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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIZIONE HOLDINGS BERHAD (Formerly known as Astral Supreme Berhad)

(Company No. : 442371-A)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Vizione Holdings Berhad (Formerly known as Astral Supreme Berhad), which comprise the statements of financial position as at 31 May 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equities 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 10 to 76.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also involves 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.

Company No. 442371 A

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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 May 2016 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report on 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 have been properly kept in accordance with the requirements of the Act;

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations as required by us for those purposes;

(c) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Page 77 to the financial statements 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.

MORISON ANUARUL AZIZAN CHEW
Firm Number: AF 001977
Chartered Accountants

MUHAMAD HAFIZ BIN CHE YUSOF
Approved Number: 3125/06/18 (J)
Chartered Accountant

KUALA LUMPUR
9 September 2016

Company No. 442371 A

VIZIONE HOLDINGS BERHAD
(Formerly known as Astral Supreme Berhad)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AT 31 MAY 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Non-Current Assets					
Property, plant and equipment	5	1,266,904	4,486,876	878,050	320,832
Investment properties	6	813,000	800,000	813,000	800,000
Investment in subsidiary companies	7	-	-	1,000,002	1,000,002
Investment in associated company	8	-	-	-	-
Deferred tax assets	9	-	16,049	-	16,049
		2,079,904	5,302,925	2,691,052	2,136,883
Current Assets					
Inventories	10	-	4,752,123	-	-
Trade receivables	11	14,888,308	23,741,603	-	-
Other receivables	12	5,940,826	2,214,513	5,682,430	632,749
Amount owing by subsidiary companies	13	-	-	8,088,035	25,490,191
Amount owing by associated company	14	-	-	-	-
Fixed deposit with a licensed bank	15	-	51,550	-	-
Cash and bank balances		1,828,175	1,497,217	29,612	196,943
		22,657,309	32,257,006	13,800,077	26,319,883
Current Liabilities					
Trade payables	16	5,709,590	15,959,148	-	-
Other payables	17	1,608,815	3,407,325	1,528,166	775,198
Amount owing to Directors	18	593,013	555,491	548,012	555,491
Finance lease liabilities	19	205,011	-	164,500	-
Term loan	20	-	784,585	-	-
Tax payables		78,984	723,509	-	-
		8,195,413	21,430,058	2,240,678	1,330,689
Net current assets		14,461,896	10,826,948	11,559,399	24,989,194
		16,541,800	16,129,873	14,250,451	27,126,077

VIZIONE HOLDINGS BERHAD
(Formerly known as Astral Supreme Berhad)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AT 31 MAY 2016 (CONT'D)

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Financed By:					
Share capital	21	58,372,730	58,371,730	58,372,730	58,371,730
Share premium	22	6,993,520	6,993,520	6,993,520	6,993,520
Capital reserve	23	5,527,459	5,527,459	5,527,459	5,527,459
Irredeemable convertible unsecured loan stocks ("ICULS")	24	330,883	330,883	330,883	330,883
Warrants reserve	25	4,418,033	4,418,033	4,418,033	4,418,033
Accumulated losses		(59,429,449)	(59,541,588)	(61,599,309)	(48,533,433)
Equity attributable to owners of the Company		16,213,176	16,100,037	14,043,316	27,108,192
Non-Current Liabilities					
Deferred tax liabilities	9	-	11,951	-	-
ICULS	24	17,885	17,885	17,885	17,885
Finance lease liabilities	19	310,739	-	189,250	-
Term loan	20	-	-	-	-
		328,624	29,836	207,135	17,885
		16,541,800	16,129,873	14,250,451	27,126,077

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

Company No. 442371 A

VIZIONE HOLDINGS BERHAD
(Formerly known as Astral Supreme Berhad)
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2016

