earliest period any of the financial guarantees can be called upon by the financial institutions is within the next 12 months. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

Financial guarantee have not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their credit facilities is remote.

(iii) Market risks

(a) Foreign currency exchange risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of the Group entities. The currencies giving rise to this risk are primarily Japanese Yen (JPY), Singapore Dollar (SGD), Hong Kong Dollar (HKD) and UK Pound (GBP).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

Group			**Denominated in**			
	JPY RM	**SGD RM**	**HKD RM**	**GBP RM**	**Others RM**	**Total RM**
2018						
Cash and bank balances	10,520	110,859	29,414	–	92,979	243,772
Trade payables	(13,443,228)	(1,051,660)	(1,066,214)	(4,469,182)	(580,185)	(20,610,469)
Other payables	–	(11,800)	–	–	–	(11,800)
	(13,432,708)	(952,601)	(1,036,800)	(4,469,182)	(487,206)	(20,378,497)
2017						
Cash and bank balances	396,732	162,540	91,222	–	188,056	838,550
Trade payables	(8,361,453)	(1,220,883)	(853,515)	(1,825,473)	(226,718)	(12,488,042)
Other payables	(20,637)	(13,339)	–	–	–	(33,976)
	(7,985,358)	(1,071,682)	(762,293)	(1,825,473)	(38,662)	(11,683,468)

32. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency exchange risk (Cont'd)

Company		Denominated in		
	JPY RM	SGD RM	Other RM	Total RM
2018				
Cash and bank balances	2,439	3,205	16,329	21,973
2017				
Cash and bank balances	–	3,439	18,080	21,519

Sensitivity analysis for foreign currency exchange risk

The following table demonstrates the sensitivity of the Group's profit net of tax to be reasonably possible change in the key foreign currency against the functional currency of the Group, with all other variables held constant.

Group	Change in currency rate RM	2018 Effect on profit before tax RM
JPY	Strengthened 5%	(671,635)
	Weakened 5%	671,635
SGD	Strengthened 5%	(47,630)
	Weakened 5%	47,630
HKD	Strengthened 5%	(51,840)
	Weakened 5%	51,840
GBP	Strengthened 5%	(223,459)
	Weakened 5%	223,459
JPY	Strengthened 5%	(399,268)
	Weakened 5%	399,268
SGD	Strengthened 5%	(53,584)
	Weakened 5%	53,584
HKD	Strengthened 5%	(38,115)
	Weakened 5%	38,115
GBP	Strengthened 5%	(91,274)
	Weakened 5%	91,274

Company	Change in currency rate RM	2017 Effect on profit before tax RM
JPY	Strengthened 5%	122
	Weakened 5%	(122)
SGD	Strengthened 5%	160
	Weakened 5%	(160)
	RM	RM
SGD	Strengthened 5%	172
	Weakened 5%	(172)

32. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk

The Group and the Company exposed to interest rate risk arises primarily from financing through interest bearing financial assets and financial liabilities. The Group's and the Company's policy is to obtain the financing with the most favourable interest rates in the market.

The Group and the Company constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The carrying amounts of the Group and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	2018 RM	2017 RM
Group		
Fixed rate instruments		
Financial asset		
Fixed deposits with licensed banks	106,615	133,967
Financial liability		
Finance lease payables	(923,588)	(1,345,937)
Floating rate instrument		
Financial asset		
Short-term funds with licensed financial institutions	4,876,680	1,440,500
Financial liability		
Bank borrowings	(22,788,135)	(29,677,955)
Company		
Floating rate instrument		
Financial asset		
Short-term funds with licensed financial institutions	4,376,680	–

32. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

	2018 RM	2017 RM
Effect to profit or loss		
Group		
Interest rate increased by 1%	(179,115)	(282,375)
Interest rate decreased by 1%	179,115	282,375
Company		
Interest rate increased by 1%	43,767	–
Interest rate decreased by 1%	(43,767)	–

