



# BOON KOON GROUP BERHAD

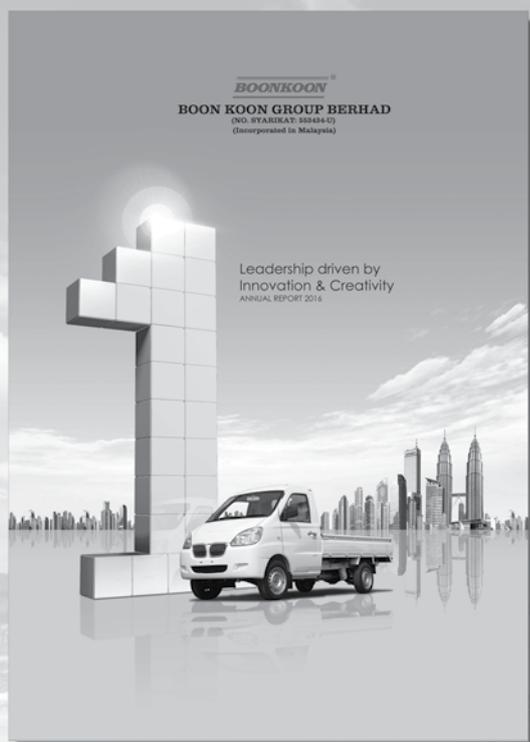
(NO. SYARIKAT: 553434-U)

(Incorporated in Malaysia)

Leadership driven by  
Innovation & Creativity

ANNUAL REPORT 2016





## 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.

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## Board of Directors

### Dato' Goh Boon Koon

*Executive Chairman*

### Goh Peng Yeong

*Executive Director*

### Goh Chin Aun

*Executive Director*

### Goh Boon Leong

*Non-Independent Non-Executive Director*

### Mohd Kamal Bin Omar

*Non-Independent Non-Executive Director*

### Ho Kok Loon

*Independent Non-Executive Director*

### Dato' Murelidaran A/L M Navaratnam

*Independent Non-Executive Director*

### Ang Poh Gin

*Independent Non- Executive Director*

## Audit Committee

### Ho Kok Loon

*Chairman*

### Dato' Murelidaran A/L M Navaratnam

### Ang Poh Gin

## Company Secretaries

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

## Registered Office

51-13-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah, 10050 Penang

Tel : 604-228 9700  
Fax : 604-227 9800

## Business Address

1177, Jalan Dato Keramat  
14300 Nibong Tebal  
Seberang Perai Selatan, Penang

Tel : 604-593 1504  
Fax : 604-598 1696  
Email : bkgb@boonkoon.com

## Share Registrar

Bina Management (M) Sdn. Bhd.  
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

Grant Thornton (Chartered Accountants)

## Solicitors

Allen Chee Ram  
Phee, Chen & Ung

## Principal Bankers

AmBank (M) Berhad  
Hong Leong Bank Berhad  
Malayan Banking Berhad  
RHB Bank Berhad

## Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad  
Stock Code : 7187  
Stock Name : BK00N

## Website Address

[www.boonkoon.com](http://www.boonkoon.com)

## Dato' Goh Boon Koon

aged 63 / Malaysian

He is the founder of Boon Koon Group and was appointed as the Managing Director of the Company on 7 January 2004 and was re-designated as Executive Chairman on 19 February 2009. He is also a substantial 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. He is mainly responsible for the establishment of long term strategic planning and development of the Company's goals and objectives to ensure a sustainable growth in the near future. 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.

He is also a member of Remuneration Committee.

## Goh Peng Yeong

aged 54 / Malaysian

He was appointed to the Board as the Executive Director on 13 September 2012. He obtained his Master Degree in Business Administration and subsequently succeeded with a Doctorate in Business Administration from University of Greenwich.

Prior to joining Boon Koon Group Berhad in year 2006, he has wide and extensive management experience in European and American multinational companies at corporate level, and has accumulated over 20 years of exposure covering Investment Portfolio, Corporate and Operation Management, Marketing and Manufacturing in the Electronics and Semiconductor sectors.

He joined Boon Koon Vehicles Industries Sdn Bhd as Senior General Manager in year 2006 and was promoted as the Group Chief Operating Officer on 1 September 2009. He also sits on the Board of few subsidiary companies within the Group.

## Goh Chin Aun

aged 39 / Malaysian

He is a Executive Director of the Company and was appointed to the Board on 30 October 2015. He graduated from Swinburne University of Technology, Australia in 2001 with Bachelor Degree in Business.

He was a Director of Boon Koon Group Berhad from year 2006 to 2010 and was also attached to Boon Koon Vehicles Industries Sdn Bhd ("BKVI"), the wholly-owned subsidiary of Boon Koon Group Berhad as Executive Director from year 2006 to 2010. His role as the Executive Director of BKVI was mainly on the strategic planning and business development.

He has been actively involved in Property and Development Industry and Service Industry since year 2010. He has gained vast experience and exposure to these industries from setting up and turned them into profitable investment for his shareholders. Currently he also holds directorships in other private limited companies.

## Goh Boon Leong

aged 56 / Malaysian

He was appointed as the Executive Director of the Company on 7 January 2004 and as Group Chief Executive Officer on 21 November 2007. He was re-designated as Non-Independent Non-Executive Director on 1 October 2015. He is also a substantial shareholder of the Company. He has extensive experience in the commercial vehicles industry, industrial machineries and hire purchase financing industry.

During his tenure as Group Chief Executive Officer, the Group has achieved significant turnaround on the bottom line of the Group and has strengthened the Group's position in the commercial vehicle industry.

# PROFILE OF DIRECTORS

(CONT'D)

## Mohd Kamal Bin Omar

aged 62 / Malaysian

He was appointed as an Executive Vice Chairman of the Company on 21 April 2009, and was re-designated as Non-Independent Non-Executive Director on 2 November 2011. He graduated from Northern Illinois University in 1980 with a Bachelor of Science (Computer Science) and has extensive management experience with Petronas, Malaysian L.N.G, Golden Hope Plantation Bhd, DRB-HICOM Group of Companies. At Berger International Ltd, a public listed company in Singapore he was a director in 1996 and later became the CEO in 2001-2002. He was formerly Director of Metronic Global Berhad and Netx Holding Berhad (formerly known as Ariantec Global Berhad). He is actively running a private investment holding company in properties based in Kuala Lumpur.

## Ho Kok Loon

aged 50 / Malaysian

He 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 also the Chairman of Audit Committee, Nomination Committee and Remuneration Committee.

## Dato' Murelidaran A/L M Navaratnam

aged 50 / Malaysian

He is a Senior Independent Non-Executive Director of the Company and was appointed to the Board on 24 November 2004. He graduated from University of London in 1988 with LL.B (Hons) Degree and was called to the Bar of England and Wales on 27 July 1989 after having completed his Bar Finals course and passing the Bar Finals examination in June 1989. He is a Member of the Honourable Society of the Inner Temple, London and is an Utter Barrister at Law of the said Society. He was called to the Malaysian Bar in 1990.

He started his career as legal assistant with Messrs. Pregraves and Matthews in 1990 and joined Messrs Ghazi & Lim in 1992 as a legal assistant. He was subsequently made a partner in 1995. In 2003, he retired from the partnership to set up his own legal practice under the name and style of Messrs. Mureli Navaratnam. He is fellow of the Chartered Institute of Arbitrators, London (CIARB) and sits as an Arbitrator. He is also a Certified Adjudicator and bar-council advocacy trainer.

He is also a member of Audit Committee, Nomination Committee and Remuneration Committee.

## Ang Poh Gin

aged 62 / Malaysian

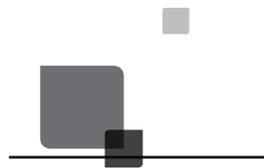
He is an Independent Non-Executive Director of the Company and was appointed to the Board on 7 January 2004. He has vast experience in the garment industry and is presently attached to Plas Industries Sdn Bhd as the Branch Manager of the Nibong Tebal Operations.

He is also a member of Audit Committee and Nomination Committee.

### Notes:

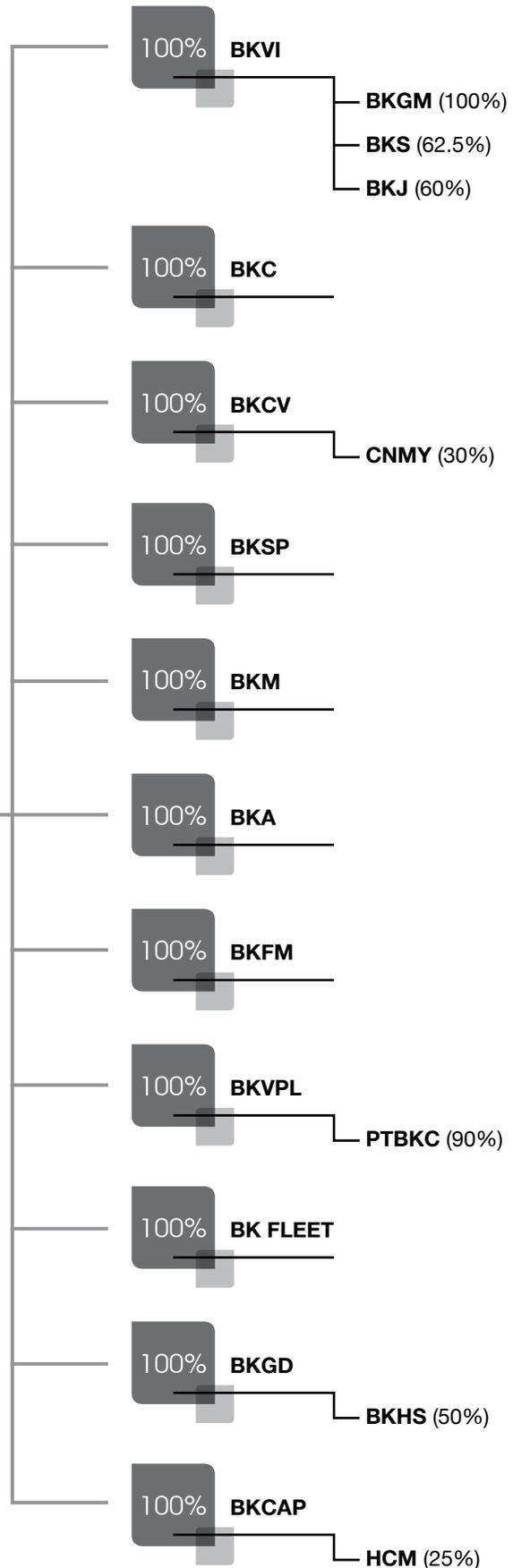
1. Save as disclosed below, none of the Directors of the Company have any family relationship with any Director and/or major shareholder of the Company:-
  - Dato' Goh Boon Koon and Goh Boon Leong are brothers.
  - Mr Goh Chin Aun is the son of Dato' Goh Boon Koon.
2. All the Directors of the Company have no conflict of interest with the Company and have not been convicted of any offences within the past ten years other than traffic offences, if any.
3. The Directors' shareholdings are disclosed in page 117 of this Annual Report.
4. None of the Directors of the Company hold or have held any Directorships in other public companies.

# CORPORATE STRUCTURE



**BOONKOOON<sup>®</sup>**  
**BOON KOON GROUP BERHAD**  
 (NO. SYARIKAT: 553434-U)  
 (Incorporated in Malaysia)

- BKVI - Boon Koon Vehicles Industries Sdn. Bhd.
- BKCV - BKCV Sdn. Bhd.
- BAK - BK Alliance Sdn. Bhd.
- BKM - Boon Koon Marketing (East Malaysia) 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.
- BKJ - Boon Koon Japan Co., Ltd.
- PTBKC - PT Boon Koon Continental
- HCM - Hitachi Capital Malaysia Sdn. Bhd.  
(formerly known as First Peninsula Credit Sdn. Bhd.)
- CNMY - CNMY Truck Sdn. Bhd.
- BKGM - BKGM Industries Sdn. Bhd.
- BKCAP - Boon Koon Capital Sdn. Bhd.
- BKHS - BKHS Capital Sdn. Bhd.





*Dear Shareholders,*

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Boon Koon Group Berhad (“BKG”) for the financial year ended 31 March 2016.

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### **Business Performance**

For the financial year ended 31 March 2016, the Group recorded a turnover of RM78.6 million as compared to RM89.1 million for the previous financial year, a decline of approximately RM10.5 million. The Group suffered loss after taxation approximately RM2.2 million in this financial year which was mainly attributable to impairment to inventories and property, plant and equipment which was cushioned by lower finance costs as well as better financial performance from the associate companies.

Following through the success launch of its new light commercial vehicles i.e. Viflex 2.0 in November 2014, which marked BKG's foray into new commercial vehicle industry, the Group has been successful in its efforts to market its light truck to the domestic market in this current financial year. I would like to relate this success to the collaboration between the management team of new commercial vehicles division with their supportive distributors and dealers.

### **Outlook for the Upcoming Financial Year**

BKG anticipates that the overall economy outlook for Malaysia is going to be slow in the coming months of this financial year, but despite of this situation, BKG shall continue to focus on its core business which is the rebuilt commercial vehicle division particularly in the state of Johore and Sarawak where demand for rebuilt commercial vehicles still remains strong. Further, BKG shall intensify its marketing activities in existing markets and expand its reach in East Malaysia especially with the reactivation of its manufacturing plant in Kota Kinabalu, Sabah for its rebuilt commercial vehicles.



## Outlook for the Upcoming Financial Year (Cont'd)

BKG has achieved another important milestone during the financial year by successfully obtaining the manufacturing license for the assembly of Energy Efficiency Vehicles (EEV). This new license will enable the Group to assemble all kinds of EEV which includes the passenger and commercial vehicles as well as motorcycles of any engine capacity. This enhances the capability of BKG to equip itself to face the new challenges of the future.

Our Research and Development team will continue to test out the products aligned under these new capabilities. We are very enthusiastic and excited over this new prospects and we hope to share this new chapter with our shareholders very soon.

Looking forward, I am confident that BKG is better equipped than ever to serve and to fulfill the needs of the industries.

## Board Changes

During the financial year, Mr. Goh Chin Aun has joined the Board and on behalf of the Board, I would like to take this opportunity to welcome him and strongly believes he will be contributing his knowledge and insights to the Group.

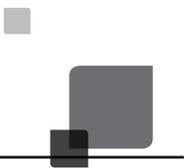
## Dividend

The Board of Directors did not recommend any dividend for the financial year ended 31 March 2016.

## Appreciation

On behalf of the Board of Directors, I would like to extend my sincere gratitude to all of our employees, business associates 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.

**Dato' Goh Boon Koon**  
*Executive Chairman*



# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Boon Koon Group Berhad (“BKG”) 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 2012 (“MCCG 2012”) and the extent of compliance with the Recommendations of the MCCG 2012 as required under MCCG 2012 during the financial year ended 31 March 2016 (“FY2016”).

## PRINCIPLE 1 : ESTABLISH CLEAR ROLES & RESPONSIBILITIES

### 1.1 Functions of the Board and Management

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 senior management carries out the role of managing the business of the Group under the direction and delegations of the Chief Executive Officer (“CEO”). However, on 1 October 2015, Mr Goh Boon Leong, the Group CEO was re-designated as Non-Independent Non-Executive Director. The Group Chief Operating Officer (“COO”) is now taking over the roles of CEO for the time being.

To ensure the effective discharge its functions and responsibilities, the Board had established a Board Charter which clearly set out the relevant matters reserved for the Board’s approval, as well as those is delegated to the Board committees, Executive Chairman and CEO.

Key matters reserved for Board’s decision include, inter alia, the following:-

- a) Approval of business strategy and Group’s operational plan and annual budget;
- b) Acquisition and disposal of assets of the Company or its subsidiaries that are material in nature;
- c) Approval of investment or divestment in a company / business / property / undertaking;
- d) Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities;
- e) Any other significant business direction; and
- f) Corporate proposal on fund raising.

### 1.2 Duties and Responsibilities of the Board of Directors and Management

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 has delegated specific duties to three (3) subcommittees (Audit, Nomination and Remuneration Committees). These Committees have the authority to examine particular issues and report the same to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The presence of Independent Non-Executive Directors is necessary for the corporate accountability as they provide unbiased and independent views. Even though all Directors have equal responsibility for the Group’s operations, the role of Independent Non-Executive Directors is particularly important in ensuring the strategies proposed by the management are discussed and examined while taking into account the long-term implications of the business, the Group, shareholders and other stakeholders’ interests.

## PRINCIPLE 1 : ESTABLISH CLEAR ROLES & RESPONSIBILITIES (CONT'D)

### 1.2 Duties and Responsibilities of the Board of Directors and Management (Cont'd)

The Board is alert to the possibility of potential conflicts of interest involving the Directors and the Company and affirms their commitment to ensure that such situations of conflicts are avoided.

The management team and executive officers, led by the CEO responsible to carry out the overall management of the Group, ensuring that the strategies, policies and matters set by the Board are implemented effectively. Currently, the COO is taking over the roles of CEO after the re-designation of the former CEO to Non-Independent Non-Executive Director.

### 1.3 Board Charter

The Board has adopted a 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 is subject to review periodically in order to ensure consistency with the Board's strategic intent and relevant standards of corporate governance.

### 1.4 Code of Business Conduct and Ethics and Conflict of Interest Policy

The Board continues to adhere to the Company's Code of Business Conduct and Ethics and Conflict of Interests Policy. The details of which is more probably describe in page 19 of this Annual Report.

### 1.5 Promoting Sustainability

The Group recognises the importance of sustainability and its increasing impact to the business in a way that is environmentally safe and sound. The sustainability activities are set out in the Statement on Corporate Social Responsibility.

### 1.6 Board Meetings and Access to Information and Advice

The Board members have full and unrestricted access to information on the Group's business and affairs in discharging their duties. All Directors are provided with the agenda and a full set of Board papers before each Board Meeting is convened. 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.

Senior management staff, investment bankers, accountants or solicitors will be appointed to act as advisers for any corporate proposal to be undertaken by the Group, and will be invited to attend Board meetings at which the corporate proposal is to be deliberated, in order to provide the Board with professional opinion and advice, and to clarify issues that may be raised by any Director.

The Board is regularly updated and advised by the Company Secretary 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 Secretary and the senior management.

Where appropriate, the Directors may 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.

### 1.7 Secretary and Minutes

The Company Secretary 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 Secretary 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.

The Board is of the view that current Company Secretaries are suitably qualified, competent and can support the Board in carrying out its roles and responsibilities. The Board obtained appropriate advice and services, if necessary, from Company Secretaries to ensure adherence to Board meeting procedures and compliance with regulatory requirements.

## PRINCIPLE 2 : STRENGTHEN THE COMPOSITION

### 2.1 Board Committees

To assist the Board in the discharge of their duties effectively, the Board has delegated specific functions to certain Committees, namely Nomination Committee, Remuneration Committee and Audit Committee. Each Committee will operate within its clearly defined terms of reference. The Chairman of the various committees will report to the Board on the outcome of the Committee meetings.

#### a) Nomination Committee

The Nomination Committee which was formed on 2 August 2004, currently comprises entirely of Non-Executive Directors with all being independent as follows:-

Ho Kok Loon – Chairman  
Ang Poh Gin – Member  
Dato' Murelidaran A/L M Navaratnam – Member

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.

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, meeting attendance, ability to ensure effective checks and balances on the Board's decision making process, constructively challenge business propositions and contributes to the development of business strategy and direction of the Company, ensures that adequate systems and controls to safeguard the interests of the Company are in place and continuous updating of knowledge and enhancing of skills through attendance of business related trainings.

When considering new appointment, the Nomination Committee shall evaluate the balance of skills, knowledge and experience on the board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the 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.

## PRINCIPLE 2 : STRENGTHEN THE COMPOSITION (CONT'D)

### 2.1 Board Committees (Cont'd)

#### a) Nomination Committee (Cont'd)

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.

The Nomination Committee had met twice during FY2016 and the activities of the Nomination Committee is summarised as follows:-

- a) 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.
- b) Reviewed and recommended the re-election of Directors who were retiring and seeking for re-election at Thirteenth Annual General Meeting.
- c) Reviewed and assessed the independence of its Independent Non-Executive Directors.
- d) 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 years, in compliance with the recommendation of Malaysian Code on Corporate Governance 2012.
- e) Reviewed and recommended the appointment of Mr Goh Chin Aun as Executive Director of the Company.

#### b) Remuneration Committee

The Remuneration Committee which was formed in 2 August 2004, currently comprises mainly Non-Executive Directors with majority being independent as follows:-

Ho Kok Loon – Chairman  
Dato' Goh Boon Koon – Member  
Dato' Murelidaran A/L M Navaratnam – Member

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 must be approved by the shareholders at the Annual General Meeting ("AGM").

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 amounts of remuneration paid to Directors are disclosed in the Note 24 to the Audited Financial Statements.

# STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

## PRINCIPLE 2 : STRENGTHEN THE COMPOSITION (CONT'D)

### 2.1 Board Committees (Cont'd)

#### b) Remuneration Committee (Cont'd)

The details of the remuneration for Directors during the financial year ended 31 March 2016 were as follows:-

	<b>Fees</b>	<b>Salary, allowances &amp; bonus</b>	<b>Meeting Allowances</b>	<b>EPF</b>	<b>Benefit In kinds</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Executive Directors	67,000	1,055,525	3,000	136,255	32,300
Non-Executive Directors	147,000	-	3,800	-	-

<b>Range of Remuneration</b>	<b>Number of Directors</b>	
	<b>Executive</b>	<b>Non-Executive</b>
Below RM 50,000	-	4
RM 50,000 – RM 100,000	1	1
RM 100,001 – RM 150,000	-	-
RM 150,001 – RM 200,000	-	-
RM 200,001 – RM 250,000	-	-
RM 250,001 – RM 300,000	1	-
RM 300,001 – RM 350,000	-	-
RM 350,001 – RM 400,000	1	-
RM 400,001 – RM 450,000	-	-
RM 450,001 – RM 500,000	-	-
RM 500,001 – RM 550,000	-	-
RM550,001 – RM600,000	1	-

Mr Goh Boon Leong, the CEO was re-designated as Non-Independent Non-Executive Director on 1 October 2015. His range of remuneration has been distinguished as executive and non-executive director accordingly.

#### c) Audit Committee

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures that an objective and professional relationship is maintained with the external auditors.

The Chairman of the Audit Committee reports to the Board the outcome of the Committee meetings.

The Audit Committee consists of three (3) Directors, all of whom are Independent Non-Executive Directors. The terms of reference and the activities of the Audit Committee during the financial year are presented under the Audit Committee Report on pages 22 to 25 of this Annual Report.

### 2.2 Gender, Ethnicity and Age Diversity Policy

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.

The Group also has no immediate plans to implement a diversity policy or target as it is of the view that employment is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender, ethnicity and age. The Group will provide equal opportunity to candidates with merit.

## PRINCIPLE 3 : REINFORCE INDEPENDENCE

### 3.1 Assessment of Independent Directors

The Board recognizes the importance of independence and objectivity in the decision making process. The Board and its Nomination Committee in their annual assessment concluded that each of the three Independent Non-Executive Directors continue to demonstrate conduct and behavior that are essential indicators of independence. Each of them continues to fulfill the definition and criteria of independence as set out in Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements.

### 3.2 Tenure of Independent Directors

The Board notes the recommendation of the MCGG 2012 on the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval on a yearly basis.

The Nomination Committee and the Board assesses the independence of the Independent Non-Executive Directors annually, taking into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board. The Nomination Committee had reviewed and assessed the independence of Independent Non-Executive Directors during the financial year and is satisfied with the level of independence demonstrated by the respective Directors. Presently, the tenure of all the Independent Non-Executive Directors has served for a cumulative term of more than nine (9) years. On this, the Nomination Committee and the Board have assessed the independence of the Independent Non-Executive Directors and recommend them to continue to act as the Independent Non-Executive Director of the Company. The relevant motion on the subject matter will be presented to the shareholders for approval at forthcoming AGM.

### 3.3 Separation of Roles of Chairman and Chief Executive Officer

There is a clear division of authority between Executive Chairman and CEO, to ensure a balance of power and authority. With the re-designation of the former CEO to Non-Independent Non-Executive Director, the COO is taking over the roles of CEO for the time being. The Independent Non-Executive Directors are independent from Management and have no relationships that could interfere with the exercise of their independent judgment. They 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. The Board takes cognisance of the Chairman being an executive position, and not in compliance with the recommendation of the MCGG 2012 on requires a majority of independent directors where the chairman of the Board is not an independent director. However, the Board is of the view that there are sufficient experiences and Independent Non-Executive Directors on the Board to provide assurance that there is adequate check and balance.

### 3.4 Re-election of Directors

In accordance with the Articles of Association of the Company, all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. Article 95(1) also provides that one-third (1/3) of the remaining Directors be subject to re-election by rotation at each AGM. Provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. In addition, the Directors to retire in every year shall be those who have been longest in office since their last election.

Pursuant to Article 102 of the Company's Articles of Association, any Directors who are appointed either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the following AGM and being eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotations at that meeting.

Directors over the age seventy (70) years are required to render themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The details of the Directors seeking re-election at the forthcoming Fourteenth AGM are disclosed in page 26 of this Annual Report.

# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

## PRINCIPLE 3 : REINFORCE INDEPENDENCE (CONT'D)

### 3.5 Board Composition and Board Balance

The Board currently comprises of eight (8) members, of which three (3) are Executive Directors, two (2) Non Independent & Non Executive Directors and three (3) Independent Non-Executive Directors. This is in compliance with the one-third requirement for independent directors to be appointed to the Board under the Main Market Listing Requirements of 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 law, commercial, accounting and general management. The profile of each Director is provided on pages 3 to 4 of this Annual Report.

## PRINCIPLE 4 : FOSTER COMMITMENT

### 4.1 Time Commitment

The Board is satisfied with the time commitment given by the Directors of the Company in discharging their duties for the financial year ended 31 March 2016. The Directors also understand their responsibility to notify the Chairman before accepting any new directorship.

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. The Board met five (5) times during the financial year.

The composition of the Board and the individual Director's attendance of meetings during the financial year ended 31 March 2016 were as follows:

	Attendance
Dato' Goh Boon Koon	5/5
Goh Boon Leong	4/5
Goh Peng Yeong	5/5
Goh Chin Aun	2/2
Mohd Kamal Bin Omar	5/5
Ho Kok Loon	5/5
Dato' Murelidaran A/L M Navaratnam	3/5
Ang Poh Gin	5/5

### 4.2 Directors Training

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. In addition, seminars and conferences organised by the relevant regulatory authorities and professional bodies on, inter-alia, areas relevant to the Group's operations, Directors' responsibilities, and corporate governance issues, as well as on changes to statutory requirements and regulatory guidelines, are informed to the Directors, for their participation in such seminars and conferences.

All the Directors of BKG have attended and successfully completed the Mandatory Accreditation Programme as required by Bursa Securities. They have also attended various continuous education programmes such as seminars and conferences.



## PRINCIPLE 4 : FOSTER COMMITMENT (CONT'D)

### 4.2 Directors Training (Cont'd)

The following members of the Board had attended various undermentioned programmes:-

Name	No. of days	Mode	Title of Training
Dato' Goh Boon Koon	1	Seminar	Leadership Seminar
	1	In-house training	Understanding on National Automotive Policy (NAP)
Goh Boon Leong	1	In-house training	Understanding on National Automotive Policy (NAP)
Goh Peng Yeong	2	Conference	Vehicle Fleet Management Conference
	1	In-house training	Understanding on National Automotive Policy (NAP)
Goh Chin Aun	3	Seminar	Land Matters and Property Development
	1	In-house training	Understanding on National Automotive Policy (NAP)
Ho Kok Loon	3	Training	Wealth Academy Investor
	1	Seminar	2016 Budget Seminar: Summary & Highlights for Corporate Accountants
	1	In-house training	Understanding on National Automotive Policy (NAP)
Ang Poh Gin	1	In-house training	Understanding on National Automotive Policy (NAP)
Dato' Murelidaran A/L M Navaratnam	1	In-house training	Understanding on National Automotive Policy (NAP)
Mohd Kamal Omar	1	In-house training	Understanding on National Automotive Policy (NAP)

## PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING

### 5.1 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, 1965 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 20 July 2016.

## PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

### 5.2 Relationship with the Auditors

The Audit Committee discusses the nature and scope of audit and reporting obligations with the external auditors before commencement of audit engagement.

A transparent and appropriate relationship with the auditors, both internal and external has been established through the Audit Committee. The external auditors are invited to discuss the annual financial statements, their audit plan, audit findings and other special matters that require the Board's attention.

The Audit Committee is empowered by the Board to review all issues in relation to appointment and re-appointment, resignation or dismissal of external auditors. The Audit Committee has assessed the suitability and independence of the external auditors. The external auditors have confirmed that they are independent throughout the conduct of audit engagement in accordance with terms of professional and regulatory requirements. Accordingly, the Audit Committee has recommended the re-appointment of the external auditors at the AGM of the Company.

## PRINCIPLE 6 : RECOGNISE AND MANAGE RISKS

### 6.1 Internal Control and Risk Management

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

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 20 to 21 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 CEO and management regularly reviews the system of internal controls to ensure that there are sufficient checks and balances to safeguard the Company's assets. With the re-designation of the former CEO to Non-Independent Non-Executive Director, the COO is now taking over the role of CEO on this matter.

### 6.2 Internal Audit Function

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 CEO 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.

## PRINCIPLE 7 : ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### 7.1 Internal Corporate Disclosure Policies and Procedures

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.

### 7.2 Leverage of Information Technology for Effective Dissemination of Information

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

## PRINCIPLE 8 : STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

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 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 with effect from 1 July 2016.

The notice of AGM and the Annual report are dispatched to shareholders at least twenty-one (21) days prior to the meeting date.

## STATEMENT ON THE COMPLIANCE WITH CORPORATE GOVERNANCE

The Board is committed to achieve high standards of corporate governance throughout the Group and high level of integrity and ethics in its business dealings. The Board considers that it has complied substantially with principles and recommendations as stipulated in the MCCG 2012 throughout FY2016.

This statement is made in accordance with a resolution of the Board dated 20 July 2016.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. Share Buyback

There were no share buyback of the Company's shares during the financial year.

### 2. American Depository Receipts ("ADR") and Global Depository Receipts ("GDR")

The Company did not sponsor any ADR and GDR during the financial year.

### 3. Options, Warrants or Convertibles Securities

There was no issuance of options, warrants or convertible securities during the financial year.

As at the end of the financial year, the Company has the following outstanding warrants :-

Warrants	Exercise price per ordinary shares	Expiry date	Number of warrants outstanding as at 31 March 2016
Warrants	RM0.20	7 July 2023	138,375,000

Further details of the warrants issued are described in page 40 of this Annual Report. There was no exercise of warrants during the financial year.

### 4. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest either still subsisting as at 31 March 2016 or entered into since the end of the previous financial year.

### 5. Utilisation of Proceeds

During the financial year, there were no proceed raised by the Company from any corporate exercise.

### 6. Variation in Result

There were no material variations between the Group's audited results for the financial year ended 31 March 2016 and the unaudited results for the quarter ended 31 March 2016.

### 7. Profit Guarantee

During the financial year, the Company did not receive any profit guarantee from any parties.

### 8. Imposition of Sanctions and/or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year under review.

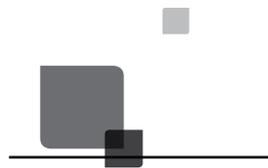
### 9. Non-audit Fees Paid to External Auditors

During the financial year ended 31 March 2016, no non-audit fees were paid to the external auditors other than the taxation fees totaling RM34,895 paid to a company in which certain partners of the audit firm are shareholders and directors.

### 10. Recurrent Related Party Transactions of a Revenue or Trading Nature

There was no recurrent related party transaction of a revenue or trading nature during the financial year ended 31 March 2016.

# STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY



The Board of Directors of Boon Koon Group Berhad views the need for corporate social responsibility (“CSR”) as an integral part of a business’s operations and practices. The CSR initiatives undertaken by the Group are summarised below:-

## ENVIRONMENT

The Group acknowledges responsibilities for care of the environment. The Group considers safety and environmental factors in all operating decisions and explores feasible opportunities to minimise any adverse impact from manufacturing operations and waste disposal.

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.

## HEALTH & SAFETY

As an employer, the Group recognises and accepts its responsibilities for providing and maintaining a safe and healthy workplace for all its employees, contractors and visitors.

The Executive Director of the Group has the ultimate responsibility for the health, safety and welfare for all employees, visitors and 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.

## ETHICAL POLICY

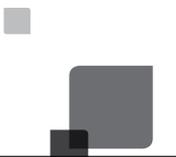
In addition, the Board of Directors of the Company has adopted the Code of Business Conduct and Ethics and Conflict of Interests policy (the “Code”) for Board members. The Code is intended to focus the Board and each Director on the duties and responsibilities of Directors, provide guidance to Directors to help them recognise and deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty and accountability. Each Director must comply with the letter and spirit of this Code. No code or policy can anticipate every situation that may arise.

Accordingly, this Code is intended to serve as a source of guiding principles for Directors. Directors are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Chairman of the Nomination Committee, who may consult with internal or external legal counsel as appropriate.

We believe that principles of honesty, ethical practices, integrity and fairness are the cornerstones of a respectable and successful business. These principles are the heart of the Company’s philosophy and values. They are vital elements for establishing trust in our relationships with shareholders and stakeholders. They cannot be compromised. It is therefore important for our organisations, at every level, to understand and see value in upholding such principles, which must be applied holistically in all aspects of the Company’s and organisational objectives as an economic entity.

The Company is committed 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

The Board of Directors (“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 Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

## RESPONSIBILITY

The Board of Boon Koon Group Berhad (“BKG”) acknowledges its overall responsibility for the Group’s system of risk management and internal control and for reviewing its adequacy and integrity periodically to safeguard the interest of shareholders and the Group’s assets. The COO and management play an integral role in assisting the design and implementation of the Board’s policies on risk management and internal controls.

This statement describes the processes that form the risk management and internal control framework throughout the Group’s business operations which were regularly reviewed by the Board.

The risk management and internal control system was designed to manage, rather than eliminate the risk of failure to achieve the Group’s corporate objectives.

In pursuing these objectives, risk management and internal control can provide only reasonable but not absolute, assurance against material misstatements or losses.

## RISK MANAGEMENT

Throughout the history of the Group’s operations, risk management practices are inherent in the way management has conducted its business. The practices, values and culture that have endured to the present day have a profound effect on management’s conduct. The Board has always regarded risk management as an integral part of its conduct.

BKG has a set of formal group risk management policies which was approved by the Board of Director and adopted throughout the Group of companies within BKG.

## MANAGEMENT PROCESSES AND CONTROL FRAMEWORK

BKG has a set of well-established standard operating procedures covering all critical and significant facets of the Group’s business processes. Procedures are primarily geared towards prevention of assets loss but also cover other major functional aspects of the Group’s business operations.

These functions include cost control, asset security and occupational safety procedures, human capital management, productivity benchmarks, product quality assurance, compliance with regulatory standards and disciplines and etc. The standard operating procedures are subject to review from time to time to accommodate process changes or to meet new business requirements. Compliance with these procedures is an essential element of the risk management and internal control framework.

Well-defined management structures and disciplines are established to reinforce the risk management and internal control framework so to ensure its continued relevance and effectiveness. Among the management disciplines are a pre-defined chart of responsibility and accountability that provides a clear definition of delegated authority to the various management levels along functional lines.

Monthly meetings are held in each of the Group’s business operations to discuss operational and financial aspects of the business. 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.

To ensure effectiveness of the risk management and internal control framework, the Group maintains a well-resourced human capital function to oversee its operations. This ensures that the people driving key operations are sufficiently skilled and exert the required qualities of professionalism and integrity in their conduct. Continuous education and training programs are provided to enhance employees’ skills and to reinforce such qualities.

In addition, the Group maintains an elaborated annual business planning and review process to make certain that the interests of all its subsidiaries are well balanced.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)



## MONITORING AND REVIEW

The Board delegates the day-to-day functions to the COO who is aided by a team of corporate officers. Part of his role is to drive each business operations in a manner so to maintain the integrity of the risk management and internal control framework and to implement effective risk management practices throughout the year.

From a process view point, the COO oversees all management meetings in each of the business operations. These meetings usually involve the review of financial performance, operational and business issues including risk management and internal control matters.

The Board recognises the importance of a sound system of risk management and internal control to safeguard shareholders' investments and the Company's assets. To ensure the system of internal control is functioning effectively, the internal audit function of the Company has been outsourced to an external consultant who will review the internal controls of selected key activities of the Group's businesses based upon an annual internal audit plan which is presented to the Audit committee for approval. The Board relies on the internal audit function to provide it with much assurance about the state of internal controls of the Group. The internal auditors report directly to the Audit Committee. The fees paid to the internal auditors to carry out the internal audit functions of the Group amounted to RM16,000 for the financial year.

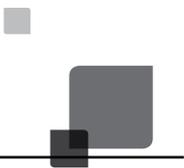
The internal audit reports are reviewed by the Audit Committee and forwarded to the Management so that any recommended corrective actions could be undertaken. The Management is responsible for ensuring that the necessary corrective actions on reported weakness are taken within the required time frame.

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.

## SUMMARY

The system of risk management and internal control comprising the respective framework, management processes, monitoring and review processes described in this statement are considered adequate. While the Board acknowledges that the system of risk management and internal control does not eliminate the possibility of collusion or deliberate circumvention of procedures by employees, human errors and/or others unforeseen circumstances that result in poor judgment, it has nonetheless receive assurance from the COO that the Group's system of risk management and internal control is adequate for identifying, evaluating, monitoring and managing significant risk that may materially affect the achievement of the corporate objectives.

This statement is made in accordance with a resolution of the Board dated 20 July 2016.



# AUDIT COMMITTEE REPORT

## MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee  
Committee currently comprises of the following Directors:-

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

Dato' Murelidaran A/L M Navaratnam  
Member (*Independent Non-Executive Director*)

Ang Poh Gin  
Member (*Independent Non-Executive Director*)

## THE TERMS OF REFERENCE OF THE COMMITTEE ARE AS FOLLOWS:-

### 1. MEMBERSHIP

The Committee shall be appointed by the Board from amongst the Directors of the Company, all of whom shall be Non-Executive Directors, with a majority being Independent Directors. At least one member of the Committee:-

- must be a member of the Malaysian Institute of Accountants; or
- if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and
  - he/she must have passed the examination specified in Part I of the 1<sup>st</sup> Schedule to the Accountants Act, 1967; or
  - he/she must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act, 1967.
- fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The members of the Committee shall elect the Chairman from among their number who shall be an Independent Director.

### 2. ATTENDANCE OF MEETINGS

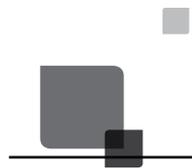
The Head of Finance and Head of Internal Audit, if any, are invited to attend meetings of the Audit Committee. Other Board members may attend meetings upon the invitation of the Committee. However, the Committee should meet with the external Auditors without executive Board Members present at least twice a year. The Company Secretary shall be the secretary of the Committee.

### 3. FREQUENCY OF MEETINGS

The Committee shall meet at least four (4) times a year. The external auditors may request a meeting if they consider that one is necessary. The quorum for any meeting shall be two members of the Committee who shall be Independent Non-Executive Directors.

### 4. AUTHORITY

The Committee is authorised by the Board to investigate any matter within the scope of the Committee's duties. It has full and unrestricted access to any information in the Company and is authorised to call upon any employee to seek information it requires and all employees are required to co-operate with the Committee.



## 5. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall include:-

- 5.1 to recommend and consider the appointment and re-appointment of the external auditors, their audit fee and any question of their resignation or dismissal to the Board.
- 5.2 to review with the external Auditors the audit plans, evaluation on the internal controls and their audit reports and to consider adequacy of Management's actions taken on external audit reports.
- 5.3 to discuss the nature and scope of the audit with the external auditors before the audit commences.
- 5.4 to review the assistance given by the employees of the Company to the external Auditors.
- 5.5 to review the quarterly results and year end financial statements of the Company and the Group before submission to the Board, focusing particularly on:-
  - public announcements of results and dividend payment;
  - any changes in accounting policies and practices;
  - major judgmental areas;
  - significant adjustments resulting from the audit;
  - significant and unusual events;
  - the going-concern assumption;
  - compliance with accounting standards; and
  - compliance with stock exchange and legal requirements.
- 5.6 to discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss (in the absence of management where necessary).
- 5.7 to keep under review the effectiveness of internal control system and, in particular, review the external auditors' management letter and management's response.
- 5.8 to review any related party transactions and conflict of interest situation that may arise within the Company or Group and to monitor any inter-company transaction or any transactions between the Company and any related parties outside the Group.
- 5.9 to review and approve the statements to be included in the annual report concerning internal controls and risk management.
- 5.10 to review the internal audit programs and results of the internal audit processes and where necessary to ensure that appropriate action is taken on the recommendations of the internal audit functions.
- 5.11 to monitor and review the effectiveness of the Company's internal audit function in the context of the company's overall risk management system.
- 5.12 to approve the appointment and removal of the head of the internal audit function.
- 5.13 to consider and approve adequacy of the scope, functions, competency and resources of the internal audit function and ensure it has appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.
- 5.14 to ensure the function have adequate standing and are free from management or other restrictions.
- 5.15 to review and assess the annual internal audit plan.
- 5.16 to review promptly all reports on the Group from the internal auditors and review and monitor management's responsiveness to the findings and recommendations of the internal auditor.
- 5.17 to monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the company compared to the overall fee income of the firm, office and partner and other related requirements.