		Group		Company	
		1.6.2015 to 31.5.2016	1.1.2014 to 31.5.2015	1.6.2015 to 31.5.2016	1.1.2014 to 31.5.2015
	Note	RM	RM	RM	RM
Revenue	26	36,707,672	96,360,553	1,153,915	2,681,027
Cost of sales		(34,138,281)	(90,954,617)	-	-
Gross profit		2,569,391	5,405,936	1,153,915	2,681,027
Other operating income		2,234,549	3,205,192	5,539,965	1,213,521
Administration expenses		(4,312,679)	(8,591,205)	(19,651,116)	(5,104,442)
Other operating expenses		(7,415)	(6,498)	-	-
Profit/(Loss) from operations	27	483,846	13,425	(12,957,236)	(1,209,894)
Finance costs	28	(32,057)	(193,774)	(22,146)	(28,139)
Profit/(Loss) before taxation		451,789	(180,349)	(12,979,382)	(1,238,033)
Taxation	29	(339,650)	(735,309)	(86,494)	151
Total comprehensive income/(expense) for the financial year/period, net of tax		112,139	(915,658)	(13,065,876)	(1,237,882)
Loss per share attributable to owners of the Company:					
Basic (sen)	30(a)	0.04	(0.32)		
Diluted (sen)	30(b)	0.03	(0.22)		

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

Company No. 442371 A

VIZIONE HOLDINGS BERHAD
(Formerly known as Astral Supreme Berhad)
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2016

	<— Attributable to Owners of the Company						—>
	<— Non-distributable				—>	Distributable	
Group	**Share Capital** (Note 21) RM	**Share Premium** (Note 22) RM	**Capital Reserve** (Note 23) RM	**ICULS** (Note 24) RM	**Warrant Reserve** (Note 25) RM	**Accumulated Losses** RM	**Total Equity** RM
2016							
At 1 June 2015	58,371,730	6,993,520	5,527,459	330,883	4,418,033	(59,541,588)	16,100,037
Issuance of ordinary shares pursuant to exercise of warrant	1,000	-	-	-	-	-	1,000
Total comprehensive income for the financial year	-	-	-	-	-	112,139	112,139
At 31 May 2016	58,372,730	6,993,520	5,527,459	330,883	4,418,033	(59,429,449)	16,213,176
2015							
At 1 January 2014	57,689,010	6,993,520	5,527,459	621,463	4,418,033	(58,625,930)	16,623,555
Issuance of ordinary shares pursuant to conversion of ICULS units	682,720	-	-	(290,580)	-	-	392,140
Total comprehensive expense for the financial period	-	-	-	-	-	(915,658)	(915,658)
At 31 May 2015	58,371,730	6,993,520	5,527,459	330,883	4,418,033	(59,541,588)	16,100,037

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

Company No. 442371 A

VIZIONE HOLDINGS BERHAD
(Formerly known as Astral Supreme Berhad)
(Incorporated in Malaysia)

COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MAY 2016

	<-------Attributable to Owners of the Parent-------						------->
	<-------Non-distributable				------->	Distributable	
Company	**Share Capital** (Note 21) RM	**Share Premium** (Note 22) RM	**Capital Reserve** (Note 23) RM	**ICULS** (Note 24) RM	**Warrant Reserve** (Note 25) RM	**Accumulated Losses** RM	**Total Equity** RM
2016							
At 1 June 2015	58,371,730	6,993,520	5,527,459	330,883	4,418,033	(48,533,433)	27,108,192
Issuance of ordinary shares pursuant to exercise of warrant	1,000	-	-	-	-	-	1,000
Total comprehensive loss for the financial year	-	-	-	-	-	(13,065,876)	(13,065,876)
At 31 May 2016	58,372,730	6,993,520	5,527,459	330,883	4,418,033	(61,599,309)	14,043,316
2015							
At 1 January 2014	57,689,010	6,993,520	5,527,459	621,463	4,418,033	(47,295,551)	27,953,934
Issuance of ordinary shares pursuant to conversion of ICULS units	682,720	-	-	(290,580)	-	-	392,140
Total comprehensive loss for the financial period	-	-	-	-	-	(1,237,882)	(1,237,882)
At 31 May 2015	58,371,730	6,993,520	5,527,459	330,883	4,418,033	(48,533,433)	27,108,192