Notes to the Financial Statements (cont'd)

32. Financial Instruments (Cont'd)

(c) Fair value of financial instruments

The carrying amounts of receivables and payables, cash and cash equivalents and borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Carrying amount RM	Fair value RM
Group		
2018		
Financial Liabilities		
Finance lease payables (non-current) (Level 2)	507,780	456,248
Contingent liabilities	23,010,533	@
2017		
Financial Liabilities		
Finance lease payables (non-current) (Level 2)	869,296	866,896
Contingent liabilities	30,153,754	@
Company		
2018		
Financial Liability		
Contingent liabilities	23,010,533	@
2017		
Financial Liability		
Contingent liabilities	30,153,754	@

@ It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, cost and eventual outcome.

32. Financial Instruments (Cont'd)

(c) Fair value of financial instruments (Cont'd)

(i) Policy on transfer between levels

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

There were no transfers between levels in the current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

It is not practicable to estimate the fair value of the non-current unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

33. Contingencies

	Company	
	2018 RM	2017 RM
Corporate guarantees to licensed banks for credit facilities granted to subsidiary companies		
- Limit of guarantees	32,538,533	47,409,754
- Amount utilised	23,010,533	30,153,754

Notes to the Financial Statements (cont'd)

34. Capital Management

The Group's management manage its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital managed at Group level, which comprises shareholders' funds, cash and cash equivalents and bank borrowings.

	Group	
	2018 RM	**2017 RM**
Total loans and borrowings	23,711,723	31,023,892
Less: Cash and cash equivalents	(8,573,112)	(6,135,124)
Net debt	15,138,611	24,888,768
Total equity	113,937,780	98,542,783
Gearing ratio	0.13	0.25

35. Significant Events

(a) Joint Venture Development

The Company had on 29 June 2017 entered into a joint venture development agreement with Platinum Eminent Sdn. Bhd., a wholly-owned subsidiary company of Aera Property Group Sdn Bhd (formerly known as Asthetik Property Group Sdn Bhd) and BKG Development Sdn. Bhd.("BKGD"), a wholly-owned subsidiary company, for the implementation and completion of a mixed residential and commercial development project comprising inter-alia two (2) blocks of twenty-nine (29) storeys each with a total of 752 units of service apartments, a podium block comprising thirteen (13) retail units of shoplots, one (1) basement carpark and eight (8) storey carpark on a piece of leasehold land held under HS(D) 316525, PT 6551, Bandar Petaling Jaya Selatan, District of Petaling, State of Selangor bearing postal address of Jalan PJS 5/28B, PJS 5, Petaling Jaya, Selangor.

Under the Proposed Joint Development, Platinum Eminent shall implement and complete the Development Project in its capacity as the developer for the Development Project and BKGD shall facilitate the implementation and completion of the Development Project. BKGD is required to pay Platinum Eminent the Participation Fees. In return, BKGD shall be effectively entitled to 60% of the gross development profits of the Development Project estimated at RM93.5 million.

On 22 August 2017, BKGD and Platinum Eminent had entered into a supplemental joint development agreement to clarify the rights of the Existing Chargee as stated in the Joint Development Agreement.

On 29 November 2017, the Conditions Precedent under the Joint Development Agreement have been fulfilled.

On 14 December 2017, the Participation Fees (including the remaining Participation Fees of RM10.0 million) has been paid in accordance to the Joint Development Agreement.

35. Significant Events (Cont'd)

(b) Proposed Special Issue of Shares

On 29 June 2017, the Company had submitted its application to Bursa Malaysia Securities Berhad ("Bursa Securities") on the Proposed Special Issue of shares up to 55,350,000 new ordinary shares to be issued pursuant to the Proposed Special Issue of Shares for the purpose of new venture in property development.

Bursa Securities had, vide its letter dated 3 October 2017, approved the listing and quotation of up to 55,350,000 new ordinary shares to be issued pursuant to the Proposed Special Issue of Shares, subject to the terms and conditions.