# AUDIT COMMITTEE REPORT

(CONT'D)

## 5. DUTIES AND RESPONSIBILITIES (Cont'd)

- 5.18 to review the Group's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- 5.19 ensuring policies and framework are in place to manage the risks to which the Group is exposed, especially in areas of risk concentration pertaining to the risk exposures that the subsidiaries are exposed to in their business activities, eg. market, operational, liquidity, credit, regulatory, reputation, legal and strategic risk.
- 5.20 to support and provide directions to the Group's internal audit function to ensure its effectiveness.
- 5.21 to carry out such other functions and consider other topics, as may be agreed upon by the Board.

## 6. REPORTING PROCEDURES

The Company Secretary shall circulate the minutes of the meetings of the Committee to all members of the Board.

## 7. ATTENDANCE OF MEETINGS

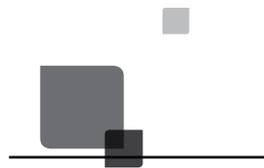
During the financial year ended 31 March 2016, a total of 5 Audit Committee meetings were held. The details of attendance of the Committee members were as follows:

Name of Committee Member	Attendance
Ho Kok Loon	5/5
Dato' Murelidaran A/L M Navaratnam	3/5
Ang Poh Gin	5/5

## 8. SUMMARY OF ACTIVITIES

The Audit Committee had during the financial year ended 31 March 2016 discharged the following duties:

- 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 internal audit reports of the Group.
- e. Reviewed the audit planning memorandum from external auditors.
- f. Reviewed the internal audit plan from internal auditors.
- g. Assessed and reported to the Board the internal audit function of the Group.
- h. Reviewed and recommended the re-appointment of external auditors and their fees.
- i. Dialogue session with external auditors, without the presence of Executive Director and Management.
- j. Reviewed the Audit Committee Report for inclusive in the Annual Report 2015.



## 9. INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

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 Audit Committee and assists the Audit Committee in monitoring and reviewing the effectiveness of the risk management, internal control and governance process within the Group.

The Audit Committee approved the internal audit 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 Audit Committee 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.

Further details on the internal audit function and its activities are set out in the Statement on Risk Management and Internal Control on pages 20 to 21 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 2016.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of the Company will be held at the Majestic Hall of Bukit Jawi Golf Resort, Lot 414, MK 6, Jalan Paya Kemian Sempayi, 14200 Sungai Jawi, Penang on Wednesday, 24 August 2016 at 9:00 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 2016 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' fees of RM214,000 for the financial year ended 31 March 2016. **Resolution 1**
3. To re-elect Mr Goh Chin Aun who retires in accordance with Article 102 of the Company's Articles of Association. **Resolution 2**
4. To re-elect Mr Ang Poh Gin who retires in accordance with Article 95(1) of the Company's Articles of Association. **Resolution 3**
5. To re-elect Mr Goh Peng Yeong who retires in accordance with Article 95(1) of the Company's Articles of Association. **Resolution 4**
6. To re-appoint Messrs Grant Thornton as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 5**

### AS SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modifications the following ordinary / special resolutions:-

#### 7.1 ORDINARY RESOLUTION AUTHORITY TO ISSUE SHARES

"That pursuant to Section 132D of the Companies Act, 1965, 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 issued share capital 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 6**

#### 7.2 ORDINARY RESOLUTION PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"That subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares comprised in the Company's issued and paid up ordinary share capital, such purchases to be made through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:-

## AS SPECIAL BUSINESS: (Cont'd)

### 7.2 ORDINARY RESOLUTION

#### PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (Cont'd)

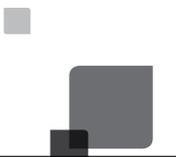
- (i) the aggregate number of ordinary shares of RM0.20 each in Boon Koon Group Berhad (“BKOON Shares”) which may be purchased or held by the Company shall not exceed ten per centum (10%) of its issued and paid-up ordinary share capital of the Company, subject to a restriction that the issued and paid-up ordinary share capital of BKOON does not fall below the minimum share capital requirements of the Listing Requirements of Bursa Securities (“Listing Requirements”) applicable to a company listed on the Main Market of Bursa Securities and that the listed issuer continues to maintain a shareholding spread that is in compliance with the requirements of the Listing Requirements after the share purchase;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the BKOON Shares under the Proposed Renewal of Share Buy-Back Authority shall not exceed the total amount of retained profit and/or share premium available for effecting the Proposed Renewal of Share Buy-Back Authority. Based on the audited financial statements of the Company for the financial year ended 31 March 2016, the accumulated losses of the Company stood at RM16,822,855 and the Company does not have a share premium account. The Company will only purchase its own shares wholly out of retained profits and/or the share premium account as required under paragraph 12.10 of the Main Market Listing Requirements of Bursa Securities;
- (iii) the authority conferred by this resolution to facilitate the Proposed Renewal of Share Buy-Back Authority will commence immediately upon passing of this ordinary resolution and will continue to be in force until:-
  - (a) the conclusion of the next annual general meeting (“AGM”) of the Company following the general meeting at which such resolution was passed at which time the said authority will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
  - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the BKOON Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

- (iv) upon completion of the purchase(s) of the BKOON Shares by the Company, the Directors of the Company be and are hereby authorised to cancel up to all the BKOON Shares so purchased or to retain the BKOON Shares so purchased as treasury shares, of which may be distributed as dividends to shareholders, and/or resold on Bursa Securities, and/or subsequently cancelled or to be retained part of the BKOON Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

And That the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the BKOON Shares.”

**Resolution 7**



# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## AS SPECIAL BUSINESS: (Cont'd)

### 7.3 ORDINARY RESOLUTION

#### **RETENTION OF MR HO KOK LOON AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY**

“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 in compliance with the recommendation of Malaysian Code on Corporate Governance 2012.”

**Resolution 8**

### 7.4 ORDINARY RESOLUTION

#### **RETENTION OF MR ANG POH GIN AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY**

“That subject to the passing of Resolution 3, approval be and is hereby given to Mr Ang Poh Gin 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 in compliance with the recommendation of Malaysian Code on Corporate Governance 2012.”

**Resolution 9**

### 7.5 ORDINARY RESOLUTION

#### **RETENTION OF DATO' MURELIDARAN A/L M NAVARATNAM AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY**

“That approval be and is hereby given to Dato' Murelidaran A/L M Navaratnam 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 in compliance with the recommendation of Malaysian Code on Corporate Governance 2012.”

**Resolution 10**

### 7.6 SPECIAL RESOLUTION

#### **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

“That the amendments to the Articles of Association of the Company contained in Appendix I be and are hereby approved.”

**Resolution 11**

8. To transact any other business of which due notices shall have been given in accordance with the Companies Act, 1965.

By Order of the Board,

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

Penang

Date : 29 July 2016

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## Notes :

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
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 Article 62(3) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 18 August 2016 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 Fourteenth Annual General Meeting are to be voted by poll.

## EXPLANATORY NOTES ON SPECIAL BUSINESS

### RESOLUTION 6 – AUTHORITY TO ISSUE SHARES

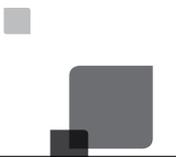
The Ordinary Resolution proposed under item 7.1 above, if passed, primarily to renew the mandate to give authority to the Board of Directors to issue and allot shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being, at any time in their absolute discretion 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 Section 132D of the Companies Act, 1965 under the general authority which was approved at the Thirteenth Annual General Meeting held on 26 August 2015 and which will lapse at the conclusion of the Fourteenth Annual General Meeting to be held on 24 August 2016. A renewal of this authority is being sought at the Fourteenth Annual General Meeting under proposed Resolution 6.

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 7 – PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Ordinary Resolution proposed under item 7.2 above, if passed, will give the Directors of the Company authority to purchase its own shares up to ten per centum (10%) of the issued and paid up capital of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. 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. Please refer to the Share Buy Statement in page 33 to page 37 of this Annual Report.



# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## **RESOLUTION 8 – RETENTION OF MR HO KOK LOON AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY**

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 Directors 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 – RETENTION OF MR ANG POH GIN AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY**

Both the Nomination Committee and Board have assessed the independence of Mr Ang Poh Gin, 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 Directors 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. He has vast experience in the various industries which could provide the Board with a diverse set of experience, expertise and independent judgement.
- 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 provided an independent voice on the board.
- v. He has a good and thorough understanding of the main drivers of the business in a detailed manner.

## **RESOLUTION 10 – RETENTION OF DATO' MURELIDARAN A/L M NAVARATNAM AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY**

Both the Nomination Committee and Board have assessed the independence of Dato' Murelidaran A/L M Navaratnam, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more nine years, and recommended him to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

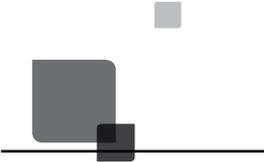
- i. He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as check and balance, and bring an element of objectivity to the Board.
- ii. His vast experience in the legal 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 provided an independent voice on the Board.
- v. He has a good and thorough understanding of the main drivers of the business in a detailed manner.

## **RESOLUTION 11 – PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

The Special Resolution proposed under item 7.6 above, if passed, will give authority for the Company to amend its Articles of Association to be in line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

# 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 6 as stated in the Notice of Annual General Meeting of the Company for the details.

# PROPOSED AMENDMENTS

TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

“Appendix I”

The existing Articles of Association of the Company is proposed to be amended in order to be in line with the Listing Requirements (for which the proposed amendments are highlighted in bold and the portion struck through are text deleted) as follows:-

Article No.	Existing Article	Amended Article
160	<p>The Directors shall from time to time in accordance with Section 169 of the Act, cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the section. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the directors' and auditors' reports shall not exceed four (4) months. A copy of each such documents shall not less than twenty one (21) days before the date of the meeting, be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Exchange shall at the same time be likewise sent to the Exchange provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.</p>	<p>The Directors shall from time to time in accordance with Section 169 of the Act, cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the section. <del>The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the directors' and auditors' reports shall not exceed four (4) months.</del> A copy of each such documents <b>(in printed form or in electronic format or in such other form of electronic media permitted under the Listing Requirements or any combination thereof)</b> shall not less than twenty one (21) days before the date of the meeting, be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. <del>The requisite number of copies of each such document as may be required by the Exchange shall at the same time be likewise sent to the Exchange provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.</del></p>

# STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE  
BY BOON KOON GROUP BERHAD (THE "COMPANY" OR "BKG") OF ITS OWN SHARES

## 1. INTRODUCTION

The Company had on 4 July 2016 announced that BKG is proposing to seek its shareholders' approval at the forthcoming Fourteenth Annual General Meeting ("Fourteenth AGM") of BKG to be held on 24 August 2016 for the renewal of the authority for the purchase by BKG of its own shares of up to ten percentage (10%) of the issued and paid-up share capital of BKG (the "Proposed Renewal of Share Buy-Back Authority").

The purpose of this Statement is to provide you with information on the Proposed Renewal of Share Buy-Back Authority together with the Directors' recommendation on the Proposed Renewal of Share Buy-Back Authority, and to seek your approval of the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming BKG Fourteenth AGM to be held at the Majestic Hall of Bukit Jawi Golf Resort, Lot 414, MK 6, Jalan Paya Kemian Sempayi, 14200 Sungai Jawi, Penang on Wednesday, 24 August 2016 at 9.00 am.

The notice of the BKG Fourteenth AGM and the Form of Proxy are enclosed with the BKG 2016 Annual Report.

## 2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

At the Thirteenth AGM of BKG held on 26 August 2015, shareholders had, inter alia, approved the existing authority for the purchase by BKG of its own shares of up to ten percent (10%) of the issued and fully paid-up share capital of the Company ("Share Buy-Back Authority"). In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the resolution passed by the shareholders on 26 August 2015, Share Buy-Back Authority will expire at the conclusion of the BKG Fourteenth AGM to be held on 24 August 2016 unless renewed by an ordinary resolution passed by the shareholders.

The Board proposes to seek an authorisation from the shareholders for the Company to continue to purchase by BKG of its own shares of up to ten percent (10%) of the issued and paid-up capital at any point in time. The renewal of the authority from the shareholders for the purchase by BKG of its own shares will be effective immediately upon the passing of the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority at BKG Fourteenth AGM to be held on 24 August 2016 until:-

- (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

## 3. SOURCE OF FUNDS

The Listing Requirements stipulates that the proposed purchase by a listed company of its own shares must be made wholly out of retained profits and/or share premium account of the listed company. BKG therefore proposes to allocate an amount not exceeding the audited retained profits of BKG for the purpose of the Proposed Renewal of Share Buy-Back Authority.

Based on the latest audited financial statements of BKG for the financial year ended 31 March 2016, the amount of accumulated losses of BKG stood at RM16,822,855 and it did not have a share premium account. The Company will only purchase its own shares wholly out of retained profits and/or the share premium account as required under paragraph 12.10 of the Main Market Listing Requirements of Bursa Securities. The funding for the purchase by BKG of its own shares is expected to be internally generated and is not expected to have a material impact on the cash flow position of the Company.

The actual number of ordinary shares of RM0.20 each in BKG ("BKG Shares") to be purchased, the total amount of funds involved for each purchase and timing of the purchase would depend on market conditions and the amount of retained profits and share premium account, if any, of BKG.

# STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE  
BY BOON KOON GROUP BERHAD (THE "COMPANY" OR "BKG") OF ITS OWN SHARES (CONT'D)

## 4. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Proposed Renewal of Share Buy-Back Authority will provide BKG with another option to utilise its financial resources more efficiently. The Proposed Renewal of Share Buy-Back Authority is expected to stabilise the supply and demand of BKG Shares as well as the price of BKG Shares. All things being equal, the Proposed Renewal of Share Buy-Back Authority, irrespective of whether the BKG Shares that have been previously bought-back pursuant to previous or the existing Share Buy-Back Authority ("Purchased BKG Shares") are held as treasury shares or cancelled, will result in a lower number of BKG Shares being taken into account for the purpose of computing the earnings per share ("EPS") of BKG Shares. The cost of the Purchased BKG Shares, whether held as treasury shares or cancelled, will be excluded from the shareholders' funds of BKG and its subsidiaries ("BKG Group") in the computation of return on equity ("ROE") of BKG, which in turn is expected to have a positive impact on the share price of BKG Shares.

## 5. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority, if exercised, is expected to potentially benefit BKG and its shareholders as follows:-

- (i) the EPS of BKG Shares and the ROE of BKG (all other things being equal) would be enhanced. This is expected to have a positive impact on the market price of BKG Shares which will benefit shareholders of BKG; and
- (ii) if the Purchased BKG Shares are retained as treasury shares, it will provide the Directors with the option to sell the Purchased BKG Shares at a higher price and generate profits for BKG. Alternatively, the Purchased BKG Shares retained as treasury shares may be distributed as share dividend to shareholders.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority, if exercised, will be the reduction in the financial resources of BKG. This may result in BKG foregoing other investment opportunities that may emerge in the future. However, the financial resources of BKG will increase upon the resale of the Purchased BKG Shares which are held as treasury shares in the open market.

## 6. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The effects of the Proposed Renewal of Share Buy-Back Authority on the share capital, net assets, working capital and earnings of BKG, shareholdings of the Directors and substantial shareholders of BKG, assuming BKG purchases BKG Shares up to the maximum ten percent (10%) of the enlarged issued and paid-up share capital of BKG, are set out as follows:-

### 6.1 Share Capital

In the event that all the Purchased BKG Shares are cancelled and on the assumption that the Proposed Renewal of Share Buy-Back Authority is exercised in full, the proforma effects of the Proposed Renewal of Share Buy-Back Authority on the issued and paid-up share capital of BKG as at 30 June 2016, are as follows:-

	Number of BKG Shares of RM0.20 each	RM
As at 30 June 2016	276,750,000	55,350,000
Cancellation of Purchased BKG Shares	27,675,000	5,535,000
After the Proposed Renewal of Share Buy-Back Authority	249,075,000	49,815,000

However, in the event that all BKG Shares bought-back are retained as treasury shares, the Proposed Renewal of Share Buy-Back Authority will not have any effect on the issued and paid-up share capital of BKG.

# STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE  
BY BOON KOON GROUP BERHAD (THE "COMPANY" OR "BKG") OF ITS OWN SHARES (CONT'D)

## 6. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (Cont'd)

### 6.2 Net Assets ("NA")

The Proposed Renewal of Share Buy-Back Authority may increase or decrease the NA per BKG Share depending on the purchase price(s) of BKG Shares bought-back pursuant to the Proposed Renewal of Share Buy-Back Authority. The NA per BKG Share will increase if the purchase price is less than the NA per BKG Share and will decrease if the purchase price exceeds the NA per BKG Share at the time when the BKG Shares are purchased.

In the event the Purchased BKG Shares which are retained as treasury shares are resold, the NA of BKG Shares will increase or decrease depending on whether a gain or loss is realised upon the resale. The quantum of the increase or decrease in NA will depend on the actual disposal price and the number of the Purchased BKG Shares, retained as treasury shares, which are resold.

### 6.3 Working Capital

The Proposed Renewal of Share Buy-Back Authority will reduce the working capital of the BKG Group, the quantum of which will depend on the number of BKG Shares purchased and the purchase price(s) of the BKG Shares.

### 6.4 Earnings

The effect of the Proposed Renewal of Share Buy-Back Authority on the earnings of BKG will depend on, *inter alia*, the number of BKG Shares purchased and the purchase price(s) of the BKG Shares.

### 6.5 Shareholdings of the Directors and Substantial Shareholders

#### (i) Shareholdings of Directors

The proforma effects of Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Directors of BKG based on the Record of Depositors as at 30 June 2016 are as follows:-

Directors	As at 30 June 2016				After the Proposed Renewal of Share Buy-Back Authority			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Dato' Goh Boon Koon	63,694,746	23.02	3,469,832 <sup>#</sup>	1.25	63,694,746	25.57	3,469,832 <sup>#</sup>	1.39
Goh Boon Leong	22,161,112	8.01	-	-	22,161,112	8.90	-	-
Ho Kok Loon	67,500	0.02	-	-	67,500	0.03	-	-
Ang Poh Gin	33,750	0.01	-	-	33,750	0.01	-	-
Dato' Murelidaran A/L M Navaratnam	21,937	0.01	-	-	21,937	0.01	-	-
Mohd Kamal Bin Omar	-	-	-	-	-	-	-	-
Goh Peng Yeong	3,426,300	1.24	-	-	3,426,300	1.38	-	-
Goh Chin Aun	212,125	0.08	-	-	212,125	0.09	-	-

<sup>#</sup> Other interest held through his spouse and/or children pursuant to Section 134(12)(c) of the Companies Act, 1965

# STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE  
BY BOON KOON GROUP BERHAD (THE "COMPANY" OR "BKG") OF ITS OWN SHARES (CONT'D)

## 6. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (Cont'd)

### 6.5 Shareholdings of the Directors and Substantial Shareholders (Cont'd)

#### (ii) Shareholdings of Substantial Shareholders

The proforma effects of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Substantial Shareholders of BKG based on the Register of Substantial Shareholders as at 30 June 2016 are as follows:-

Shareholders	As at 30 June 2016				After the Proposed Renewal of Share Buy-Back Authority			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Dato' Goh Boon Koon	63,694,746	23.02	–	–	63,694,746	25.57	–	–
Goh Boon Leong	22,161,112	8.01	–	–	22,161,112	8.90	–	–

## 7. PUBLIC SHAREHOLDING SPREAD

The Proposed Renewal of Share Buy-Back Authority shall be in compliance with Section 67A of the Companies Act, 1965 and any prevailing laws, orders, requirements, guidelines, rules and regulations issued by the relevant authorities at the time of purchase including compliance with the twenty five percent (25%) public shareholding as required by Bursa Securities. Based on the public shareholding spread of BKG as at 30 June 2016 of 64.73%, assuming that the Proposed Renewal of Share Buy-Back Authority is implemented up to ten percent (10%) of the issued and paid-up share capital of BKG and that the number of BKG Shares held directly and indirectly by the substantial shareholders and the Directors of BKG remain unchanged, the public shareholding spread of BKG is expected to be 60.81%.

## 8. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY IN RELATION TO THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2010 ("THE CODE")

The Proposed Renewal of Share Buy-Back Authority if carried out in full (whether shares are cancelled or treated as treasury shares), may result in a substantial shareholder and/or parties acting in concert with it incurring a mandatory general offer obligation under the Code, approval would be sought from the Securities Commission for the exemption under Paragraph 24 Practice Note 9 of the Code, subject to certain conditions as set out in the Practice Note being met since the increase in their shareholdings is inadvertent and is a result of action that is outside their direct participation. In this respect, the Board is mindful of the provision under the Code.