The accompanying notes form an integral part of the financial statements

Company No. 442371 A

VIZIONE HOLDINGS BERHAD
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(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2016

	Note	Group 1.6.2015 to 31.5.2016 RM	Group 1.1.2014 to 31.5.2015 RM	Company 1.6.2015 to 31.5.2016 RM	Company 1.1.2014 to 31.5.2015 RM
Cash Flows From Operating Activities					
Cash receipts from customers and other receivables		40,844,000	77,489,018	3,260,103	-
Cash payments to suppliers and employees		(40,423,156)	(81,189,405)	(8,090,216)	(1,861,614)
Compensation received		-	1,150,000	-	-
Cash used in operations		420,844	(2,550,387)	(4,830,113)	(1,861,614)
Taxation paid		(718,331)	-	(70,449)	-
Net cash used in from operating activities		(297,487)	(2,550,387)	(4,900,562)	(1,861,614)
Cash Flows From Investing Activities					
Interest received		-	16,567	-	13,521
Deferred expenses		(15,000)	-	(15,000)	-
Withdrawal of fixed deposits		40,000	-	-	-
Proceeds from disposal of property, plant and equipment		-	400,001	-	-
Purchase of property, plant and equipment		(977,603)	(700,492)	(751,296)	(454,311)
Additional investment in a subsidiary		-	-	-	(999,998)
Cash inflow from disposal of a subsidiary	7(c)	187,893	480,015	3,600,000	500,000
Net cash (used in)/generated from investing activities		(764,710)	196,091	2,833,704	(940,788)
Cash Flows From Financing Activities					
Interest paid		(31,388)	(193,774)	(21,337)	(28,139)
Advances to Directors		1,984,965	-	1,939,965	-
Advances to associated company		-	(1,257,949)	-	(1,257,949)
Advances from/(to) subsidiaries		-	-	390,871	3,954,493
Repayment of term loan		(544,361)	(157,022)	(382,361)	-
Repayment of finance lease liabilities		(28,611)	(274,527)	(28,611)	-
Proceeds from conversion of ICULS and warrants into shares capital		1,000	317,110	1,000	317,110
Net cash generated from/(used in) financing activities		1,381,605	(1,566,162)	1,899,527	2,985,515

Company No. 442371 A

VIZIONE HOLDINGS BERHAD
(Formerly known as Astral Supreme Berhad)
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2016 (CONT'D)

	Group		Company	
	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM
Net increase/(decrease) in cash and cash equivalents	319,408	(3,920,458)	(167,331)	183,113
Cash and cash equivalents at beginning of the financial year/period	1,508,767	5,429,225	196,943	13,830
Cash and cash equivalents at end of the financial year/period	1,828,175	1,508,767	29,612	196,943
Cash and cash equivalents at end of the financial year/period comprises:				
Cash and bank balances	1,828,175	1,497,217	29,612	196,943
Fixed deposit with a licensed bank	-	51,550	-	-
	1,828,175	1,548,767	29,612	196,943
Less: Deposit pledged with a licensed bank	-	(40,000)	-	-
	1,828,175	1,508,767	29,612	196,943

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

VIZIONE HOLDINGS BERHAD
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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. **Corporate Information**

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies and associated company are stated in Note 7 and 8 to the financial statements respectively.

The Company is a public company limited by shares incorporated under the Malaysian Companies Act, 1965 and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur.

The principal place of business of the Company is located at C-0-12, Plaza Damas 3, Jalan Sri Hartamas 1, 50480 Kuala Lumpur.

The financial statements of the Group and of the Company for the financial year ended 31 May 2016 were authorised for issue in accordance with a resolution of the Board of Directors dated 9 September 2016.