On 16 March 2018, the Company submitted an application to Bursa Securities to seek an extension of time of six (6) months up to 2 October 2018 to complete the implementation of the Proposed Special Issue of Shares which was approved by Bursa Securities on 3 October 2017.

On 19 March 2018, the Company fixed the first tranche issue price of the Placement Shares at RM0.44 per Placement Share to be issued pursuant to the Proposed Special Issue of Shares. The aforementioned issue price of RM0.44 per Placement Share represents a discount of approximately RM0.0360 or 7.56% from the five (5)-day weighted average market price of Boon Koon from 12 March 2018 to 16 March 2018 of approximately RM0.4760.

On 22 March 2018, Bursa approved the extension of time up to 2 October 2018 to complete the implementation of the Proposed Special Issue of Shares.

36. Material Litigation

BOON KOON GROUP BERHAD ("BKOON" or "THE COMPANY") - HIGH COURT OF MALAYA AT PULAU PINANG CIVIL SUIT NO. PA-22NCVC-43-03/2017: AMENDED WRIT OF SUMMONS AND AMENDED STATEMENT OF CLAIM FILED BY DATO SERI KASMI BIN MAT ARSAT ("THE PLAINTIFF") AGAINST BOON KOON VEHICLES INDUSTRIES SDN. BHD. ("BKVI"), A WHOLLY OWNED SUBSIDIARY OF BKOON ("DEFENDANT")

On 22 January 2016, Dato' Seri Kasmi Bin Mat Arsat ("Plantiff") had served a writ of summon and statement of claim for a sum of RM2.238 million to Boon Koon Vehicles Industries Sdn. Bhd. ("BKVI"), a subsidiary company of the Group, for the outstanding sum due by BKVI for negotiation works for securing of Approved Permit for BKVI. On 16 June 2016, the plaintiff had withdrawn his claim against BKVI. However, the Plantiff had on 13 March 2017 filed an amended writ of summon and statement of claim for the same reason above. On 27 April 2017, the High Court of Penang allowed the Plantiff's amended statement of claim and trial dates have been fixed on 22 to 24 August 2017, and subsequently on 27 October 2017, where the High Court had ruled in favour of BKVI together with an order of costs of RM30,000.

Subsequent to the above, the Dato' Seri Kasmi Bin Mat Arsat has submitted a Notice of Appeal dated 22 November 2017 to the Court of Appeal of Malaysia at Putrajaya.

The management of BKVI is of the opinion that the Plantiff is not entitled to any additional payments, save for allowances that were already paid/ received by him between 2010 and 2011.

Appeal has been fixed for hearing at the Court of Appeal on 23 July 2018.

37. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 9 July 2018.

GROUP PROPERTIES
AS AT 31 MARCH 2018

Location of properties	Tenure	Area (Square metre)	Description	Approximate Age of Building	Expiry Date	Date of acquisition/ revaluation	Carrying amount At 31.3.17 RM'000
Boon Koon Group Berhad							
1. GM 266 Lot No. 240 Mukim Tebrau, District of Johor Bahru, Johor	Freehold Land	13,506	Vacant Land			20 August 2007/ 11 April 2018	16,200
2. GM 755 Lot No. 44506 Mukim Tebrau, District of Johor Bahru, Johor	Freehold Land	8,877	Land & Building	7 years		20 August 2007/ 11 April 2018	12,600
Boon Koon Vehicles Industries Sdn. Bhd.							
1. GM 975, Lot 1804 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	2,853	Office & Factory	14-19 years		4 August 2014	
2. GM 454, Lot 1808 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	6,490	Office & Factory	14-19 years		4 August 2014	
3. GM 455, Lot 1809 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	6,490	Office & Factory	14-19 years		4 August 2014	Note A: 35,437
4. GM 456, Lot 1810 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	18,818	Office & Factory	14-19 years		4 August 2014	
5. H.S. (M) 592, Lot 5025 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	7,356	Office & Factory	14-19 years		4 August 2014	