## 9. PURCHASES AND RESALE OF BKG SHARES MADE IN THE LAST FINANCIAL YEAR

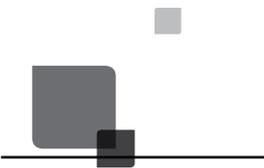
The Company has not purchase any of its shares during the financial year ended 31 March 2016.

## 10. DIRECTORS', MAJOR SHAREHOLDERS', PERSONS CONNECTED WITH DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors, major shareholders, persons connected with Directors and major shareholders have any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority.

# STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE  
BY BOON KOON GROUP BERHAD (THE "COMPANY" OR "BKG") OF ITS OWN SHARES (CONT'D)



## 11. DIRECTORS' RECOMMENDATION

The Board of Directors (the "Board"), having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, are of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of BKG.

Accordingly, the Board recommends that you vote in favour of the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority to be tabled at the BKG Fourteenth AGM to be held on 24 August 2016.

## 12. BURSA SECURITIES' DISCLAIMER LIABILITY

Bursa Securities has not perused this Statement prior to its issuance and takes no responsibility for the contents of this Statement makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

## 13. FURTHER INFORMATION

Save as disclosed herein, the Directors do not have any knowledge of any other information concerning the Proposed Renewal of Share Buy-Back Authority as shareholders and their advisers would reasonably require and expect to find in the Share Buy-Back Statement for the purpose of making an informed assessment as to the merits of approving the Proposed Renewal of Share Buy-Back Authority and the extent of the risks involved in doing so.

# REPORTS AND FINANCIAL STATEMENTS

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The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended **31 March 2016**.

## PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of the subsidiaries 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.

## RESULTS

	<b>GROUP RM</b>	<b>COMPANY RM</b>
Loss after taxation for the year	<u>(2,213,397)</u>	<u>(2,263,340)</u>
Attributable to:		
Owners of the parent	(2,179,645)	(2,263,340)
Non-controlling interests	<u>(33,752)</u>	<u>-</u>
	<u>(2,213,397)</u>	<u>(2,263,340)</u>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 March 2016** have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report, other than the following item which has been recognised in profit or loss for the year under review:

	<b>GROUP RM</b>	<b>COMPANY RM</b>
Inventories written-down	<u>2,649,387</u>	<u>-</u>

## DIVIDENDS

No dividends have been declared or paid by the Company since the end of the previous financial year.

The Company is not in a position to pay any dividend in view of the current year loss and the accumulated losses as at the end of the reporting period.

## RESERVES AND PROVISIONS

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

## SHARE CAPITAL AND DEBENTURE

The Company did not issue any share or debenture during the financial year and did not grant any option to take up unissued shares of the Company.

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

## WARRANTS

As at the end of the reporting period, there are a total of 138,375,000 warrants in issue. There were no warrants exercised during the reporting period. The salient features of the warrants are set out in Note 16.1 to the financial statements.

## DIRECTORS

The directors who served since the date of the last report are as follows:

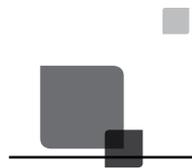
**Dato' Goh Boon Koon**  
**Goh Peng Yeong**  
**Goh Boon Leong**  
**Mohd Kamal Bin Omar**  
**Ho Kok Loon**  
**Dato' Murelidaran A/L M Navaratnam**  
**Ang Poh Gin**  
**Goh Chin Aun (appointed on 30.10.15)**

## DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year are as follows:

	← Number of ordinary shares of RM0.20 each →			
	Balance at 1.4.15	Bought	Sold	Balance at 31.3.16
<b>The Company</b>				
<b>Direct Interest:</b>				
Dato' Goh Boon Koon	63,694,746	-	-	63,694,746
Goh Boon Leong	22,161,112	-	-	22,161,112
Goh Peng Yeong	3,426,300	-	-	3,426,300
Goh Chin Aun	212,125 #	-	-	212,125
Ho Kok Loon	67,500	-	-	67,500
Dato' Murelidaran A/L M Navaratnam	21,937	-	-	21,937
Ang Poh Gin	33,750	-	-	33,750
<b>Deemed Interest:</b>				
Dato' Goh Boon Koon *	3,469,832	-	-	3,469,832

	← Number of Warrants →			
	Balance at 1.4.15	Bought	Sold	Balance at 31.3.16
<b>The Company</b>				
<b>Direct Interest:</b>				
Dato' Goh Boon Koon	31,847,373	-	-	31,847,373
Goh Boon Leong	11,080,556	-	-	11,080,556
Goh Peng Yeong	2,600,000	-	-	2,600,000
Ho Kok Loon	33,750	-	-	33,750



## DIRECTORS' INTERESTS IN SHARES (CONT'D)

- \* By virtue of the spouse's and children's interests.
- # Balance at date of appointment.

By virtue of their shareholdings in the Company, **Dato' Goh Boon Koon** and **Mr. Goh Boon Leong** are also deemed interested in the shares of all the subsidiaries of the Company, to the extent that the Company has interests.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with a 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 those related party transactions disclosed in the notes to the financial statements.

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

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts, and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

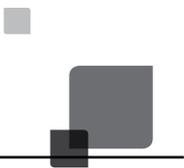
At the date of this report, the directors are not aware of any circumstances:

- (i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, and
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and
- (iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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



# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

## EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are disclosed in Note 34 to the financial statements.

## AUDITORS

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

Signed in accordance with a resolution of the directors:

---

**Dato' Goh Boon Koon**

**Penang,**

**Date: 20 July 2016**

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**Goh Peng Yeong**

# DIRECTORS' STATEMENT



In the opinion of the directors, the financial statements set out on pages 46 to 114 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 March 2016** and of their financial performance and cash flows for the financial year then ended.

In the opinion of the directors, the information set out in Note 35 on page 115 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors:

---

**Dato' Goh Boon Koon**

**Date: 20 July 2016**

---

**Goh Peng Yeong**

## STATUTORY DECLARATION

I, **Goh Peng Yeong**, the director primarily responsible for the financial management of **Boon Koon Group Berhad** do solemnly and sincerely declare that the financial statements set out on pages 46 to 114 and the supplementary information set out on page 115 are to the best of my knowledge and belief, 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 at Penang, this **20th**        )  
day of **July 2016**.                                )

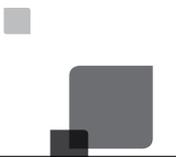
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**Goh Peng Yeong**

**Before me,**

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**Commissioner for Oaths**



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BOON KOON GROUP BERHAD  
Company No. 553434-U (Incorporated in Malaysia)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of **Boon Koon Group Berhad**, which comprise the statements of financial position as at **31 March 2016** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 114.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

## AUDITORS' RESPONSIBILITY

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

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

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

## OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at **31 March 2016** and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

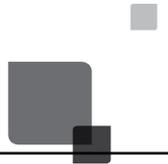
## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act,
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements,
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BOON KOON GROUP BERHAD  
Company No. 553434-U (Incorporated in Malaysia) (CONT'D)



## OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 35, on page 115 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Grant Thornton**  
**No. AF: 0042**  
**Chartered Accountants**

**Date: 20 July 2016**

**Penang**

**John Lau Tiang Hua, DJN**  
**No. 1107/03/18 (J)**  
**Chartered Accountant**

# STATEMENTS OF FINANCIAL POSITION

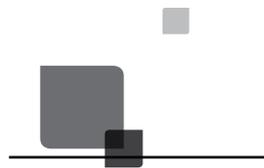
AS AT 31 MARCH 2016

	NOTE	GROUP		COMPANY	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	49,416,083	52,986,854	64,080	61,789
Investment properties	5	5,505,004	5,541,184	7,012,343	7,048,523
Investment in subsidiaries	6	-	-	43,232,810	43,182,808
Investment in associates	7	6,056,856	5,994,627	-	-
Deferred tax assets	8	2,153,000	2,125,000	-	-
		<b>63,130,943</b>	<b>66,647,665</b>	<b>50,309,233</b>	<b>50,293,120</b>
<b>Current assets</b>					
Inventories	9	39,064,563	32,679,881	-	-
Trade receivables	10	32,610,372	39,409,892	-	-
Other receivables, deposits and prepayments	11	8,169,205	3,118,222	77,237	72,986
Amount due from subsidiaries	12	-	-	792,453	458,382
Tax recoverable		14,082	259,423	-	-
Fixed deposit with a licensed bank	13	100,000	-	-	-
Cash and bank balances	14	6,931,482	3,893,119	487,355	345,091
		<b>86,889,704</b>	<b>79,360,537</b>	<b>1,357,045</b>	<b>876,459</b>
<b>TOTAL ASSETS</b>		<b>150,020,647</b>	<b>146,008,202</b>	<b>51,666,278</b>	<b>51,169,579</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	15	55,350,000	55,350,000	55,350,000	55,350,000
Other reserves	16	21,781,928	21,949,269	8,366,860	8,366,860
Retained profits/(Accumulated losses)		5,330,937	7,368,215	(16,822,855)	(14,559,515)
		<b>82,462,865</b>	<b>84,667,484</b>	<b>46,894,005</b>	<b>49,157,345</b>
Non-controlling interests		432,722	133,563	-	-
<b>Total equity</b>		<b>82,895,587</b>	<b>84,801,047</b>	<b>46,894,005</b>	<b>49,157,345</b>
<b>Non-current liabilities</b>					
Borrowings	17	1,023,152	1,196,972	-	-
Deferred tax liabilities	8	3,394,081	3,609,128	-	-
		<b>4,417,233</b>	<b>4,806,100</b>	<b>-</b>	<b>-</b>

The notes set out on pages 55 to 114 form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2016 (CONT'D)



	NOTE	GROUP		COMPANY	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>Current liabilities</b>					
Trade payables	18	10,595,614	7,279,340	-	-
Other payables and accruals	19	12,184,137	6,141,734	332,533	242,067
Amount due to subsidiaries	12	-	-	4,439,740	1,770,167
Borrowings	17	39,889,076	42,979,981	-	-
Tax payable		39,000	-	-	-
		<u>62,707,827</u>	<u>56,401,055</u>	<u>4,772,273</u>	<u>2,012,234</u>
<b>Total liabilities</b>		<u>67,125,060</u>	<u>61,207,155</u>	<u>4,772,273</u>	<u>2,012,234</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>150,020,647</u>	<u>146,008,202</u>	<u>51,666,278</u>	<u>51,169,579</u>

The notes set out on pages 55 to 114 form an integral part of these financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	NOTE	GROUP		COMPANY	
		2016 RM	2015 RM	2016 RM	2015 RM
Revenue	20	78,641,127	89,053,135	824,430	842,965
Cost of sales	21	<u>(70,527,033)</u>	<u>(77,198,449)</u>	<u>-</u>	<u>-</u>
<b>Gross profit</b>		<b>8,114,094</b>	11,854,686	<b>824,430</b>	842,965
Other income	22	812,185	531,990	2,455	287,104
Administrative expenses		(10,191,192)	(9,202,933)	(3,090,225)	(3,708,417)
Selling and distribution expenses		<u>(403,686)</u>	<u>(445,320)</u>	<u>-</u>	<u>-</u>
<b>Operating (loss)/profit</b>		<b>(1,668,599)</b>	2,738,423	<b>(2,263,340)</b>	(2,578,348)
Finance costs	23	(2,118,241)	(2,315,630)	-	-
Share of results of associates		<u>1,492,239</u>	<u>794,487</u>	<u>-</u>	<u>-</u>
<b>(Loss)/Profit before taxation</b>	24	<b>(2,294,601)</b>	1,217,280	<b>(2,263,340)</b>	(2,578,348)
Taxation	25	<u>81,204</u>	<u>(1,333,830)</u>	<u>-</u>	<u>(11,963)</u>
<b>Loss for the year carried forward</b>		<b>(2,213,397)</b>	(116,550)	<b>(2,263,340)</b>	(2,590,311)

The notes set out on pages 55 to 114 form an integral part of these financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

	NOTE	GROUP		COMPANY	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>Loss for the year brought forward</b>		<b>(2,213,397)</b>	(116,550)	<b>(2,263,340)</b>	(2,590,311)
<b>Other comprehensive income, net of tax:</b>					
<b>Items that will not be reclassified subsequently to profit or loss:</b>					
Revaluation surplus on land and buildings	16	-	15,843,435	-	-
Less: Deferred tax		-	(2,227,217)	-	-
		-	13,616,218	-	-
Realisation of revaluation surplus upon depreciation		<b>142,367</b>	-	-	-
Transfer of revaluation reserve to retained profits		<b>(142,367)</b>	-	-	-
<b>Items that will be reclassified subsequently to profit or loss:</b>					
Foreign currency translation differences for foreign operations		<b>16,830</b>	(27,051)	-	-
<b>Total other comprehensive income for the year, net of tax</b>		<b>16,830</b>	13,589,167	-	-
<b>Total comprehensive (loss) /income for the year</b>		<b>(2,196,567)</b>	13,472,617	<b>(2,263,340)</b>	(2,590,311)
<b>Loss for the year attributable to:</b>					
Owners of the parent		<b>(2,179,645)</b>	(107,756)	<b>(2,263,340)</b>	(2,590,311)
Non-controlling interests		<b>(33,752)</b>	(8,794)	-	-
		<b>(2,213,397)</b>	(116,550)	<b>(2,263,340)</b>	(2,590,311)
<b>Total comprehensive (loss) /income attributable to:</b>					
Owners of the parent		<b>(2,162,815)</b>	13,481,411	<b>(2,263,340)</b>	(2,590,311)
Non-controlling interests		<b>(33,752)</b>	(8,794)	-	-
		<b>(2,196,567)</b>	13,472,617	<b>(2,263,340)</b>	(2,590,311)
<b>Loss per share attributable to owners of the parent (sen)</b>	26				
- Basic		<b>(0.79)</b>	(0.03)		
- Diluted		<b>(0.79)</b>	(0.03)		

The notes set out on pages 55 to 114 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Attributable to owners of the parent		Non-distributable		Distributable		Total Equity RM
	Share Capital RM	Warrant Reserve RM	Foreign Currency Translation Reserve RM	Capital Reserve RM	Revaluation Reserve RM	Retained Profits RM	
<b>2016</b>							
Balance at beginning	55,350,000	8,366,860	(47,679)	13,870	13,616,218	7,368,215	84,667,484
Total comprehensive income for the year	-	-	16,830	-	(142,367)	(2,037,278)	(33,752)
<i>Transactions with owners:</i>							
Acquisition of subsidiaries	-	-	-	-	-	-	311,082
Acquisition of non-controlling interests	-	-	-	-	-	-	26,802
Premium paid on acquisition of non-controlling interests	-	-	-	(41,804)	-	-	(41,804)
Dividends paid	-	-	-	-	-	-	(4,973)
	-	-	-	(41,804)	-	-	(41,804)
Balance at end	55,350,000	8,366,860	(30,849)	(27,934)	13,473,851	5,330,937	82,462,865
<b>2015</b>							
Balance at beginning	55,350,000	8,366,860	(20,628)	13,870	-	7,475,971	71,186,073
Total comprehensive income for the year	-	-	(27,051)	-	13,616,218	(107,756)	13,481,411
Balance at end	55,350,000	8,366,860	(47,679)	13,870	13,616,218	7,368,215	84,667,484

The notes set out on pages 55 to 114 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016



	Share Capital RM	← Non distributable →		Total Equity RM
		Warrant Reserve RM	Accumulated Losses RM	
<b>2016</b>				
Balance at beginning	55,350,000	8,366,860	(14,559,515)	49,157,345
Total comprehensive loss for the year	-	-	(2,263,340)	(2,263,340)
Balance at end	<u>55,350,000</u>	<u>8,366,860</u>	<u>(16,822,855)</u>	<u>46,894,005</u>
<b>2015</b>				
Balance at beginning	55,350,000	8,366,860	(11,969,204)	51,747,656
Total comprehensive loss for the year	-	-	(2,590,311)	(2,590,311)
Balance at end	<u>55,350,000</u>	<u>8,366,860</u>	<u>(14,559,515)</u>	<u>49,157,345</u>

The notes set out on pages 55 to 114 form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
(Loss)/Profit before taxation	<b>(2,294,601)</b>	1,217,280	<b>(2,263,340)</b>	(2,578,348)
Adjustments for:				
Bad debts recovered	<b>(2,275)</b>	(975)	-	-
Bargain purchase on investment in subsidiaries	<b>(79,521)</b>	-	-	-
Depreciation	<b>4,243,814</b>	4,396,451	<b>53,864</b>	51,423
Gain on disposal of property, plant and equipment	<b>(222,101)</b>	(44,616)	-	-
Impairment loss on investment in a subsidiary	-	-	-	586,879
Impairment loss on property, plant and equipment	<b>109,183</b>	-	-	-
Impairment loss on receivables	<b>39,567</b>	228,355	-	-
Interest expense	<b>2,118,241</b>	2,315,630	-	-
Interest income	<b>(41,071)</b>	(38,198)	<b>(32,430)</b>	(85,965)
Inventories written-down	<b>2,649,387</b>	-	-	-
Loss on disposal of investment in an associate	-	-	-	63
Property, plant and equipment written-off	<b>122,357</b>	100,530	-	-
Reversal of impairment losses on receivables	<b>(9,800)</b>	(18,089)	-	(275,040)
Share of results of associates	<b>(1,492,239)</b>	(794,487)	-	-
Unrealised gain on foreign exchange	<b>(82,749)</b>	-	<b>(2,455)</b>	-
Operating profit/(loss) before working capital changes	<b>5,058,192</b>	7,361,881	<b>(2,244,361)</b>	(2,300,988)
(Increase)/Decrease in inventories <sup>(1)</sup>	<b>(5,756,037)</b>	5,536,638	-	-
Decrease/(Increase) in receivables	<b>6,330,057</b>	(10,163,065)	<b>(4,251)</b>	(2,449)
Increase/(Decrease) in payables	<b>3,486,335</b>	5,443,979	<b>90,466</b>	(70,985)
Cash generated from/(used in) operations	<b>9,118,547</b>	8,179,433	<b>(2,158,146)</b>	(2,374,422)
Interest paid	<b>(2,118,241)</b>	(2,315,630)	<b>32,430</b>	-
Interest received	<b>4,668</b>	4,212	-	85,965
Income tax paid	<b>(254,971)</b>	(405,622)	-	(11,963)
Income tax refunded	<b>377,469</b>	81,458	-	-
Balance carried forward	<b>7,127,472</b>	5,543,851	<b>(2,125,716)</b>	(2,300,420)

The notes set out on pages 55 to 114 form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Balance brought forward	7,127,472	5,543,851	(2,125,716)	(2,300,420)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment in associates	-	(233,334)	-	-
Investment in subsidiaries	(15,002)	-	(50,002)	(2,000,002)
Net cash outflow arising from acquisition of subsidiaries	(121,265)	-	-	-
Interest received	36,403	33,986	-	-
Repayment from subsidiaries	-	-	2,335,502	4,312,397
Proceeds from disposal of property, plant and equipment	543,942	320,885	-	-
Purchase of property, plant and equipment <sup>(2)</sup>	(637,872)	(603,990)	(19,975)	(20,857)
Net cash (used in)/from investing activities	(193,794)	(482,453)	2,265,525	2,291,538
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividend paid	(4,973)	-	-	-
Payment of finance lease	(1,902,256)	(2,797,080)	-	-
Placement of fixed deposit	(100,000)	-	-	-
Repayment of bankers acceptance	(1,574,000)	(5,066,000)	-	-
Net cash used in financing activities	(3,581,229)	(7,863,080)	-	-
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,352,449</b>	<b>(2,801,682)</b>	<b>139,809</b>	<b>(8,882)</b>
Effects of changes in foreign exchange rates	7,383	(27,051)	2,455	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<b>3,521,778</b>	<b>6,350,511</b>	<b>345,091</b>	<b>353,973</b>
<b>CASH AND CASH EQUIVALENTS AT END</b>	<b>6,881,610</b>	<b>3,521,778</b>	<b>487,355</b>	<b>345,091</b>
<b>Represented by:</b>				
Cash and cash equivalents	6,931,482	3,893,119	487,355	345,091
Bank overdrafts	(49,872)	(371,341)	-	-
	<b>6,881,610</b>	<b>3,521,778</b>	<b>487,355</b>	<b>345,091</b>

The notes set out on pages 55 to 114 form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>(1) (Increase)/Decrease in inventories</b>				
Changes in inventories	(9,034,069)	5,306,937	-	-
Arising from unrealised profit	28,123	8,392	-	-
Arising from acquisitions of subsidiaries	3,249,909	-	-	-
Transfer from property, plant and equipment	-	221,309	-	-
(increase)/Decrease in inventories	<b>(5,756,037)</b>	5,536,638	-	-
<b>(2) Purchase of property, plant and equipment</b>				
Total acquisition cost	1,170,872	1,461,908	19,975	20,857
Acquired under finance lease	(533,000)	(857,918)	-	-
Total cash acquisition	<b>637,872</b>	603,990	<b>19,975</b>	20,857

The notes set out on pages 55 to 114 form an integral part of these financial statements.