2. **Basis of Preparation**

2.1 The financial statements of the Group and of the Company have been prepared on the historical cost convention unless otherwise indicated in the significant accounting policies below and in compliance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

2.2 The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2. **Basis of Preparation (Cont'd)**

2.3 Amendments to accounting standards that are effective for the Group and the Company's financial year beginning on or after 1 June 2015 are as follows:

- Amendments to MFRS 1, "First-time Adoption of Malaysian Financial Reporting Standards" (Annual Improvements 2011-2013 Cycle)
- Amendments to MFRS 2, "Share-based Payment" (Annual-Improvements 2010-2012 Cycle)
- Amendments to MFRS 3, "Business Combinations" (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 8, "Operating Segments" (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 13, "Fair Value Measurement" (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 116, "Property, Plant and Equipment" and MFRS 138, "Intangible Assets" (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 119, "Defined Benefit Plans Employee Contribution"
- Amendments to MFRS 124, "Related Party Disclosures" (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 140, "Investment Property" (Annual Improvements 2011-2013 Cycle)

The above amendments to accounting standards and interpretations effective during the financial year do not have any significant impact to the financial results and position of the Group and the Company.

2.4 Accounting standards and amendments to accounting standards that are applicable for the Group and the Company in the following periods but are not yet effective:

Annual periods beginning on/after 1 January 2016

<u>Amendments to MFRS 5 Non Current Assets Held for Sale and Discontinued Operations</u>

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

<u>Amendments to MFRS 7 Financial Instruments: Disclosures</u>

The Amendments provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7. The Amendments also clarify the applicability of Amendments to MFRS 7, Disclosure–Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements.

2. **Basis of Preparation (Cont'd)**

Amendments to MFRS 11 Joint Arrangements

These Amendments clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses.

Amendments to MFRS 101 Presentation of Financial Statements

The Amendments aim to improve the effectiveness of disclosures and are designed to encourage companies to apply professional judgement in determining the information (including where and in what order) to be disclosed in the financial statements.

Amendments to MFRS 116 Property, plant and equipment

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

Amendments to MFRS 119 Employee Benefits

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

Amendments to MFRS 127 Separate Financial Statements

The Amendments allow a parent and investors to use the equity method in its separate financial statement to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 134 Interim Financial Reporting

The Amendment clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' as used in MFRS 134. The Amendment requires such disclosures to be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

2. Basis of Preparation (Cont'd)

Amendments to MFRS 138 Intangible assets

These Amendments to MFRS 138 introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate. This presumption can be overcome only in the limited circumstances:

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

Annual periods beginning on/after 1 January 2017

Amendments to MFRS 107 Statement of Cash Flows

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

Amendments to MFRS 112 Income Taxes

The Amendments clarify that decreases in value of a debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this. An example is when an entity holds a fixed-rate debt instrument (measured at fair value) and expects to collect all the contractual cash flows.

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

2. Basis of Preparation (Cont'd)

Annual periods beginning on/after 1 January 2018

MFRS 9 Financial Instruments

This Standard addresses the classification, measurement and recognition of financial assets and financial liabilities.

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. The Standard introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements. If a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the balance sheet, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the balance sheet.

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

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

2. **Basis of Preparation (Cont'd)**

MFRS 15 Revenue from Contracts with Customers

The Standard provides clarity on revenue recognition especially on areas where existing requirements unintentionally created diversity in practice. Under MFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Extensive disclosures are required to provide greater insight into both revenue that has been recognised, and revenue that is expected to be recognised in the future from existing contracts.

Effective date yet to be determined by the Malaysian Accounting Standards Board

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

The Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Annual periods beginning on/after 1 January 2019

MFRS 16 Leases

The Standard eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its balance sheet as recording certain leases as off-balance sheet leases will no longer be allowed except for some limited practical exemptions.