Group Properties
as at 31 March 2018 (cont'd)

Location of properties	Tenure	Area (Square metre)	Description	Approximate Age of Building	Expiry Date	Date of acquisition/ revaluation	Carrying amount At 31.3.17 RM'000
Boon Koon Vehicles Industries Sdn. Bhd. (Cont'd)							
6. (18) 16 Jalan 1D KKIP Selatan KKIP General Ind Zone SMI Factory, Lot 16 (IZ3), Kota Kinabalu, Sabah.	Leasehold Land 99 years	2,023	Office & Factory Building	16 years	31 December 2098	19 September 2014	2,578
7. PM 8584, Lot No. 16388 Mukim Dengkil, Daerah Sepang, Sungai Rasau Puchong, Negeri Selangor.	Leasehold Land 99 years	1,558	Vacant land		19 March 2080	21 October 2016	1,322
BKHS Capital Sdn. Bhd.							
1. GM 132 Lot No. 4590 Mukim Bagan Samak, Daerah Bandar Baharu, Negeri Kedah.	Freehold Land	9,029	Vacant Land			14 February 2015	884
2. GM 134 Lot No. 4592 Mukim Bagan Samak, Daerah Bandar Baharu, Negeri Kedah.	Freehold Land	15,656	Land under Property Development			14 February 2015	1,434

Note A:
Building erected on the adjoining parcels of land comprising of large single storey factory building with the following annexure:-

- 3 storey office building; and
- 2 storey Sales & Marketing office building

ANALYSIS OF SHAREHOLDINGS
AS AT 29 JUNE 2018

Class of Share : Ordinary Shares
Voting Rights : One voting right for one ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No of Shareholders	%	No. of Shares	%
1 - 99	196	10.91	8,831	0.00
100 - 1,000	482	26.84	153,959	0.05
1,001 - 10,000	599	33.35	3,191,373	1.08
10,001 - 100,000	381	21.21	14,936,421	5.03
100,001 - less than 5% of issued shares	135	7.52	176,284,319	59.33
5% and above of issued shares	3	0.17	102,535,997	34.51
TOTAL	**1,796**	**100.00**	**297,110,900**	**100.00**

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

		Direct		Indirect	
No.	Name	No of Shares	%	No. of Shares	%
1	Datuk Seri Chiau Beng Teik	85,199,100	28.68	–	–
2	Dato' Goh Boon Koon	2,650,000	0.89	49,325,690#	16.60
3	Ho Kok Loon	67,500	0.02	–	–
4	Chiau Haw Choon	7,859,000	2.65	–	–
5	Khoo Chee Siang	–	–	–	–
6	Datuk Yeo Chun Sing	–	–	–	–

Deemed interest through BKNT Resources Sdn. Bhd. by virtue of his shareholdings of not less than 20% in BKNT Resources Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("the Act") and other interest held through his children pursuant to Section 59(11)(c) of the Act

LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

		Direct		Indirect	
No.	Name	No of Shares	%	No. of Shares	%
1	Datuk Seri Chiau Beng Teik	85,199,100	28.68	–	–
2	Dato' Goh Boon Koon	2,650,000	0.89	48,735,997(i)	16.40
3	Datin Lee Teoh Kee	–	–	48,735,997(i)	16.40
4	BKNT Resources Sdn Bhd	48,735,997	16.40	–	–
5	Goh Boon Leong	–	–	48,735,997(i)	16.40

(i) Deemed interest through BKNT Resources Sdn. Bhd. by virtue of his/her shareholdings of not less than 20% in BKNT Resources Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