## 1. CORPORATE INFORMATION

### General

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 July 2016.

### Principal Activities

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of the subsidiaries 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

### 2.1 Statement of Compliance

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

### 2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies as set out in Note 3.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

The Group and the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### 2.2 Basis of Measurement (Cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

### 2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia (“RM”) which is also the Group’s and the Company’s functional currency.

### 2.4 Adoption of Amendments/Improvements to MFRS

The accounting policies adopted by the Group and Company are consistent with those of the previous financial year except for the adoption of the following Standards that are mandatory for the current financial year:

#### **Effective for financial periods beginning on or after 1 July 2014**

*Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions*

*Annual improvements to MFRS 2010-2012 Cycle*

*Annual improvements to MFRS 2011-2013 Cycle*

Initial application of the above standards did not have any material impact to the financial statements of the Group and the Company.

### 2.5 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following standards, have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group and for the Company:

#### **Effective for financial periods beginning on or after 1 January 2016**

*MFRS 14 Regulatory Deferral Accounts*

*Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception*

*Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations*

*Amendments to MFRS 101 Disclosure Initiative*

*Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation*

*Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants*

*Amendments to MFRS 127 Equity Method in Separate Financial Statements*

*Annual Improvements to MFRS 2012–2014 Cycle*

#### **Effective for financial periods beginning on or after 1 January 2017**

*Amendments to MFRS 107 Disclosure Initiative*

*Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses*

#### **Effective for financial periods beginning on or after 1 January 2018**

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

*MFRS 15 Revenue from Contracts with Customers*

*Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures*

#### **Effective for financial periods beginning on or after 1 January 2019**

*MFRS 16 Leases*

## 2. BASIS OF PREPARATION (CONT'D)

### 2.5 Standards Issued But Not Yet Effective (Cont'd)

#### **Effective date yet to be confirmed**

*Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the above standards is not expected to have any material impact to the financial statements of the Group and the Company upon adoption, except as mentioned below:

#### **MFRS 16 Leases**

The scope of MFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2019 with early adoption permitted. The Group and the Company are currently assessing the financial impact of adopting MFRS 16.

#### **MFRS 15 Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Int 13 *Customer Loyalty Programmes*, IC Int 15 *Agreements for Construction of Real Estate*, IC Int 18 *Transfers of Assets from Customers* and IC Int 131 *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group and the Company is currently assessing the financial impact of adopting MFRS 15.

### 2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## 2. BASIS OF PREPARATION (CONT'D)

### 2.6 Significant Accounting Estimates and Judgements (Cont'd)

#### 2.6.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements except as discussed below:

##### **Deferred tax assets**

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised to the extent of the future taxable income forecasted.

#### 2.6.2 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 financial year are discussed below:

##### **(i) Useful lives of machinery and factory equipment**

Machinery and factory equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of these assets to be 5 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets. Therefore, future depreciation charges could be revised.

##### **(ii) Impairment of property, plant and equipment**

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the property, plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

##### **(iii) Inventories**

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimate is made. The Group's business is subject to economical and regulatory changes which may cause selling prices to change and as a result may impact on the Group's earnings.

##### **(iv) Impairment of loans and receivables**

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset 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 debtor 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 of assets with similar credit risk characteristics.

## 2. BASIS OF PREPARATION (CONT'D)

### 2.6 Significant Accounting Estimates and Judgements (Cont'd)

#### 2.6.2 Key sources of estimation uncertainty (Cont'd)

##### (v) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the tax losses 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 tax planning strategies.

Assumptions about generation of future taxable income depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the financial statements and the amount of unrecognised tax losses and unrecognised temporary differences.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

### 3.1 Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

Upon disposal of investment in subsidiaries, the difference between the net disposal proceeds and their carrying amount is recognised in profit or loss.

#### (ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.1 Basis of consolidation (Cont'd)

#### (ii) Business combination (Cont'd)

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

Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gain or losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

For each business combination, the Group elects whether to recognise non-controlling interests in the acquiree either at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

#### (iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against the Group's reserve.

#### (iv) Loss of control

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

#### (v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

#### (vi) Transactions eliminated on consolidation

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.2 Investment in Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investment in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

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

### 3.3 Property, Plant and Equipment

Property, plant and equipment are initially stated at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent to initial recognition, property, plant and equipment except for land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are stated at revalued amount, which is the fair value at the date of revaluation less accumulated depreciation and accumulated impairment losses. Fair value are determined by market-based appraisal and depreciated replacement cost approach that are undertaken by external independent professionally qualified valuers. Subsequent additions are shown at cost while disposals are at valuation or cost as appropriate. Revaluations are performed with sufficient regularity to ensure that the fair value of the revalued asset does not differ materially from that which would be determined using fair values at the end of each reporting period.

Surpluses arising on revaluation are credited to revaluation reserve. Surpluses are only recognised in profit or loss to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is included in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Property, Plant and Equipment (Cont'd)

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Leasehold land	Amortised over lease period of 91 years
Buildings	2%
Machinery and factory equipment	10% - 20%
Office equipment, furniture and fittings	8% - 33.33%
Motor vehicles	16% - 20%

Freehold land is not amortised as it has an infinite life.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period 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 the items of property, plant and equipment.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss and the attributable portion of the revaluation surplus is taken directly to retained profits.

### 3.4 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 or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

#### Finance lease

A finance lease which includes hire purchase arrangement, is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Title may or may not eventually be transferred.

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 in 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.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

#### Operating leases

Leases where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Investment Properties

Investment properties are properties which are held to earn rental income or for capital appreciation or both. Such properties are measured initially at cost. Initial cost comprises purchase price and any directly attributable expenditure for a purchased investment property. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Buildings are depreciated on the straight line method to write off the cost to their residual value over their estimated useful lives at 2% per annum.

Freehold land is not depreciated as it has an infinite life.

The residual value, useful life and depreciation method are reviewed at each reporting period 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 the items of investment properties.

Upon the disposal of an item of investment properties, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss.

#### 3.6 Impairment of Non-Financial Assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

#### 3.7 Financial Instruments

##### 3.7.1 Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issuance of the financial instrument.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.7 Financial Instruments (Cont'd)

#### 3.7.2 Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

##### Financial assets

##### Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

##### Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

Financial liabilities are classified as current liabilities, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

#### 3.7.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in statement of comprehensive income over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

#### 3.7.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is currently a legally enforceable 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.

#### 3.7.5 Derecognition

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.8 Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at the end of each reporting period 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. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount 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 the reversal is recognised in profit or loss.

#### 3.9 Inventories

Inventories comprising raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value after adequate specific allowance has been made for deteriorated, obsolete and slow-moving inventories.

Cost of work-in-progress and finished goods include materials, direct labour and attributable production overheads.

Cost of all inventories are determined on the first-in, first-out basis.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

#### 3.10 Cash and Cash Equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

#### 3.11 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

#### 3.12 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are recognised as expenses in the period in which they are incurred.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.13 Income Recognition

#### (i) Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

#### (ii) Rental and fleet management service income

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

#### (iii) Others

Management fee and interest income using the effective interest rate are recognised on the accrual basis.

### 3.14 Employee Benefits

#### Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year 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 compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense as incurred.

### 3.15 Income Tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the 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 years.

Deferred tax is recognised using the liability method, providing for 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 following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that 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.

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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.15 Income Tax (Cont'd)

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

### 3.16 Goods and Services Tax

Goods and Services Tax (“GST”) is a consumption tax based on the value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input tax that a company pays on business purchases is offset against output tax.

Revenue, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of asset or service is not recoverable from the 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
- receivables and payables that are stated with GST inclusive.

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

### 3.17 Foreign Currency Translation

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

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

### 3.18 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case are the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### 3.19 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 not recognised in the statements of financial position and 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.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.20 Equity Instruments

#### 3.20.1 Warrants

Warrants are classified as equity instruments. The issuance of the 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 warrants, the proceeds are credited to share capital and share premium and the related warrant reserve is reversed. The warrant reserve in relation to the unexercised warrants at the expiry of the warrants will be reversed to retained profits.

#### 3.20.2 Share Capital

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.

Share capital represents the nominal value of shares that have been issued. Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of unappropriated profits and recognised as a liability in the period in which they are declared.

### 3.21 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) Has control or joint control over the Group;
  - (ii) Has significant influence over the Group; or
  - (iii) Is a member of the key management personnel of the Group,
  
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group.
  - (ii) The entity is an associate or joint venture of the other entity.
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the entity.
  - (viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

- 31 MARCH 2016 (CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT

### GROUP

2016

	← Balance at beginning		← Acquisition of subsidiaries		← At valuation/cost				← Balance at end	
	RM	RM	RM	RM	Additions	Disposal	Written off	Impairment loss	RM	RM
<b>At valuation</b>										
Freehold land	18,900,000	-	-	-	-	-	-	-	-	18,900,000
Leasehold land	1,677,000	-	-	-	-	-	-	-	-	1,677,000
Buildings	19,133,000	-	-	-	-	-	-	-	-	19,133,000
<b>At cost</b>										
Machinery and factory equipment	29,559,083	8,960	358,311	(720,029)	-	-	(437,728)	-	-	28,768,597
Office equipment, furniture and fittings	3,720,510	10,412	149,354	(2,830)	-	-	-	-	-	3,877,446
Motor vehicles	10,736,728	-	663,207	(418,626)	-	-	-	-	-	10,981,309
	<b>83,726,321</b>	<b>19,372</b>	<b>1,170,872</b>	<b>(1,141,485)</b>	<b>(437,728)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,337,352</b>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### GROUP

2016

	Accumulated depreciation and impairment loss						Balance at end at end RM
	Balance at beginning RM	Acquisition of subsidiaries RM	Current charge RM	Disposal RM	Written off RM	Impairment loss RM	
<b>At valuation</b>							
Freehold land	-	-	-	-	-	-	-
Leasehold land	-	-	19,964	-	-	-	19,964
Buildings	-	-	513,213	-	-	-	513,213
<b>At cost</b>	<b>17,168,896</b>	<b>-</b>	<b>3,148,153</b>	<b>(436,702)</b>	<b>(315,371)</b>	<b>109,183</b>	<b>19,674,159</b>
Machinery and factory equipment							
Office equipment, furniture and fittings	3,402,160	-	176,161	(1,651)	-	-	3,576,670
Motor vehicles	10,168,411	-	350,143	(381,291)	-	-	10,137,263
	<b>30,739,467</b>	<b>-</b>	<b>4,207,634</b>	<b>(819,644)</b>	<b>(315,371)</b>	<b>109,183</b>	<b>33,921,269</b>
							<b>Carrying amount at end RM</b>
<b>At valuation</b>							
Freehold land							18,900,000
Leasehold land							1,657,036
Buildings							18,619,787
<b>At cost</b>							
Machinery and factory equipment							9,094,438
Office equipment, furniture and fittings							300,776
Motor vehicles							844,046
							<b>49,416,083</b>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP

2015

	At valuation/cost									
	Balance at beginning	Additions	Disposal	Reclassified to investment properties	Revaluation	Transfer to inventories	Written off	Balance at end	RM	RM
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At valuation										
Freehold land	-	-	-	-	18,900,000	-	-	-	-	18,900,000
Leasehold land	-	-	-	-	1,677,000	-	-	-	-	1,677,000
Buildings	-	-	-	-	19,133,000	-	-	-	-	19,133,000
At cost	14,473,718	-	-	(3,864,287)	(10,609,431)	-	-	-	-	-
Freehold land	851,519	-	-	-	(851,519)	-	-	-	-	-
Buildings	18,234,616	276,848	-	(1,796,444)	(16,715,020)	-	-	-	-	-
Machinery and factory equipment	29,283,068	947,714	(481,185)	-	-	-	(190,514)	29,559,083		
Office equipment, furniture and fittings	3,563,799	167,711	-	-	-	-	(11,000)	3,720,510		
Motor vehicles	11,133,798	69,635	(212,684)	-	-	(254,021)	-	10,736,728		
	77,540,518	1,461,908	(693,869)	(5,660,731)	11,534,030	(254,021)	(201,514)	83,726,321		

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP

2015

	Accumulated depreciation and impairment loss						Balance at end at end RM
	Balance at beginning RM	Current charge RM	Disposal RM	Reclassified to investment properties RM	Revaluation RM	Transfer to inventories RM	
At cost							
Freehold land	–	–	–	–	–	–	–
Leasehold land	58,482	9,357	–	–	(67,839)	–	–
Buildings	3,994,368	348,655	–	(101,457)	(4,241,566)	–	–
Machinery and factory equipment	14,204,982	3,258,814	(204,916)	–	–	(89,984)	17,168,896
Office equipment, furniture and fittings	3,236,381	176,779	–	–	–	(11,000)	3,402,160
Motor vehicles	9,829,051	584,756	(212,684)	–	–	(32,712)	10,168,411
	31,323,264	4,378,361	(417,600)	(101,457)	(4,309,405)	(32,712)	30,739,467
At valuation							
Freehold land							18,900,000
Leasehold land							1,677,000
Buildings							19,133,000
At cost							
Freehold land							–
Leasehold land							–
Buildings							–
Machinery and factory equipment							12,390,187
Office equipment, furniture and fittings							318,350
Motor vehicles							568,317
							52,986,854

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY

	Freehold land RM	Building RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
<b>2016</b>					
<b>At cost</b>					
Balance at beginning	-	-	247,652	92,637	340,289
Additions	-	-	19,975	-	19,975
Balance at end	-	-	267,627	92,637	360,264
<b>Accumulated depreciation</b>					
Balance at beginning	-	-	185,863	92,637	278,500
Current charge	-	-	17,684	-	17,684
Balance at end	-	-	203,547	92,637	296,184
<b>Carrying amount</b>	-	-	64,080	-	64,080
<b>2015</b>					
<b>At cost</b>					
Balance at beginning	5,333,013	1,808,974	226,795	92,637	7,461,419
Additions	-	-	20,857	-	20,857
Reclassified to investment properties	(5,333,013)	(1,808,974)	-	-	(7,141,987)
Balance at end	-	-	247,652	92,637	340,289
<b>Accumulated depreciation</b>					
Balance at beginning	-	57,284	170,620	92,637	320,541
Current charge	-	18,090	15,243	-	33,333
Reclassified to investment properties	-	(75,374)	-	-	(75,374)
Balance at end	-	-	185,863	92,637	278,500
<b>Carrying amount</b>	-	-	61,789	-	61,789

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (i) Included in the carrying amount are the following property, plant and equipment acquired under finance lease:

	GROUP	
	2016 RM	2015 RM
Machinery and factory equipment	1,995,738	6,966,196
Motor vehicles	597,405	271,947
	<u>2,593,143</u>	<u>7,238,143</u>

The lease assets are pledged as security for the related finance lease liabilities (Note 17).

- (ii) The carrying amount of properties charged to financial institutions for banking facilities granted to the Group:

	GROUP	
	2016 RM	2015 RM
Freehold land	18,900,000	18,900,000
Leasehold land	1,657,036	1,677,000
Buildings	18,619,787	19,133,000
	<u>39,176,823</u>	<u>39,710,000</u>

- (iii) The title deed to the leasehold land has not been issued as the master title is still in the custody of the Lands and Surveys Department of Sabah, for subdivision.
- (iv) 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 RM109,183 representing the write-down of the forklifts to its recoverable amount was recognised in the profit or loss for the financial year ended 31 March 2016.
- (v) The valuation of freehold land, leasehold land and buildings were carried out by independent professional valuers and adopted by the Group in the financial year ended 31 March 2015.

The fair value measurement of the land and buildings are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM
<b>GROUP</b>			
Freehold land	–	18,900,000	–
Leasehold land	–	1,677,000	–
Buildings	–	19,133,000	–
	<u>–</u>	<u>39,710,000</u>	<u>–</u>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### Policy on transfer between levels

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

### Transfer between Level 1 and 2 fair values

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

### Level 2 fair value

Level 2 fair values of land and buildings have been derived using the sales comparison approach. Selling prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size, age and condition of the building. The most significant input into this valuation approach is price per square foot of comparable properties.

If the land and buildings were measured using the cost model, the carrying amount as at the end of the reporting period would be as follows:

	Freehold land RM	Leasehold land RM	Buildings RM
<b>GROUP</b>			
<b>2016</b>			
Cost	10,609,431	851,519	16,715,020
Accumulated depreciation	–	(77,198)	(4,574,806)
	<u>10,609,431</u>	<u>774,321</u>	<u>12,140,214</u>
<b>2015</b>			
Cost	10,609,431	851,519	16,715,020
Accumulated depreciation	–	(67,839)	(4,241,566)
	<u>10,609,431</u>	<u>783,680</u>	<u>12,473,454</u>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 5. INVESTMENT PROPERTIES

	Freehold land RM	Buildings RM	Total RM
<b>GROUP</b>			
<b>2016</b>			
<b>At cost</b>	<b>3,864,287</b>	<b>1,694,987</b>	<b>5,559,274</b>
<b>Accumulated depreciation:</b>			
Balance at beginning	–	(18,090)	(18,090)
Current charge	–	(36,180)	(36,180)
Balance at end	–	(54,270)	(54,270)
	<b>3,864,287</b>	<b>1,640,717</b>	<b>5,505,004</b>
<b>2015</b>			
<b>At cost:</b>			
Reclassified from property, plant and equipment	3,864,287	1,694,987	5,559,274
Less: Depreciation	–	(18,090)	(18,090)
	<b>3,864,287</b>	<b>1,676,897</b>	<b>5,541,184</b>
<b>COMPANY</b>			
<b>2016</b>			
<b>At cost</b>	<b>5,333,013</b>	<b>1,733,600</b>	<b>7,066,613</b>
<b>Accumulated depreciation:</b>			
Balance at beginning	–	(18,090)	(18,090)
Current charge	–	(36,180)	(36,180)
Balance at end	–	(54,270)	(54,270)
	<b>5,333,013</b>	<b>1,679,330</b>	<b>7,012,343</b>

# NOTES TO THE FINANCIAL STATEMENTS

- 31 MARCH 2016 (CONT'D)

## 5. INVESTMENT PROPERTIES (CONT'D)

	Freehold land RM	Buildings RM	Total RM
COMPANY			
2015			
At cost:			
Reclassified from property, plant and equipment	5,333,013	1,733,600	7,066,613
Less: Depreciation	—	(18,090)	(18,090)
	<u>5,333,013</u>	<u>1,715,510</u>	<u>7,048,523</u>

(i) The investment properties are held to earn rental income and for capital appreciation.

(ii) The following are the operating income and expenses in respect of the investment properties:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Rental income from investment properties	—	—	<b>60,000</b>	60,000
Direct operating expenses arising from investment properties that generated rental income during the year	<b>(14,919)</b>	(17,635)	<b>(14,919)</b>	(17,635)

(iii) The fair value of the investment properties for disclosure purposes amounted to **RM26,000,000** (2015: RM26,000,000) and are categorised under Level 2 of the fair value hierarchy. The fair values of the investment properties have been generally derived using the sales comparison approach. Selling prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size, age and condition of the building. The most significant input into this valuation approach is price per square foot of comparable properties.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2016 RM	2015 RM
Unquoted shares, at cost	70,154,327	70,104,325
Less: Impairment losses		
Balance at beginning	(26,921,517)	(26,334,638)
Current year	-	(586,879)
Balance at end	(26,921,517)	(26,921,517)
	<b>43,232,810</b>	<b>43,182,808</b>

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

Name of Company	Equity Interest Held		Principal Activities
	2016 %	2015 %	
<b>Direct</b>			
Boon Koon Vehicles Industries Sdn. Bhd. ("BKVI")	100	100	Manufacturing and assembling of rebuilt commercial vehicles and the provision of related services.
Boon Koon Marketing (East Malaysia) Sdn. Bhd. ("BKM")	100	100	Sale of commercial vehicles and the provision of related services.
* Boon Koon Vehicles Pte. Ltd. (Incorporated in Republic of Singapore) ("BKVPL")	100	100	Sale of commercial vehicles, motor vehicles accessories and the provision of related services.
BKCV Sdn. Bhd. ("BKCV")	100	100	Manufacturing and assembling of new commercial vehicles.
BK Fleet Management Sdn. Bhd. ("BK Fleet")	100	100	Sale and rental of commercial vehicles, provision of fleet management and other related services.
Boon Koon Fleet Management Sdn. Bhd. ("BKFM")	100	100	Forklift and equipment rental business and the provision of repairs and maintenance services.
BKSP Autoworld Sdn. Bhd. ("BKSP")	100	100	Provision of repair and maintenance service for forklift, reach trucks, heavy machineries, commercial vehicles and others.
Boon Koon Commercial Sdn. Bhd. ("BKC")	100	100	Sales of reconditioned, rebuilt, used and new commercial vehicles and other related services.