2.5 The Group is in the process of assessing the impact of MFRS 9 and MFRS 15 in the year of initial application. Aside from the above mentioned, the adoption of the accounting standards and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Group and the Company.

Accounting standards and amendments to accounting standards that are not relevant and not yet effective for the Group and the Company are as follows:

- Amendments to MFRS 10, MFRS 12 and MFRS 128, "Investment Entities: Applying the Consolidation Exception"
- MFRS 14, "Regulatory Deferral Accounts"
- Amendments to MFRS 116 and MFRS 141, "Agriculture: Bearer Plants"

3. **Significant Accounting Policies**

The accounting policies set out below have been applied consistently to the periods presented in the financial statements, unless otherwise stated.

(a) Functional and presentation currency

Items included in the financial statements the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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 in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in the profit or loss as incurred.

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

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

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

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment if the carrying value exceeds the recoverable amount of the associate and recognises the difference as impairment losses in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Investment in subsidiaries and associates

In the Company's separate financial statements, investments in subsidiaries and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

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

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in net in the profit or loss.

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

(ii) Depreciation and impairment

Property, plant and equipment are depreciated on the straight line method to allocate the cost to their residual values over their estimated useful lives as follows:

Plant and machinery	5 - 10 years
Furniture, fittings and equipment	5 - 10 years
Tools and equipment	5 - 10 years
Electrical fittings	5 - 10 years
Motor vehicles	5 - 10 years
Renovation	2 - 3 years

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

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. (Refer to accounting policy Note 4(g) on impairment of non-financial assets).

(e) Goodwill arising on consolidation

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

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

(f) Investment properties

(i) Investment property carried at fair value

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

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs (refer to accounting policy Note 3(n) on capitalisation of borrowing costs).

Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Company No. 442371 A

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

(iii) Determination of fair value

The fair values are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

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

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value after adequate impairment has been made for all deteriorated, damaged, obsolete or slow-moving inventories.

Cost is determined on a first-in-first-out basis. The cost of raw materials comprises cost of purchase. The costs of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and appropriate proportions of production overhead.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Financial assets

(i) Classification

The Group classifies its financial assets based on the purpose for which the financial assets were acquired at initial recognition in the following categories:

<u>Financial assets at fair value through profit or loss</u>

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in profit or loss.

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

(iii) Subsequent measurement

Gains and losses

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. Impairment losses and exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in profit or loss. Dividend income on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For an equity instrument, a significant or prolonged declined in fair value below its cost is also considered objective evidence of impairment.

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 available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortization) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

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

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.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a financial asset measured at amortised cost 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.

(iv) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three month or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

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

(k) Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in profit or loss.

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Fair value though profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

(l) Offsetting financial instruments

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

(m) Lease

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

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

(n) Capitalisation of borrowing costs

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

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

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

(o) Provision for liabilities

Provisions for liabilities are recognised when the Group and the Company have 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 each reporting date 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.

(p) Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss, except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

(q) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the revenue can be measured reliably, on the following bases:

Company No. 442371 A

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

(i) Goods sold and services rendered

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from services rendered is recognised in the profit or loss upon performance of services and is measured at the fair value of the consideration receivable.

(ii) Interest income

Interest income is recognised on a time proportion basis taking into account the principal outstanding and effective interest rate applicable.

(iii) Management fee income

Management fee income is recognised on an accrued basis.

(iv) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

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

(r) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company.

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.

Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Same as per foreign contribution plans in their respective countries. Such contributions are recognised as an expense in the profit or loss as incurred.

(s) Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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 financial years.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(u) Irredeemable convertible unsecured loan stocks ("ICULS")

The ICULS are regarded as compound instruments, consisting of a liability component and an equity component. The component of ICULS that exhibits characteristics of a liability is recognised as a financial liability in the statements of financial position.

The fair value of the liability component is determined by discounting the future contractual cash flows of principal and interest payments at the prevailing market rate for equivalent non-convertible loan stocks. This amount is carried as liability on the amortised cost basis until extinguished on conversion or maturity of the instruments.