Analysis of Shareholdings as at 29 June 2018 (cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No	Name	No. of Shares	%
1	BKNT Resources Sdn. Bhd.	48,735,997	16.40
2	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chiau Beng Teik*	28,300,000	9.53
3	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad For Chiau Beng Teik (Smart)*	25,500,000	8.58
4	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chiau Beng Teik*	14,123,800	4.75
5	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Datuk Chiau Beng Teik (MGN-CBT0006M)*	10,275,300	3.46
6	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ong Choo Meng*	10,002,400	3.37
7	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad For Chiau Haw Choon (Smart)*	7,859,000	2.65
8	CIMB Islamic Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Bhd For BIMB I Dividend Fund	7,152,000	2.41
9	Teoh Hai Hin	7,040,008	2.37
10	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Chiau Beng Teik*	7,000,000	2.36
11	Teoh Huan Shim	7,000,000	2.36
12	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad For Peh Lian Hwa (Smart)*	5,091,900	1.71
13	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Keh Chuan Seng (7001511)*	4,107,500	1.38
14	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Peh Lian Hwa (7001214)*	3,685,700	1.24
15	Lee Mun Seng	3,391,612	1.14
16	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ong Choo Meng (6000478)*	3,362,000	1.13
17	Mohd Salleh Bin Hashim	3,261,300	1.10
18	Gyman Global Industries Sdn Bhd	2,690,800	0.91
19	Goh Boon Koon	2,650,000	0.89
20	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad For Ooi Chen Seng (Smart)*	2,298,400	0.77
21	Soo Huey Yi	2,238,700	0.75
22	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ong Han Ming*	2,168,000	0.73
23	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ooi Chen Seng*	2,096,500	0.71
24	Lim Chee Lip	2,090,000	0.70
25	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Ah Tee (7003115)*	2,076,200	0.70
26	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chiau Thean Bee*	1,872,900	0.63
27	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad For Lim Ah Tee (Smart)*	1,735,000	0.58
28	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Cheak Joo*	1,720,000	0.58
29	Chan Mun Hon	1,571,300	0.53
30	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad For Lim Kian Hin (Smart)*	1,562,700	0.53
	TOTAL	**222,659,017**	**74.94**

ANALYSIS OF WARRANT HOLDINGS
AS AT 29 JUNE 2018

Total Number of Warrants outstanding : 128,014,100
Exercise Price Per Warrant : RM0.20 each

ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size of Holdings	No of Warrantholders	%	No. of Warrants	%
1 - 99	3	0.71	139	0.00
100 - 1,000	26	6.10	14,140	0.01
1,001 - 10,000	100	23.47	621,973	0.49
10,001 - 100,000	209	49.06	9,885,251	7.72
100,001 - less than 5% of issued warrants	84	19.72	45,824,668	35.80
5% and above of issued warrants	4	0.94	71,667,929	55.98
TOTAL	**426**	**100.00**	**128,014,100**	**100.00**

DIRECTORS' WARRANTS HOLDINGS IN THE COMPANY

		Direct		Indirect	
No.	Name	No of Warrants	%	No. of Warrants	%
1	Datuk Seri Chiau Beng Teik	34,240,000	26.75	–	–
2	Dato' Goh Boon Koon	31,847,373	24.88	–	–
3	Ho Kok Loon	33,750	0.03	–	–
4	Chiau Haw Choon	–	–	–	–
5	Khoo Chee Siang	–	–	–	–
6	Datuk Yeo Chun Sing	100,000	0.08	–	–

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS

No	Name of Warrant holders	No. of Warrants	% of total issued Warrants
1	Goh Boon Koon	31,847,373	24.88
2	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chiau Beng Teik*	18,301,600	14.30
3	Goh Boon Leong	11,080,556	8.66
4	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad For Chiau Beng Teik (Smart)*	10,438,400	8.15
5	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chiau Beng Teik*	3,000,000	2.34
6	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Chiau Beng Teik*	2,500,000	1.95
7	Chuah Yee Shen	2,400,000	1.87
8	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeoh Hock Seng*	2,309,700	1.80
9	Gyman Global Industries Sdn Bhd	2,080,000	1.62
10	Ng Khai Jue	2,004,800	1.57
11	Mohd Salleh Bin Hashim	1,590,500	1.24
12	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chiau Thean Bee*	1,254,000	0.98