## 6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Equity Interest Held		Principal Activities
	2016 %	2015 %	
<b>Direct (Cont'd)</b>			
BKG Development Sdn. Bhd. ("BKGD")	100	100	Property developer but is currently dormant.
Boon Koon Capital Sdn. Bhd. ("BK Capital")	100	100	Investment holding.
BK Alliance Sdn. Bhd. ("BKA")	100	–	Sale of commercial vehicles and the provision of related services.
<b>Indirect - Held through BKM</b>			
BKA	–	70	Sale of commercial vehicles and the provision of related services.
<b>Indirect - Held through BKVPL</b>			
* PT Boon Koon Continental (Incorporated in Republic of Indonesia) ("PTBKC")	90	90	Sale of commercial vehicles.
<b>Indirect - Held through BKVI</b>			
BKGM Industries Sdn. Bhd. ("BKGM")	100	45	Provision of sub-contractor services to the commercial vehicle industry.
BK Sepadu Sdn. Bhd. ("BK Sepadu")	62.50	43.75	Sale of commercial vehicle and provision of related services.

\* Not audited by Grant Thornton.

### 2016

#### Acquisition of non-controlling interests

On 17 September 2015, the Company completed the acquisition of 2,500,000 ordinary shares of RM1.00 each in BKA, representing 100% of the issued and paid-up share capital of BKA for a total cash consideration of RM50,002 making BKA a wholly owned subsidiary of the Company. Prior to the above acquisition, BKA was a 70% owned subsidiary through BKM, a wholly-owned subsidiary of the Company.

The carrying amount of non-controlling interests acquired as at the date of acquisition was a net current liabilities amount of RM26,802. The difference between the consideration and the book value of the interest acquired was RM41,804 and is reflected in equity as premium paid on acquisition of non-controlling interests.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 6. INVESTMENT IN SUBSIDIARIES (CONT'D)

### Acquisition of subsidiaries

On 21 December 2015, the Company via its wholly-owned subsidiary, BKVI acquired the following:

- (i) 825,000 ordinary shares of RM1.00 each, representing 55% equity interest in the paid-up capital of BKGM for a total cash consideration of RM1,336,300, and
- (ii) 100,000 ordinary shares of RM1.00 each, representing 18.75% equity interest in the paid-up capital of BK Sepadu for a total cash consideration of RM136,600.

Arising from this, both BKGM and BK Sepadu became subsidiaries of the Group. The investment in both BKGM and BK Sepadu were previously accounted for as investment in associates (refer to Note 7 to the financial statements.)

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

	Fair value RM	Carrying amount RM
<b>Assets</b>		
Property, plant and equipment	19,372	19,372
Inventories	3,249,909	3,249,909
Receivables	4,589,361	4,589,361
Cash and bank balances	1,351,635	1,351,635
	<u>9,210,277</u>	<u>9,210,277</u>
<b>Liabilities</b>		
Payables	<u>5,840,943</u>	<u>5,840,943</u>
<b>Net tangible assets</b>	<u>3,369,334</u>	<u>3,369,334</u>
<b>Net cash outflow arising from acquisition of subsidiaries</b>		
		RM
Purchase consideration settled in cash		1,472,900
Less: Cash acquired		<u>(1,351,635)</u>
		<u>121,265</u>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 6. INVESTMENT IN SUBSIDIARIES (CONT'D)

### Bargain purchase on consolidation arising from acquisition:

	RM
Total cash consideration transferred	1,472,900
Fair value of non-controlling interest at acquisition date	311,082
Fair value of previously held equity interest in BKGM and BK Sepadu	1,505,831
Less: Fair value of net identifiable assets and liabilities	<u>(3,369,334)</u>
 Bargain purchase on consolidation recognised in profit and loss	 <u>(79,521)</u>

2015

- (i) During the financial year, the Company incorporated BK Capital with a paid-up capital of RM2 representing 2 ordinary shares of RM1 each. Subsequent to its incorporation, the Company subscribed to an additional 3,845,998 new ordinary shares of RM1 each at par satisfied by transferring its entire equity interest in an associate, Hitachi Capital Malaysia Sdn. Bhd. ("HCM") (formerly known as "First Peninsula Credit Sdn. Bhd.") to BK Capital. The internal transfer of ownership did not result in any change of the Group's interest in HCM.
- (ii) The Company had on 1 October 2014 subscribed to an additional 2,000,000 new ordinary shares of RM1.00 each in BKFM for a cash consideration of RM2,000,000, settled by way of setting-off the amount owing by BKFM to the Company.

## 7. INVESTMENT IN ASSOCIATES

	GROUP	
	2016 RM	2015 RM
Unquoted shares		
- at cost	3,900,000	4,808,334
- at fair value *	<u>1,682,645</u>	<u>1,682,645</u>
	<b>5,582,645</b>	6,490,979
Share of post-acquisition reserves	<u>474,211</u>	<u>(496,352)</u>
	<u><b>6,056,856</b></u>	<u>5,994,627</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 7. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates which are incorporated in Malaysia are as follows:

Name of Company	Equity Interest Held		Principal Activities
	2016 %	2015 %	
<b>Indirect - Held through BKCV</b>			
# CNMY Truck Sdn. Bhd. ("CNMY")	30	30	Trading in new commercial vehicles and the provision of related services.
<b>Indirect - Held through BK Capital</b>			
# Hitachi Capital Malaysia Sdn. Bhd. ("HCM") (formerly known as First Peninsula Credit Sdn. Bhd.)	25	25	Provision of hire purchase financing and insurance agent.
<b>Indirect - Held through BKVI</b>			
BKGM Industries Sdn. Bhd. ("BKGM")	–	45	Provision of sub-contractor services to the commercial industry.
BK Sepadu Sdn. Bhd. ("BK Sepadu")	–	43.75	Trading in new commercial vehicles.
# Not audited by Grant Thornton.			

The summarised financial information of the material associate not adjusted for the percentage ownership held by the Group is as follows:

### Summarised financial information of HCM

	2016 RM	2015 RM
<b>As at 31 March</b>		
Non-current assets	333,161,344	272,931,418
Current assets	193,363,256	131,253,686
Non-current liabilities	(399,650,000)	(268,500,000)
Current liabilities	(106,142,830)	(119,869,616)
Net assets	20,731,770	15,815,488

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 7. INVESTMENT IN ASSOCIATES (CONT'D)

### Summarised financial information of HCM (Cont'd)

	2016	2015
	RM	RM

#### Year ended 31 March

Net profit, representing total comprehensive income	<u>4,916,282</u>	<u>2,325,209</u>
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Included in total comprehensive income above are the following:

Revenue	34,503,506	24,923,604
Other income	1,545,262	712,872
Operating and administrative expenses	<u>(30,758,679)</u>	<u>(22,790,451)</u>

	HCM	Other individually immaterial associates	Total
	RM	RM	RM

#### Reconciliation of net assets to carrying amount

##### 2016

##### As at 31 March

Group's share of net assets	5,182,943	876,144	6,059,087
Elimination of unrealised profits	–	(2,231)	(2,231)
Carrying amount in the statement of financial position	<u>5,182,943</u>	<u>873,913</u>	<u>6,056,856</u>

##### 2015

##### As at 31 March

Group's share of net assets	3,953,872	2,072,283	6,026,155
Elimination of unrealised profits	–	(31,528)	(31,528)
Carrying amount in the statement of financial position	<u>3,953,872</u>	<u>2,040,755</u>	<u>5,994,627</u>

#### Group's share of results

##### 2016

##### Year ended 31 March

Group's share of profit or loss	<u>1,229,071</u>	<u>263,168</u>	<u>1,492,239</u>
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##### 2015

##### Year ended 31 March

Group's share of profit or loss	<u>581,303</u>	<u>213,184</u>	<u>794,487</u>
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# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 8. DEFERRED TAX

	GROUP	
	2016 RM	2015 RM
<b>Deferred tax assets:</b>		
Balance at beginning	2,125,000	2,998,000
Recognised in profit or loss	<u>128,000</u>	<u>(1,019,000)</u>
	<b>2,253,000</b>	1,979,000
(Over)/Under provision in prior year	<u>(100,000)</u>	<u>146,000</u>
Balance at end	<u><b>2,153,000</b></u>	<u>2,125,000</u>
<b>Deferred tax liabilities:</b>		
Revaluation surplus		
Balance at beginning	<u>(2,227,217)</u>	–
Recognised in statement of other comprehensive income	–	(2,227,217)
Recognised in profit or loss	<u>44,958</u>	–
	<b>(2,182,259)</b>	(2,227,217)
Excess of capital allowances over depreciation on property, plant and equipment		
Balance at beginning	<u>(1,381,911)</u>	(1,251,060)
Recognised in profit or loss	<u>160,089</u>	233,149
	<b>(1,221,822)</b>	(1,017,911)
Over/(Under) provision in prior year	<u>10,000</u>	<u>(364,000)</u>
	<u><b>(1,211,822)</b></u>	<u>(1,381,911)</u>
Balance at end	<u><b>(3,394,081)</b></u>	<u>(3,609,128)</u>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 8. DEFERRED TAX (CONT'D)

The deferred tax assets/(liabilities) recognised as at the end of the reporting period prior to offsetting are as follows (net amount):

	GROUP	
	2016	2015
	RM	RM
<b>Deferred tax assets</b>		
Property, plant and equipment	(974,000)	(1,030,000)
Unabsorbed capital allowances	119,800	–
Unabsorbed tax losses	3,007,200	3,155,000
	<u>2,153,000</u>	<u>2,125,000</u>
<b>Deferred tax liabilities</b>		
Property, plant and equipment	(3,394,081)	(3,609,128)

## 9. INVENTORIES

	GROUP	
	2016	2015
	RM	RM
<b>At cost</b>		
Raw materials	9,489,937	12,260,161
Work-in-progress	6,110,623	5,690,939
Finished goods	16,794,929	9,081,679
	<u>32,395,489</u>	<u>27,032,779</u>
<b>At net realisable value</b>		
Raw materials	2,473,903	–
Work-in-progress	569,342	642,784
Finished goods	3,625,829	5,004,318
	<u>6,669,074</u>	<u>5,647,102</u>
	<u>39,064,563</u>	<u>32,679,881</u>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 9. INVENTORIES (CONT'D)

The following are recognised in profit or loss:

	GROUP	
	2016	2015
	RM	RM
<b>At cost</b>		
Inventories recognised as cost of sales	62,074,410	69,719,061
Inventories written-down	<u>2,649,387</u>	<u>–</u>

## 10. TRADE RECEIVABLES

	GROUP	
	2016	2015
	RM	RM
Associates	328,039	1,166,523
Trade receivables	<b>36,886,590</b>	42,871,917
Less: Allowance for impairment <sup>(i)</sup>	<b>(4,604,257)</b>	(4,628,548)
	<u>32,282,333</u>	<u>38,243,369</u>
	<u><b>32,610,372</b></u>	<u>39,409,892</u>

(i) The movement of allowance for impairment is as follows:

	GROUP	
	2016	2015
	RM	RM
Balance at beginning	(4,628,548)	(4,418,283)
Current year	(39,567)	(228,355)
Reversal	9,800	18,090
Written off	<u>54,058</u>	<u>–</u>
Balance at end	<u><b>(4,604,257)</b></u>	<u>(4,628,548)</u>

(ii) Trade receivables are generally extended **30 to 210 days** (2015: 30 to 210 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(iii) Included herein is an amount of **RM218,148** (2015: RM Nil) due from a corporate shareholder of the subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 10. TRADE RECEIVABLES (CONT'D)

(iv) Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set off for presentation purpose:

	Gross amount RM	Balance that are set off RM	Net carrying amount RM
<b>GROUP</b>			
<b>2016</b>			
Trade receivables	32,610,372	-	32,610,372
Trade payables	<u>(10,595,614)</u>	<u>-</u>	<u>(10,595,614)</u>
<b>2015</b>			
Trade receivables	42,099,387	(2,689,495)	39,409,892
Trade payables	<u>(9,968,835)</u>	<u>2,689,495</u>	<u>(7,279,340)</u>

Certain trade receivables and trade payables were set off for presentation purpose because they have enforceable right to set off and they intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Associates	3,302	834,791	-	-
Other receivables	183,219	102,644	5,639	20,145
Less: Allowance for Impairment	(25,660)	(25,660)	-	-
	157,559	76,984	5,639	20,145
Refundable deposits	234,433	649,500	17,889	4,500
Deposits for purchase of raw materials	5,353,464	538,933	-	-
Prepayments	1,671,114	1,018,014	53,709	48,341
GST claimable	749,333	-	-	-
	<u>8,169,205</u>	<u>3,118,222</u>	<u>77,237</u>	<u>72,986</u>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

### GROUP

- (i) The deposits paid to suppliers for purchase of raw materials and are refundable.
- (ii) Included in other receivables is an amount of **RM5,507** (2015: RM Nil) due from a company in which certain directors of the Company have substantial financial interest.
- (iii) Included in refundable deposits are rental and utilities deposits amounting to **RM25,000** (2015: RM25,000) paid to a company in which certain directors of the Company have substantial financial interest.

### COMPANY

- (i) Included herein is an amount of **RM5,507** (2015: RM Nil) due from a company in which certain directors of the Company have substantial financial interest.

As at the end of the reporting period, there was no indication that other receivables and deposits are not recoverable.

## 12. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	COMPANY	
	2016 RM	2015 RM
<b>Due from:</b>		
- Interest bearing @ 9% per annum	17,646	94,652
- Non-interest bearing		
Gross amount	1,904,952	1,493,875
Less: Allowance for impairment		
Balance at beginning	(1,130,145)	(1,405,185)
Recovered	-	275,040
Balance carried forward	(1,130,145)	(1,130,145)
Total non-interest bearing amount	774,807	363,730
	792,453	458,382
<b>Due to:</b>		
- Non-interest bearing	4,439,740	1,770,167

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 12. AMOUNT DUE FROM/(TO) SUBSIDIARIES (CONT'D)

The currency profile of amount due from subsidiaries is as follows:

	COMPANY	
	2016 RM	2015 RM
Ringgit Malaysia	1,141,457	1,183,434
Singapore Dollar	325,028	–
Indonesian Rupiah	456,113	405,093
	<b>1,922,598</b>	1,588,527
Less: Allowance for impairment	<b>(1,130,145)</b>	(1,130,145)
	<b>792,453</b>	458,382

The amount due to subsidiaries is denominated in Ringgit Malaysia.

The amount due from/(to) subsidiaries is non-trade related, unsecured and is repayable on demand.

## 13. FIXED DEPOSIT WITH A LICENSED BANK

The fixed deposit with a licensed bank bears interest of 3.30% per annum and is placed for a tenure of 1 year. It is pledged to a licensed bank for banking facilities granted to a subsidiary.

## 14. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Short-term funds with licensed financial institutions	1,162,418	207,768	126,199	122,096
Cash and cash in bank	5,769,064	3,685,351	361,156	222,995
	<b>6,931,482</b>	3,893,119	<b>487,355</b>	345,091

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 14. CASH AND BANK BALANCES (CONT'D)

(i) The currency profile of cash and bank balances is as follows:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Ringgit Malaysia	6,593,984	3,856,798	460,831	323,895
Singapore Dollar	4,884	3,105	3,107	274
Indonesian Rupiah	25,450	753	106	107
Japanese Yen	119,432	11,179	6,710	6,755
US Dollar	13,962	11,778	11,095	8,554
Others	173,770	9,506	5,506	5,506
	<b>6,931,482</b>	<b>3,893,119</b>	<b>487,355</b>	<b>345,091</b>

(ii) The effective interest rates per annum as at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2016 %	2015 %	2016 %	2015 %
Short-term funds with licensed financial institutions	2.19 to 3.65	2.20 to 3.30	2.97 to 3.58	2.66 to 3.30

(iii) The maturity/redemption periods as at the end of the reporting period are as follows:

	GROUP AND COMPANY	
	2016	2015
Short-term funds with licensed financial institutions	1 to 3 days	1 to 3 days

## 15. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2016	2015	2016 RM	2015 RM
<b>Authorised:</b>				
Ordinary shares of RM0.20	500,000,000	500,000,000	100,000,000	100,000,000
<b>Issued and fully paid:</b>				
Ordinary shares of RM0.20	276,750,000	276,750,000	55,350,000	55,350,000

## 16. OTHER RESERVES

	Note	GROUP		COMPANY	
		2016 RM	2015 RM	2016 RM	2015 RM
Non-distributable:					
Warrant reserve	16.1	<b>8,366,860</b>	8,366,860	<b>8,366,860</b>	8,366,860
Foreign currency translation reserve	16.2	<b>(30,849)</b>	(47,679)	–	–
Capital reserve	16.3	<b>(27,934)</b>	13,870	–	–
Revaluation reserve	16.4	<b>13,473,851</b>	13,616,218	–	–
		<b>21,781,928</b>	21,949,269	<b>8,366,860</b>	8,366,860

### 16.1 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 rights 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 accumulated losses is created by the same amount to preserve the par value of the ordinary shares 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 of RM0.20 each 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 auditors in the event of alteration to the share capital of the Company.

### 16.2 Foreign currency translation reserve

This is in respect of foreign currency differences arising from the translation of the financial statements of the Group's foreign subsidiaries.

### 16.3 Capital reserve

Capital reserve represents the premium paid/discount on acquisition of additional equity interest in an existing subsidiary from non-controlling interest.

### 16.4 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.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 17. BORROWINGS

	GROUP	
	2016	2015
	RM	RM
<b>Non-current liabilities</b>		
<u>Finance lease liabilities</u>		
Total amount repayable	1,739,356	3,108,612
Amount due within one year under current liabilities	<u>(716,204)</u>	<u>(1,911,640)</u>
	<b>1,023,152</b>	<b>1,196,972</b>
<b>Current liabilities</b>		
Bankers acceptance	39,123,000	40,697,000
Bank overdraft	49,872	371,341
Finance lease liabilities	<u>716,204</u>	<u>1,911,640</u>
	<b>39,889,076</b>	<b>42,979,981</b>

### GROUP

Included in finance lease liabilities is an amount of **RM372,929** (2015: RM943,595) payable to an associate of the Group.

The borrowings (except for finance lease liabilities) are secured by way of:

- (i) Legal charge over the freehold, leasehold land and buildings of a subsidiary, and
- (ii) Corporate guarantee of the Company.

The finance lease liabilities are secured over the leased assets and corporate guarantee of the Company.

A summary of the average effective interest rates and the maturity of the borrowings is as follows:

	Average effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
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### GROUP

#### 2016

Bankers acceptance	3.69 to 4.50	39,123,000	39,123,000	-	-
Bank overdraft	7.60	49,872	49,872	-	-
Finance lease liabilities	2.37 to 3.97	1,739,356	716,204	400,992	622,160

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 17. BORROWINGS (CONT'D)

	Average effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
GROUP					
2015					
Bankers acceptance	3.76 to 4.53	40,697,000	40,697,000	–	–
Bank overdraft	7.60	371,341	371,341	–	–
Finance lease liabilities	2.56 to 3.97	3,108,612	1,911,640	574,950	622,022

## 18. TRADE PAYABLES

- (i) Included in trade payables is an amount of **RM924,650** (2015: RM3,199,489) due to associates of the Group.
- (ii) The currency profile of trade payables is as follows:

	GROUP	
	2016 RM	2015 RM
Ringgit Malaysia	4,250,586	4,283,401
Japanese Yen	4,677,881	618,887
Singapore Dollar	592,190	33,785
Euro	22,512	481,252
US Dollar	3,328	1,576,552
Others	1,049,117	285,463
	<b>10,595,614</b>	<b>7,279,340</b>

- (iii) Trade payable are non-interest bearing and are normally settled within **30 to 120 days** (2015: 30 to 120 days) credit terms.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 19. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Other payables	1,637,834	621,520	40,371	2,645
Refundable deposits	692,753	1,086,487	–	–
Deposits received from customers <sup>(i)</sup>	7,452,512	3,308,543	–	–
Accruals	1,666,667	1,125,184	283,399	239,422
GST payable	734,371	–	8,763	–
	<b>12,184,137</b>	<b>6,141,734</b>	<b>332,533</b>	<b>242,067</b>

(i) Included in other payables is an amount of **RM Nil** (2015: RM170,800) due to associates of the Group.

(ii) The deposits received from customers are for purchase of goods and are non-refundable.