The interests on ICULS are recognised as finance cost in the profit or loss using the effective interest rate method.

The fair value of the equity component represented by the conversion option is determined by deducting the fair value of the liability component from the notional amount of the loan stocks and is included in equity.

(v) Earnings per share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares.

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

(w) Operating segments

Operating segments are reported in a manner consistent with the internal reporting and are regularly reviewed by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

(x) Warrants reserve

Proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserve which is non-distributable. Warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to retained earnings.

4. **Significant Accounting Estimates and Judgements**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, 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.

(a) Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis, in accordance with the accounting policy disclosed in Note 3(e). This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The Group's goodwill on consolidation has been fully impaired.

4. Significant Accounting Estimates and Judgements (Cont'd)

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. Objective evidence of impairment is determined based on the evaluation of collectability and aged analysis of accounts. A considerable amount of judgement is required in assessing the ultimate realisation of these loans and receivables, including the current creditworthiness and the past collection history of each loan and receivable. If the financial conditions of loans and receivables with which the Group deals were to deteriorate, resulting in an impairment of the ability to make payments, additional impairment may be required.

(c) Depreciation of property, plant and equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of the property, plant and equipment as stated in Note 3(d)(ii). These are common life expectancies applied in the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(d) Impairment of inventory

Impairment of inventory is made based on an analysis of the ageing profile and expected sales patterns of individual items held in inventory. This requires an analysis of inventory usage based on expected future sales transactions taking into account current market prices, useful lives of vehicle models and expected cost to sell. Changes in the inventory ageing and expected usage profiles can have an impact on the impairment recorded.

Company No. 442371 A

5. **Property, Plant and Equipment**

Group 2016	**Plant and machinery** RM	**Furniture, fittings and equipment** RM	**Tools and equipment** RM	**Electrical fittings** RM	**Motor vehicles** RM	**Renovation** RM	**Total** RM
Cost							
At 1.6.2015	9,450,539	2,032,640	2,320,477	412,157	92,000	1,506,831	15,814,644
Additions	-	34,086	-	500	943,017	-	977,603
Disposal of a subsidiary	(9,450,539)	(1,757,898)	(2,320,477)	(368,920)	(92,000)	(1,154,765)	(15,144,599)
At 31.5.2016	-	308,828	-	43,737	943,017	352,066	1,647,648
Accumulated depreciation							
At 1.6.2015	6,411,322	1,611,715	2,213,476	371,958	91,999	500,468	11,200,938
Charge for the financial year	-	29,529	-	15,162	69,585	123,223	237,499
Disposal of a subsidairy	(6,411,322)	(1,593,952)	(2,213,476)	(368,920)	(91,999)	(378,024)	(11,057,693)
At 31.5.2016	-	47,292	-	18,200	69,585	245,667	380,744
Accumulated impairment							
At 1.6.2015	126,830	-	-	-	-	-	126,830
Disposal of a subsidiary	(126,830)	-	-	-	-	-	(126,830)
At 31.5.2016	-	-	-	-	-	-	-
Carrying amount							
At 31.5.2016	-	261,536	-	25,537	873,432	106,399	1,266,904