Analysis of Warrant Holdings as at 29 June 2018 (cont'd)

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS (CONT'D)

No	Name of Warrant holders	No. of Warrants	% of total issued Warrants
13	Goh Peng Yeong	1,160,000	0.91
14	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Keh Chuan Seng (7001511)*	1,157,700	0.90
15	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Woo Ching Yuen (Rem 157)*	1,040,000	0.81
16	Cheng See Shan	1,000,000	0.78
17	Choo Bee Fong	1,000,000	0.78
18	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeoh Hock Seng*	912,000	0.71
19	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad For Mohd Yusri Bin Md Yusof (Smart)*	849,000	0.66
20	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chan Kam Choon (E-Jbu)*	807,000	0.63
21	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Low Kum Moon (7001268)*	775,200	0.61
22	Goh Pei Chiek	760,000	0.59
23	Yee Choon Fatt	700,000	0.55
24	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Kian Hin*	620,000	0.48
25	Lok Ai Tee	610,000	0.48
26	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Chew Win*	600,000	0.47
27	Kee Phek See	600,000	0.47
28	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Choong Foong Ming (021)*	600,000	0.47
29	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeo An Thai*	600,000	0.47
30	Oon Boon Khong	527,500	0.41
	TOTAL	**103,125,329**	**80.56**

BOONKOON®

BOON KOON GROUP BERHAD
(Company No.: 553434-U)
(Incorporated in Malaysia)

CDS ACCOUNT NO.																	
			-				-										

PROXY FORM

* I / We ....
(FULL NAME OF SHAREHOLDERS AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

(NRIC/Passport /Company No.) ....) of ....

....
(ADDRESS)

being a * member / members of the abovenamed Company, hereby appoint ....

....
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

(NRIC/Passport No.) ....) of ....

....
(ADDRESS)

or failing him, ...
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

(NRIC/Passport No.) .... of ....

....
(ADDRESS)

or failing him, the Chairman of the meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at Chin Hin Culture Centre of No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Monday, 27 August 2018 at 10:00 am and at any adjournment thereof.

AGENDA

	Receive the Audited Financial Statements for the financial year ended 31 March 2018 and the Reports of the Directors and Auditors thereon		
Resolutions		**For**	**Against**
1	Approval of payment of Directors' fees and Directors' benefits for the financial year ending 31 March 2019		
2	Re-election of Dato' Goh Boon Koon as Director		
3	Re-election of Datuk Seri Chiau Beng Teik as Director		
4	Re-appointment of Messrs UHY as Auditors and to authorise the Directors to fix the Auditors' remuneration		
5	Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to issue shares		
6	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature		
7	Proposed Renewal of Share Buy-Back Authority		
8	Mandate for Mr Ho Kok Loon to continue to act as an Independent Non-Executive Director		
9	Proposed Change of Company's Name		

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction for voting is given, the proxy may vote as he thinks fit.

No. of shares held

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
Total		100

Signed this .... day of .... , 2018.

....
Signature of Member(s)/Common Seal

* Strike out whichever is not desired

Notes:

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.

2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.

3. A member shall be entitled to appoint one (1) or more proxies to attend and vote at the same meeting.

4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.

7. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act 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 Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Company's Constitution (Article 62(3) of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016) and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 20 August 2018 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.

9. All resolutions as set out in this notice of Sixteenth Annual General Meeting are to be voted by poll.

Please fold here

Postage
Stamp

The Company Secretaries

BOON KOON GROUP BERHAD
(Company No.: 553434-U)
51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

Please fold here

BOON KOON GROUP BERHAD
(INCORPORATED IN MALAYSIA) (NO. SYARIKAT: 553434-U)

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