(iii) The currency profile of other payables and accruals is as follows:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Ringgit Malaysia	12,175,174	5,807,034	332,533	242,067
Singapore Dollar	8,963	334,700	–	–
	<b>12,184,137</b>	<b>6,141,734</b>	<b>332,533</b>	<b>242,067</b>

## 20. REVENUE

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Sales of commercial vehicles and bodyworks	71,920,327	81,278,034	–	–
Rental and fleet management service income	6,706,132	7,750,889	–	–
Rental income	–	–	60,000	60,000
Interest income	4,668	4,212	32,430	85,965
Management fee income	–	20,000	681,000	697,000
Advisory fee	10,000	–	51,000	–
	<b>78,641,127</b>	<b>89,053,135</b>	<b>824,430</b>	<b>842,965</b>

# NOTES TO THE FINANCIAL STATEMENTS

- 31 MARCH 2016 (CONT'D)

## 21. COST OF SALES

	GROUP	
	2016 RM	2015 RM
Cost of commercial vehicles and bodyworks	64,723,797	69,719,061
Rental and fleet management service expenses	5,803,236	7,479,388
	<b>70,527,033</b>	<b>77,198,449</b>

## 22. OTHER INCOME

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Bad debts recovered	2,275	975	-	-
Bargain purchase from acquisition of subsidiaries	79,521	-	-	-
Gain on disposal of property, plant and equipment	222,101	44,616	-	-
Interest income	36,403	33,986	-	-
Rental income	157,039	223,117	-	-
Reversal of impairment loss on receivables	9,800	18,090	-	275,041
Gain on foreign exchange				
- Realised	107,756	8,569	-	-
- Unrealised	82,749	-	2,455	-
Others	114,541	202,637	-	12,063
	<b>812,185</b>	<b>531,990</b>	<b>2,455</b>	<b>287,104</b>

## 23. FINANCE COSTS

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Interest on:				
Bank overdraft	19,090	25,321	-	-
Bankers acceptance	1,893,322	1,978,787	-	-
Finance lease	163,022	311,522	-	-
Loan interest charged by shareholders of a subsidiary	42,807	-	-	-
	<b>2,118,241</b>	<b>2,315,630</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 24. (LOSS)/PROFIT BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
After charging:				
Audit fee				
- Statutory audit				
- Company's auditors	85,500	78,000	20,000	20,000
- Other auditors	8,696	7,830	-	-
- Other services				
- Company's auditors	3,000	3,000	3,000	3,000
Depreciation	4,243,814	4,396,451	53,864	51,423
Directors' remuneration for non-executive directors				
- Allowance	3,800	3,200	3,800	3,200
- Fee	147,000	78,000	147,000	78,000
Impairment loss				
- Investment in a subsidiary	-	-	-	586,879
- Property, plant and equipment	109,183	-	-	-
- Receivables	39,567	228,355	-	-
Interest expense	2,118,241	2,315,630	-	-
Inventories written-down	2,649,387	-	-	-
Loss on disposal of investment in an associate	-	-	-	63
Property, plant and equipment written-off	122,357	100,530	-	-
Realised loss on foreign exchange	115,577	34,881	-	-
Rental of equipment	9,240	254	-	-
Rental of hostel	5,400	-	5,400	-
Rental of premises	380,062	374,940	78,000	78,000
Rental of vehicles	183,354	255,688	101,500	115,528
* Staff costs	<b>7,308,975</b>	<b>8,235,348</b>	<b>1,998,272</b>	<b>2,198,520</b>
<b>* Staff costs</b>				
- Salaries, wages, allowances, and bonus	6,583,391	7,449,864	1,771,752	1,952,769
- EPF	670,548	729,702	219,368	238,920
- SOCSO	55,036	55,782	7,152	6,831
	<b>7,308,975</b>	<b>8,235,348</b>	<b>1,998,272</b>	<b>2,198,520</b>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 24. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

### Directors' remunerations

Included in the staff costs of the Group and of the Company are directors' remunerations as shown below:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Executive directors of the Company:</b>				
- Salaries, allowances and bonus	1,058,525	1,265,700	1,058,525	1,265,700
- EPF	136,255	169,429	136,255	169,429
	<b>1,194,780</b>	1,435,129	<b>1,194,780</b>	1,435,129
<b>Executive directors of subsidiaries:</b>				
- Salaries, allowances and bonus	169,779	316,024	-	-
- EPF	13,664	34,986	-	-
	<b>183,443</b>	351,010	-	-
<b>Directors' fee:</b>				
Executive directors of the Company	67,000	45,000	67,000	45,000
<b>Benefits-in-kind:</b>				
Executive directors of the Company	32,300	56,000	32,300	56,000
Executive directors of subsidiaries	-	7,363	-	-
	<b>32,300</b>	63,363	<b>32,300</b>	56,000
	<b>1,477,523</b>	1,894,502	<b>1,294,080</b>	1,536,129

## 25. TAXATION

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Malaysian income tax:				
Based on results for the year				
- Current tax	(171,596)	(118,358)	-	-
- Deferred tax relating to the origination and reversal of temporary differences	288,089	(785,851)	-	-
- Annual crystallisation of deferred tax on revaluation surplus	44,958	-	-	-
Balance carried forward	161,451	(904,209)	-	-

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 25. TAXATION (CONT'D)

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Balance carried forward	161,451	(904,209)	-	-
(Under)/Over provision in prior year				
- Current tax	9,753	(211,621)	-	(11,963)
- Deferred tax relating to the origination and reversal of temporary differences	(90,000)	(218,000)	-	-
	<u>(80,247)</u>	<u>(429,621)</u>	<u>-</u>	<u>(11,963)</u>
	<u>81,204</u>	<u>(1,333,830)</u>	<u>-</u>	<u>(11,963)</u>

The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/Profit before taxation	(2,294,601)	1,217,280	(2,263,340)	(2,578,348)
Share of results of associates	<u>(1,492,239)</u>	<u>(794,487)</u>	<u>-</u>	<u>-</u>
	<u>(3,786,840)</u>	<u>422,793</u>	<u>(2,263,340)</u>	<u>(2,578,348)</u>
Income tax at Malaysian statutory tax rate of 24% (2015: 25%)	908,842	(105,698)	543,202	644,587
Different tax rates in other countries	(14,692)	(3,602)	-	-
Income not subject to tax	53,049	73,699	589	71,776
Expenses not deductible for tax purposes	(876,642)	(758,808)	(541,733)	(716,363)
Deferred tax movements not recognised	45,936	(109,800)	(2,058)	-
Annual crystallisation of deferred tax on revaluation surplus	44,958	-	-	-
Under provision in prior year	<u>(80,247)</u>	<u>(429,621)</u>	<u>-</u>	<u>(11,963)</u>
	<u>81,204</u>	<u>(1,333,830)</u>	<u>-</u>	<u>(11,963)</u>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 25. TAXATION (CONT'D)

The deferred tax (assets)/liabilities not recognised as at the end of the reporting period are in relation to the following (gross amount):

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Property, plant and equipment	92,638	143,827	43,992	52,568
Unabsorbed tax losses	(14,261,000)	(14,509,500)	-	-
Unabsorbed capital allowances	(1,592,600)	(1,586,600)	-	-
	<u>(15,760,962)</u>	<u>(15,952,273)</u>	<u>43,992</u>	<u>52,568</u>

These unabsorbed tax losses and capital allowances are available to be carried forward for set off against future assessable income of a nature and amount sufficient for the tax losses and capital allowances to be utilised.

## 26. LOSS PER SHARE

### 26.1 Basic

The basic loss per share of the Group is calculated by dividing the loss for the reporting period attributable to shareholders of the Company by the weighted average number of shares in issue during the reporting period as follows:

	GROUP	
	2016	2015
Loss attributable to owners of the parent (RM)	<u>(2,179,645)</u>	<u>(107,756)</u>
Weighted average number of shares	<u>276,750,000</u>	<u>276,750,000</u>
Basic loss per share (sen)	<u>(0.79)</u>	<u>(0.03)</u>

### 26.2 Diluted

	GROUP	
	2016	2015
Diluted loss per share (sen)	<u>(0.79)</u>	<u>(0.03)</u>

There is no diluted earnings per share as the warrants are anti-dilutive since its exercise price exceeds the average market price of the ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 27. CONTINGENT LIABILITIES (UNSECURED)

	COMPANY	
	2016	2015
	RM	RM
<b>Corporate guarantee</b>		
Corporate guarantee extended to banks and financial institutions for credit facilities granted to subsidiaries		
- Limit	<u>48,021,154</u>	<u>50,017,949</u>
- Amount utilised	<u>40,779,026</u>	<u>44,077,289</u>

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the banks and financial institutions requiring parent guarantee as a pre-condition for approving the credit facilities granted to the subsidiaries and the credit facilities are fully collateralised by fixed and floating charges over property, plant and equipment of the subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of “at market” terms and hence the fair value of the credit facilities approximate the credit facilities amount received by the subsidiaries. As such, no value on the corporate guarantee was recognised in the financial statements since the fair value on initial recognition is not material.

## 28. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments.

### Business segments

For management purposes, the Group is organised into business units based on their products and services, which comprise the following:

- |  |   |
|--|---|
| (1) Manufacturing and trading            | Manufacturing and trading of rebuilt and new commercial vehicles and the manufacture of bodyworks and their related services. |
| (2) Rental and fleet management services | Rental of commercial vehicles and provision of fleet management and other related services.                                   |
| (3) Others                               | Investment holding and the provision of management services.  |

# NOTES TO THE FINANCIAL STATEMENTS

- 31 MARCH 2016 (CONT'D)

## 28. SEGMENTAL INFORMATION (CONT'D)

### By business segment

	Manufacturing and trading RM	Rental and fleet management services RM	Others RM	Elimination RM	Total RM
<b>2016</b>					
<b>Revenue</b>					
External customers	71,336,263	7,290,196	14,668	-	78,641,127
Inter-segment revenue	-	-	819,762	(819,762)	-
Total revenue	<u>71,336,263</u>	<u>7,290,196</u>	<u>834,430</u>		<u>78,641,127</u>
<b>Results</b>					
Segment results	1,030,322	(525,995)	(2,305,673)	91,676	(1,709,670)
Interest income	34,988	17,331	32,526	(43,774)	41,071
Interest expense	(1,952,731)	(209,284)	(7,297)	51,071	(2,118,241)
Share of results of associates	310,757	-	1,229,070	(47,588)	1,492,239
Loss before taxation	(576,664)	(717,948)	(1,051,374)	51,385	(2,294,601)
Taxation	11,820	72,297	(2)	(2,911)	81,204
Loss for the year	<u>(564,844)</u>	<u>(645,651)</u>	<u>(1,051,376)</u>		<u>(2,213,397)</u>
<b>Assets</b>					
Segment assets	132,383,670	12,447,861	55,034,921	(58,944,369)	140,922,083
Tax recoverable	14,082	-	-	-	14,082
Deferred tax assets	2,153,000	-	-	-	2,153,000
Cash and bank balances	5,473,635	963,582	494,265	-	6,931,482
Total assets	<u>140,024,387</u>	<u>13,411,443</u>	<u>55,529,186</u>		<u>150,020,647</u>
<b>Liabilities</b>					
Segment liabilities	30,752,837	1,540,803	4,836,314	(14,311,203)	22,818,751
Borrowings	39,611,202	1,301,026	-	-	40,912,228
Deferred tax liabilities	2,182,259	1,190,000	-	21,822	3,394,081
Total liabilities	<u>72,546,298</u>	<u>4,031,829</u>	<u>4,836,314</u>		<u>67,125,060</u>
<b>Other information</b>					
Capital expenditure	783,451	373,858	19,975	(6,412)	1,170,872
Depreciation and amortisation	1,105,310	3,105,079	53,864	(20,439)	4,243,814
<b>Non-cash income/(expense) other than depreciation and amortisation</b>					
- Gain on disposal of property, plant and equipment	28,363	218,721	-	(24,983)	222,101
- Gain on disposal of associated companies	-	-	93,761	(93,761)	-
- Gain on disposal of investment	34,999	-	-	(34,999)	-
- Impairment loss on receivables	-	(39,567)	-	-	(39,567)
- Inventories written down	(2,493,516)	(155,871)	-	-	(2,649,387)
- Others	(80,294)	231,540	(2,455)	-	148,791

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 28. SEGMENTAL INFORMATION (CONT'D)

### By business segment (Cont'd)

	Manufacturing and trading RM	Rental and fleet management services RM	Others RM	Elimination RM	Total RM
2015					
Revenue					
External customers	81,278,034	7,750,889	24,212		89,053,135
Inter-segment revenue	–	–	818,753	(818,753)	–
Total revenue	<u>81,278,034</u>	<u>7,750,889</u>	<u>842,965</u>		<u>89,053,135</u>
Results					
Segment results	5,764,804	(722,020)	(2,688,440)	345,881	2,700,225
Interest income	33,805	25,623	85,971	(107,201)	38,198
Interest expense	(1,994,336)	(428,495)	(5,907)	113,108	(2,315,630)
Share of results of associates	214,359	–	581,303	(1,175)	794,487
Profit/(Loss) before taxation	4,018,632	(1,124,892)	(2,027,073)	350,613	1,217,280
Taxation	(899,166)	(455,850)	(11,963)	33,149	(1,333,830)
Profit/(Loss) for the year	<u>3,119,466</u>	<u>(1,580,742)</u>	<u>(2,039,036)</u>		<u>(116,550)</u>
Assets					
Segment assets	118,307,053	16,562,840	55,170,485	(50,309,718)	139,730,660
Tax recoverable	15,531	243,892	–	–	259,423
Deferred tax assets	2,125,000	–	–	–	2,125,000
Cash and bank balances	3,326,791	220,510	345,818	–	3,893,119
Total assets	<u>123,774,375</u>	<u>17,027,242</u>	<u>55,516,303</u>		<u>146,008,202</u>
Liabilities					
Segment liabilities	15,603,813	2,319,686	2,542,984	(7,045,409)	13,421,074
Borrowings	40,857,663	3,319,290	–	–	44,176,953
Deferred tax liabilities	2,227,217	1,363,000	–	18,911	3,609,128
Total liabilities	<u>58,688,693</u>	<u>7,001,976</u>	<u>2,542,984</u>		<u>61,207,155</u>
Other information					
Capital expenditure	417,936	1,063,923	20,857	(40,808)	1,461,908
Depreciation and amortisation	1,013,404	3,375,892	51,423	(44,268)	4,396,451
Non-cash income/(expense) other than depreciation and amortisation					
- Gain on disposal of property, plant and equipment	–	19,317	–	25,299	44,616
- Impairment loss on receivables	(125,120)	(103,235)	–	–	(228,355)
- Loss on disposal of investment in an associate	–	–	(63)	63	–
- Others	–	(100,530)	–	–	(100,530)

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 28. SEGMENTAL INFORMATION (CONT'D)

### Information about major customers

Revenue from manufacturing and trading segment amounting to **RM8,351,771** (2015: RM51,977,463) were earned from **2** (2015: 3) major customers of the Group. A major customer is defined as one who contributes more than 10% to the Group's revenue.

### Geographical segments

Geographical segment information has not been prepared as the Group's operations are all confined to Malaysia. The foreign subsidiaries of the Group do not hold non-current assets.

## 29. RELATED PARTY DISCLOSURES

### (i) Related party transactions

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Sales to:				
- BKGM	<b>804,337</b>	1,189,184	-	-
- BK Sepadu	<b>2,769,992</b>	1,610,700	-	-
- CNMY	<b>856,780</b>	350	-	-
Sales return to:				
- CNMY	-	(69,926)	-	-
Interest income from subsidiaries	-	-	<b>27,762</b>	81,753
Management fee from:				
- subsidiaries	-	-	<b>681,000</b>	677,000
- HCM	-	20,000	-	20,000
Advisory fee from:				
- subsidiaries	-	-	<b>51,000</b>	-
- HCM	<b>10,000</b>	-	-	-
Rental income:				
- subsidiary	-	-	<b>60,000</b>	60,000
- BKGM	<b>50,789</b>	136,277	-	-
- CNMY	-	7,500	-	-
Handling charges from HCM	-	22,500	-	-

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 29. RELATED PARTY DISCLOSURES (CONT'D)

### (i) Related party transactions (Cont'd)

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Operating expenses charged to:				
- subsidiaries	-	-	(1,695)	(797)
- BKGM	(899,161)	(1,361,027)	-	-
- BK Sepadu	(59,532)	-	-	-
- BKNT Resources Sdn. Bhd. ("BKNT")	-	(1,000)	-	-
- HCM	(4,104)	(17,151)	-	-
Rental expense to a subsidiary	-	-	(78,000)	(78,000)
Purchases from:				
- BKGM	(316,208)	(7,637,609)	-	-
- BK Sepadu	(120,200)	(363,600)	-	-
- CNMY	(924,650)	-	-	-
Interest expense to HCM	(45,226)	(119,070)	-	-
Rental expense to BKNT	(109,000)	(99,500)	-	-
Rental expense to a person connected to a director of the Company	(110,400)	(72,000)	(5,400)	-

#### Related party

#### Relationship

HCM and CNMY

Associates of the Group.

BKNT

A company in which certain directors of the Company have substantial financial interests.

BKGM and BK Sepadu

Both BKGM and BK Sepadu were associates of the Group right up to the date of the completion of the acquisition of additional equity interest by the Group when both become subsidiaries.

### (ii) Compensation of key management personnel

The Group and the Company have no other members of key management personnel apart from the Board of Directors of the Company and of the subsidiaries, which their compensations have been shown in Note 24.

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 30. FINANCIAL INSTRUMENTS

### 30.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as loans and receivables (“L&R”) and financial liabilities measured at amortised cost (“FL”).

	Carrying amount RM	L&R RM	FL RM
<b>GROUP</b>			
<b>2016</b>			
<b>Financial assets</b>			
Trade receivables	32,610,372	32,610,372	-
Other receivables and refundable deposits	6,498,091	6,498,091	-
Fixed deposit with a licensed bank	100,000	100,000	-
Cash and bank balances	6,931,482	6,931,482	-
	<u>46,139,945</u>	<u>46,139,945</u>	<u>-</u>
<b>Financial liabilities</b>			
Trade payables	10,595,614	-	10,595,614
Other payables and accruals	4,731,625	-	4,731,625
Borrowings	40,912,228	-	40,912,228
	<u>56,239,467</u>	<u>-</u>	<u>56,239,467</u>
<b>2015</b>			
<b>Financial assets</b>			
Trade receivables	39,409,892	39,409,892	-
Other receivables and refundable deposits	2,100,208	2,100,208	-
Cash and bank balances	3,893,119	3,893,119	-
	<u>45,403,219</u>	<u>45,403,219</u>	<u>-</u>
<b>Financial liabilities</b>			
Trade payables	7,279,340	-	7,279,340
Other payables and accruals	2,833,191	-	2,833,191
Borrowings	44,176,953	-	44,176,953
	<u>54,289,484</u>	<u>-</u>	<u>54,289,484</u>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 30. FINANCIAL INSTRUMENTS (CONT'D)

### 30.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	L&R RM	FL RM
<b>COMPANY</b>			
<b>2016</b>			
<b>Financial assets</b>			
Other receivables and refundable deposits	23,528	23,528	–
Amount due from subsidiaries	792,453	792,453	–
Cash and bank balances	487,355	487,355	–
	<u>1,303,336</u>	<u>1,303,336</u>	<u>–</u>
<b>Financial liabilities</b>			
Other payables and accruals	332,533	–	332,533
Amount due to subsidiaries	4,439,740	–	4,439,740
	<u>4,772,273</u>	<u>–</u>	<u>4,772,273</u>
<b>2015</b>			
<b>Financial assets</b>			
Other receivables and refundable deposits	24,645	24,645	–
Amount due from subsidiaries	458,382	458,382	–
Cash and bank balances	345,091	345,091	–
	<u>828,118</u>	<u>828,118</u>	<u>–</u>
<b>Financial liabilities</b>			
Amount due to subsidiaries	1,770,167	–	1,770,167
Other payables and accruals	242,067	–	242,067
	<u>2,012,234</u>	<u>–</u>	<u>2,012,234</u>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 30. FINANCIAL INSTRUMENTS (CONT'D)

### 30.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency exchange 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 activities.

#### 30.2.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given.

##### i. Trade receivables

The Group extends credit terms to customers that range between 30 to 210 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the Group's statement of financial position.

The ageing of trade receivables and accumulated impairment loss of the Group is as follows:

	Gross RM	Individual impairment loss RM	Net RM
<b>2016</b>			
Not past due	9,624,160	–	9,624,160
1 to 30 days past due	1,056,493	–	1,056,493
31 to 60 days past due	1,490,763	–	1,490,763
61 to 90 days past due	1,517,512	–	1,517,512
91 to 180 days past due	1,472,797	(116,297)	1,356,500
Past due more than 180 days	22,052,904	(4,487,960)	17,564,944
	<u>27,590,469</u>	<u>(4,604,257)</u>	<u>22,986,212</u>
	<u>37,214,629</u>	<u>(4,604,257)</u>	<u>32,610,372</u>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 30. FINANCIAL INSTRUMENTS (CONT'D)

### 30.2 Financial risk management (Cont'd)

#### 30.2.1 Credit risk (Cont'd)

##### i. Trade receivables (Cont'd)

	Gross RM	Individual impairment loss RM	Net RM
2015			
Not past due	30,819,563	–	30,819,563
1 to 30 days past due	1,550,911	–	1,550,911
31 to 60 days past due	769,826	–	769,826
61 to 90 days past due	1,329,290	–	1,329,290
91 to 180 days past due	1,651,492	–	1,651,492
Past due more than 180 days	7,917,358	(4,628,548)	3,288,810
	<u>13,218,877</u>	<u>(4,628,548)</u>	<u>8,590,329</u>
	<u>44,038,440</u>	<u>(4,628,548)</u>	<u>39,409,892</u>

None of the Group's trade receivables that are neither past due nor impaired has been renegotiated during the financial year.

Total impairment loss relates to customers that have financial difficulties and have defaulted in repayment even after legal actions have been taken.

The Group has trade receivables of **RM22,986,212** (2015: RM8,590,329) that are past due but not impaired as the management is of the view that these debts will be recovered in due course.

The Group has significant concentration of credit risk in the form of outstanding balance due from **2** (2015: **3**) customers representing **32%** (2015: 45%) of total trade receivables.

##### ii. Intercompany balances

The Company provides advances to its subsidiaries and monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by their carrying amount in the Company's statement of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 30. FINANCIAL INSTRUMENTS (CONT'D)

### 30.2 Financial risk management (Cont'd)

#### 30.2.1 Credit risk (Cont'd)

##### iii. Financial guarantees

The Company provides unsecured corporate guarantees to banks and financial institutions in respect of credit facilities granted to certain subsidiaries.

The maximum exposure to credit risk is disclosed in Note 27, representing the outstanding credit facilities of the said subsidiaries as at the end of the reporting period.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any of the subsidiaries would default on repayment.

### 30.3 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profiles, operating cash flows and availability of funding so as to ensure that all repayments and funding needs are met. As part of their overall prudent liquidity managements, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

The table below summarises the maturity profiles of the Group's and of the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
<b>GROUP</b>					
<b>2016</b>					
Interest bearing borrowings	40,912,228	41,073,630	39,972,644	447,310	653,676
Trade payables	10,595,614	10,595,614	10,595,614	–	–
Other payables and accruals	4,731,625	4,731,625	4,731,625	–	–
	<b>56,239,467</b>	<b>56,400,869</b>	<b>55,299,883</b>	<b>447,310</b>	<b>653,676</b>
<b>2015</b>					
Interest bearing borrowings	44,176,953	44,421,295	43,119,931	634,191	667,173
Trade payables	7,279,340	7,279,340	7,279,340	–	–
Other payables and accruals	2,833,191	2,833,191	2,833,191	–	–
	<b>54,289,484</b>	<b>54,533,826</b>	<b>53,232,462</b>	<b>634,191</b>	<b>667,173</b>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 30. FINANCIAL INSTRUMENTS (CONT'D)

### 30.3 Liquidity risk (Cont'd)

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
<b>COMPANY</b>					
<b>2016</b>					
Other payables and accruals	332,533	332,533	332,533	-	-
Amount due to subsidiaries	4,439,740	4,439,740	4,439,740	-	-
Financial guarantee	-	48,021,154	48,021,154	-	-
	<b>4,772,273</b>	<b>52,793,427</b>	<b>52,793,427</b>	<b>-</b>	<b>-</b>
<b>2015</b>					
Other payables and accruals	242,067	242,067	242,067	-	-
Amount due to subsidiaries	1,770,167	1,770,167	1,770,167	-	-
Financial guarantee	-	50,017,949	50,017,949	-	-
	<b>2,012,234</b>	<b>52,030,183</b>	<b>52,030,183</b>	<b>-</b>	<b>-</b>

### 30.4 Interest rate risk

The Group's and the Company's fixed rate receivables, deposits and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's floating rate deposits and borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and Company's interest-bearing financial instruments based on the carrying amounts as at the end of the reporting period is as follows:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Fixed rate instruments</b>				
Financial assets	100,000	-	17,646	94,652
Financial liabilities	1,739,356	3,108,612	-	-
<b>Floating rate instruments</b>				
Financial assets	1,162,418	207,768	126,199	122,096
Financial liabilities	39,172,872	41,068,341	-	-

### 30. FINANCIAL INSTRUMENTS (CONT'D)

#### 30.4 Interest rate risk (Cont'd)

##### Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

##### Sensitivity analysis for variable rate instruments

An increase of 25 basis point would have increased or decreased on the loss/profit before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
	Loss	Profit	Loss	Profit
Increase/(Decrease)	<u>114,812</u>	<u>(118,004)</u>	<u>(356)</u>	<u>(353)</u>

#### 30.5 Foreign currency risk

The Group and the Company are exposed to foreign currency risk on purchases and advances to foreign subsidiaries that are denominated in currencies other than the functional currency of the Group and of the Company. The Group and the Company also hold cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily US Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD") and Japanese Yen ("JPY"). In addition, the Group enters into foreign currency forward contracts to minimize its exposure against purchases denominated in foreign currencies.

The fair value of the foreign currency forward contract have not been recognised in the financial statements due to its immateriality as an the end of the reporting period. The notional value of foreign currency forward contracts as at year end are as follows:

	GROUP	
	2016 RM	2015 RM
Foreign currency forward contracts		
Notional value	<u>1,200,000</u>	<u>–</u>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 30. FINANCIAL INSTRUMENTS (CONT'D)

### 30.5 Foreign currency risk (Cont'd)

The Group's and the Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period are as follows:

	USD RM	EUR RM	SGD RM	JPY RM
<b>GROUP</b>				
<b>2016</b>				
Cash and bank balances	13,962	-	4,884	119,432
Trade payables	(3,328)	(22,512)	(592,190)	(4,677,881)
Other payables	-	-	(8,963)	-
Net exposure	<u>10,634</u>	<u>(22,512)</u>	<u>(596,269)</u>	<u>(4,558,449)</u>
<b>2015</b>				
Cash and bank balances	11,778	-	3,105	11,179
Trade payables	(1,576,552)	(481,252)	(33,785)	(618,887)
Other payables	-	-	(334,700)	-
Net exposure	<u>(1,564,774)</u>	<u>(481,252)</u>	<u>(365,380)</u>	<u>(607,708)</u>
<b>COMPANY</b>				
<b>2016</b>				
Cash and bank balances/ Net exposure	<u>11,095</u>	<u>-</u>	<u>3,107</u>	<u>6,710</u>
<b>2015</b>				
Cash and bank balances/ Net exposure	<u>8,554</u>	<u>-</u>	<u>274</u>	<u>6,755</u>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 30. FINANCIAL INSTRUMENTS (CONT'D)

### 30.5 Foreign currency risk (Cont'd)

#### Sensitivity analysis for foreign currency risk

Below demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's and of the Company's loss/profit before taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have increased or decreased the loss/profit before taxation by the amount shown below and a corresponding weakening of the RM would have an equal but opposite effect.

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
	Loss	Profit	Loss	Loss
USD	1,063	156,477	1,110	855
EUR	(2,251)	48,125	-	-
SGD	(59,627)	36,538	311	27
JPY	(455,845)	60,771	671	676
(Decrease)/Increase	(516,660)	301,911	2,092	1,558

## 31. FAIR VALUE INFORMATION ON FINANCIAL INSTRUMENTS

### GROUP AND COMPANY

The carrying amounts of financial assets and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the non-current portion of finance lease liabilities are reasonable approximation of fair values due to the insignificant impact of discounting.

## 32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or selling assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year. The Group has no external capital requirement imposed by its lenders.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2016 (CONT'D)

## 33. GOODWILL

	GROUP	
	2016	2015
	RM	RM
Cost	1,492,744	1,492,744
Less: Impairment losses	<u>(1,492,744)</u>	<u>(1,492,744)</u>
Carrying amount	<u>-</u>	<u>-</u>

## 34. EVENTS AFTER THE REPORTING PERIOD

- (i) On 5 April 2016, the Company had via its wholly-owned subsidiary, BKG Development Sdn. Bhd. (“BKGD”) entered into a share purchase agreement with certain directors of the Company for the acquisition of 100,000 ordinary shares of RM1 each in BKHS Capital Sdn. Bhd. (“BKHS”), representing 50% of the issued and paid-up share capital of BKHS for a cash consideration of RM150,000. BKHS’s principal activity is to carry on the business of property development.
- (ii) On 14 April 2016, the Company had via its wholly-owned subsidiary, Boon Koon Vehicles Industries Sdn. Bhd. subscribed to 300 common shares representing 60% equity interest of Boon Koon Japan Co., Ltd, (“BKJ”) a company incorporated in Japan for a total cash consideration of RM107,500 (equivalent to JPY3,000,000). Arising from this, BKJ became a subsidiary of the Group. BKJ is presently dormant and its intended principal activities are to carry out the sourcing and trading of used components and spare parts of commercial vehicles and the provision of its related services.

**35. DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)**

With the purpose of improving transparency, Bursa Malaysia Securities Berhad has on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on group and company basis in the annual audited financial statements.

The breakdown of retained profits accumulated losses as at the reporting date has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants are as follows:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained profits/ (accumulated losses) of the Company and its subsidiaries:				
- Realised	<b>7,164,681</b>	9,742,654	<b>(16,822,855)</b>	(14,559,515)
- Unrealised	<b>(1,219,259)</b>	(1,465,217)	-	-
	<b>5,945,422</b>	8,277,437	<b>(16,822,855)</b>	(14,559,515)
Total share of profits/(losses) of associates				
- Realised	<b>995,887</b>	(487,960)	-	-
Less: Consolidation adjustments	<b>(1,610,372)</b>	(421,262)	-	-
	<b>5,330,937</b>	7,368,215	<b>(16,822,855)</b>	(14,559,515)

# GROUP PROPERTIES

AS AT 31 MARCH 2016

Location of properties	Tenure	Area (Square metre)	Description	Approximate Age of Building	Expiry Date	Date of acquisition/revaluation	Carrying amount at 31.3.16 RM'000
<b>Boon Koon Group Berhad</b>							
1. GM 266 Lot No. 240 Mukim Tebrau, District of Johor Bahru, Johor	Freehold Land	13,506	Vacant Land			20 August 2007	2,779
2. GM 755 Lot No. 44506 Mukim Tebrau, District of Johor Bahru, Johor	Freehold Land	8,877	Land & Building	5 years		20 August 2007	4,233
<b>Boon Koon Vehicles Industries Sdn. Bhd.</b>							
1. GM 975, Lot 1804 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	2,853	Office & Factory	12-17 years		4 August 2014	Note A: 36,511
2. GM 454, Lot 1808 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	6,490	Office & Factory	12-17 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	12-17 years		4 August 2014	
4. GM 456, Lot 1810 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	18,818	Office & Factory	12-17 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	12-17 years		4 August 2014	
6. Lot 16, DBKK Building No. 18, Jalan ID, KKIP Selatan, Industrial Zone 3, Kota Kinabalu Industrial Park, 88460 Kota Kinabalu, Sabah	Leasehold Land 99 years	2,023	Office & Factory Building	14 years	31 December 2098	19 September 2014	2,666

**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 30 JUNE 2016

Authorised Share Capital	: RM 100,000,000.00
Issued and Fully paid-up	: RM 55,350,000.00
Class of Share	: Ordinary Shares of RM0.20 each
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	179	7.94	8,181	0.00
100 - 1,000	462	20.49	141,634	0.05
1,001 - 10,000	626	27.76	3,374,209	1.22
10,001 - 100,000	729	32.33	32,406,185	11.71
100,001 - less than 5% of issued shares	257	11.39	154,963,933	56.00
5% and above of issued shares	2	0.09	85,855,858	31.02
<b>TOTAL</b>	<b>2,255</b>	<b>100.00</b>	<b>276,750,000</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS IN THE COMPANY

No	Name	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1	Dato' Goh Boon Koon	63,694,746	23.02	3,469,832 #	1.25
2	Goh Boon Leong	22,161,112	8.01	-	-
3	Ho Kok Loon	67,500	0.02	-	-
4	Ang Poh Gin	33,750	0.01	-	-
5	Dato' Murelidaran A/L M Navaratnam	21,937	0.01	-	-
6	Mohd Kamal Bin Omar	-	-	-	-
7	Goh Peng Yeong	3,426,300	1.24	-	-
8	Goh Chin Aun	212,125	0.08	-	-

# Other Interest held through his spouse and/or children pursuant to Section 134(12)(c) of the Companies Act, 1965

## LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

No	Name	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1	Dato' Goh Boon Koon	63,694,746	23.02	-	-
2	Goh Boon Leong	22,161,112	8.01	-	-

# ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2016 (CONT'D)

## LIST OF THIRTY ( 30 ) LARGEST SHAREHOLDERS

No	Name	No. of Shares	%
1	Affin Hwang Nominees (Tempatan) Sdn. Bhd <i>Pledged Securities Account for Goh Boon Koon</i>	63,694,746	23.02
2	Affin Hwang Nominees (Tempatan) Sdn. Bhd <i>Pledged Securities Account for Goh Boon Leong</i>	22,161,112	8.01
3	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Exempt An for Bank of Singapore Limited</i>	5,000,000	1.81
4	Goh Pei Chiek	4,316,700	1.56
5	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yong Shu Kong</i>	4,253,100	1.54
6	Quek Phaik Im	3,800,000	1.37
7	Goh Peng Yeong	3,426,300	1.24
8	Lee Mun Seng	3,391,612	1.23
9	Tan Poh Pang	3,183,300	1.15
10	Teoh Hai Peng	3,020,100	1.09
11	Lee Teoh Kee	2,880,139	1.04
12	Tan Yong Siang	2,747,624	0.99
13	Khoo Seng Keat	2,726,000	0.99
14	Chuah Yee Shen	2,600,000	0.94
15	Chong Mee Fah @ Frederick Chong	2,440,200	0.88
16	Teoh Hai Hin	2,273,800	0.82
17	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chong Mee Fah @ Frederick Chong</i>	2,223,000	0.80
18	Kong Tiong Kian	2,200,000	0.79
19	Eu Beng Ho	2,049,936	0.74
20	Tye Sok Cin	2,000,000	0.72
21	Chong Chun Chieh	1,950,000	0.70
22	Chong Yean Seang	1,689,756	0.61
23	Khor Choon Wooi	1,681,600	0.61
24	Ong Ah Hua	1,651,100	0.60
25	Chin Lee Heang	1,607,200	0.58
26	Cimsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Geok Wah</i>	1,500,000	0.54
27	Ng Yah Ling	1,500,000	0.54
28	Ng Kawn Yow	1,499,000	0.54
29	Lee Eng Hock & Co. Sendirian Berhad	1,472,000	0.53
30	H'ng Wai Chen	1,421,406	0.51
<b>TOTAL</b>		<b>156,359,731</b>	<b>56.50</b>

# ANALYSIS OF WARRANT HOLDINGS

AS AT 30 JUNE 2016

Total Number of Warrants issued : 138,375,000  
 Total Number of Warrants issued : 138,375,000  
 Exercise Price Per Warrant : RM0.20 each

## ANALYSIS OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	%	No. of Warrants	%
1 - 99	2	0.45	52	0.00
100 - 1,000	16	3.57	7,910	0.01
1,001 - 10,000	79	17.63	569,773	0.41
10,001 - 100,000	221	49.33	11,325,038	8.18
100,001 - less than 5% of issued warrants	128	28.57	83,544,298	60.38
5% and above of issued warrants	2	0.45	42,927,929	31.02
<b>TOTAL</b>	<b>448</b>	<b>100.00</b>	<b>138,375,000</b>	<b>100.00</b>

## DIRECTORS' WARRANT HOLDINGS IN THE COMPANY

No	Name	Direct		Indirect	
		No. of Warrants	%	No. of Warrants	%
1	Dato' Goh Boon Koon	31,847,373	23.02	-	-
2	Goh Boon Leong	11,080,556	8.01	-	-
3	Ho Kok Loon	33,750	0.02	-	-
4	Ang Poh Gin	-	-	-	-
5	Dato' Murelidaran A/L M Navaratnam	-	-	-	-
6	Mohd Kamal Bin Omar	-	-	-	-
7	Goh Peng Yeong	2,600,000	1.88	-	-
8	Goh Chin Aun	-	-	-	-

# ANALYSIS OF WARRANT HOLDINGS

AS AT 30 JUNE 2016 (CONT'D)

## LIST OF THIRTY ( 30 ) LARGEST WARRANT HOLDERS

No	Name of Warrant holders	No. of Warrants	% of Total Issued Warrant
1	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Goh Boon Koon</i>	31,847,373	23.02
2	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Goh Boon Leong</i>	11,080,556	8.01
3	GV Asia Fund Limited	6,332,200	4.58
4	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Koh Boon Poh</i>	5,000,000	3.61
5	Tan Poh Pang	4,333,400	3.13
6	Tye Sok Cin	3,617,600	2.61
7	Chong Chun Chieh	2,600,000	1.88
8	Chuah Yee Shen	2,600,000	1.88
9	Goh Peng Yeong	2,600,000	1.88
10	Goh Pei Chiek	2,566,700	1.85
11	Tan Yong Siang	2,130,462	1.54
12	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Yong Siang</i>	1,744,400	1.26
13	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chan Kam Choon</i>	1,707,000	1.23
14	JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Voon Jye Wah</i>	1,610,100	1.16
15	Affin Hwang Nominees(Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ch'ng Bee Jiuan</i>	1,500,000	1.08
16	Goh Buck Chooi	1,500,000	1.08
17	Hong Yoke Loong	1,500,000	1.08
18	Chiew Thiam Heap	1,459,000	1.05
19	Ang Yook Chu @ Ang Yoke Fong	1,413,600	1.02
20	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ker Min Choo</i>	1,316,200	0.95
21	Teo Ah Seng	1,060,000	0.77
22	Teoh Joo Lee	1,049,700	0.76
23	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Cheng Guan</i>	1,040,000	0.75
24	Heng Guek Keng	1,000,000	0.72
25	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Wai Chong</i>	1,000,000	0.72
26	Quay Tea Huat	1,000,000	0.72
27	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Heng Yong Kang @ Wang Yong Kang</i>	919,400	0.66
28	Voon Jye Wah	862,500	0.62
29	JS Nominees (Asing) Sdn Bhd <i>Pioneer United Limited</i>	855,100	0.62
30	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Bee Yook</i>	732,300	0.53
<b>TOTAL</b>		<b>97,977,591</b>	<b>70.81</b>



**BOON KOON GROUP BERHAD**  
(NO. SYARIKAT: 553434-U)  
(Incorporated in Malaysia)

# PROXY FORM

\*I / We \_\_\_\_\_ of \_\_\_\_\_  
(Full Name in Block Letters)

\_\_\_\_\_ being a \*member / members of the  
(Full Address)

above-named Company, hereby appoint \_\_\_\_\_  
(Full Name in Block Letters)

of \_\_\_\_\_  
(Full Address)

or failing him, \_\_\_\_\_ of \_\_\_\_\_  
(Full Name in Block Letters)

\_\_\_\_\_ or failing him, the Chairman of the  
(Full Address)

meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at the Majestic Hall of Bukit Jawi Golf Resort, Lot 414, MK 6, Jalan Paya Kemian Sempayi, 14200 Sungai Jawi, Penang on Wednesday, 24 August 2016 at 9:00 am and at any adjournment thereof.

## AGENDA

	Receive the Audited Financial Statements for the financial year ended 31 March 2016 and the Reports of the Directors and Auditors thereon		
Resolutions		For	Against
1	Approval of payment of Directors' fees for the financial year ended 31 March 2016		
2	Re-election of Mr Goh Chin Aun as Director		
3	Re-election of Mr Ang Poh Gin as Director		
4	Re-election of Mr Goh Peng Yeong as Director		
5	Re-appointment of Messrs Grant Thornton as Auditors and to authorise the Directors to fix the Auditors' remuneration		
6	Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares		
7	Proposed Renewal of share buy-back authority		
8	Retention of Mr Ho Kok Loon as an Independent Non-Executive Director		
9	Retention of Mr Ang Poh Gin as an Independent Non-Executive Director		
10	Retention of Dato' Murelidaran A/L M Navaratnam as an Independent Non-Executive Director		
11	Proposed Amendments to the Articles of Association of the Company		

Please indicate with an "x" in the appropriate spaces provided on how you wish your vote to be cast. If no specific discretion for voting is given, the proxy may vote as he thinks fit.

No. of shares held

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
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 the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
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 Article 62(3) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 18 August 2016 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 Fourteenth Annual General Meeting are to be voted by poll.

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Stamp

The Company Secretaries

**BOON KOON GROUP BERHAD**

(Company No. 553434-U)

51-13-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

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**BOON KOON GROUP BERHAD** (NO. SYARIKAT: 553434-U)  
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[www.boonkoon.com](http://www.boonkoon.com)