5. **Property, Plant and Equipment (Cont'd)**

Group 2015	**Plant and machinery** RM	**Furniture, fittings and equipment** RM	**Tools and equipment** RM	**Electrical fittings** RM	**Motor vehicles** RM	**Renovation** RM	**Total** RM
Cost							
At 1.1.2014	12,174,299	1,899,215	2,320,477	368,920	92,000	1,256,252	18,111,163
Additions	6,800	298,389	-	43,237	-	352,066	700,492
Disposal	(2,730,560)	-	-	-	-	-	(2,730,560)
Write off	-	(164,964)	-	-	-	(101,487)	(266,451)
At 31.5.2015	9,450,539	2,032,640	2,320,477	412,157	92,000	1,506,831	15,814,644
Accumulated depreciation							
At 1.1.2015	5,441,996	1,650,751	2,127,925	368,920	91,999	125,167	9,806,758
Charge for the financial period	1,211,641	97,272	85,551	3,038	-	464,370	1,861,872
Disposal	(242,315)	-	-	-	-	-	(242,315)
Write off	-	(136,308)	-	-	-	(89,069)	(225,377)
At 31.5.2015	6,411,322	1,611,715	2,213,476	371,958	91,999	500,468	11,200,938
Accumulated impairment							
At 1.1.2014	-	-	-	-	-	-	-
Provide for the financial period	126,830	-	-	-	-	-	126,830
At 31.5.2015	126,830	-	-	-	-	-	126,830
Carrying amount							
At 31.5.2015	2,912,387	420,925	107,001	40,199	1	1,006,363	4,486,876

Company No. 442371 A

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

Company	**Furniture, fittings and equipment**	**Renovation**	**Motor vehicles**	**Total**
2016	RM	RM	RM	RM
Cost				
At 1.6.2015	140,122	314,189	-	454,311
Additions	8,464	-	742,832	751,296
At 31.5.2016	148,586	314,189	742,832	1,205,607
Accumulated depreciation				
At 1.6.2015	14,349	119,130	-	133,479
Charge for the financial year	14,527	109,966	69,585	194,078
At 31.5.2016	28,876	229,096	69,585	327,557
Carrying amount				
At 31.5.2016	119,710	85,093	673,247	878,050
2015				
Cost				
At 1.1.2014	164,964	101,487	-	266,451
Additions	140,122	314,189	-	454,311
Write off	(164,964)	(101,487)	-	(266,451)
At 31.5.2015	140,122	314,189	-	454,311
Accumulated depreciation				
At 1.1.2014	131,174	74,378	-	205,552
Charge for the financial period	19,483	133,821	-	153,304
Write off	(136,308)	(89,069)	-	(225,377)
At 31.5.2015	14,349	119,130	-	133,479
Carrying amount				
At 31.5.2015	125,773	195,059	-	320,832

Included in the property, plant and equipment of the Group and the Company are motor vehicles acquired under hire purchase arrangement with carrying amount of RM873,432 and RM673,247 (2015: RM Nil and RM Nil) respectively.

6. Investment Properties

	Group/Company 2016 RM	2015 RM
At fair value, Level 2:-		
At 1 June/1 January	800,000	-
Addition	13,000	800,000
At 31 May	813,000	800,000

(a) The investment properties represents 8 pieces of residential land located in Pulau Langkawi as settlement of advances given to an associate company in Cambodia in previous financial years as disclosed in Note 14.

(b) These carrying values of the properties as at 31 May 2016 are based on valuation carried out by Fadzilah & Fikri Sdn. Bhd. Fair value is determined based on comparison approach.

The above investment property carried at fair value, by valuation, is based on quoted prices in active markets for identical assets or liabilities (Level 2).

7. Investment in Subsidiary Companies

(a) Investment in subsidiary companies

	Company 2016 RM	2015 RM
Unquoted shares in Malaysia, at cost		
At 1 June/1 January	43,000,002	42,100,004
Addition during the financial year/period	-	999,998
Disposal during the financial year/period	(42,000,000)	(100,000)
At 31 May	1,000,002	43,000,002
Less: Allowance for impairment loss	-	(42,000,000)
At carrying amount	1,000,002	1,000,002

Company No. 442371 A

7. Investment in Subsidiary Companies (Cont'd)

(a) Investment in subsidiary companies (Cont'd)

	Company 2016 RM	Company 2015 RM
Allowance for impairment		
At 1 June/1 January	42,000,000	41,000,000
Addition during the financial year/period	-	1,000,000
Disposal during the financial year/period	(42,000,000)	-
At 31 May	-	42,000,000

(b) The subsidiary companies and shareholdings therein are as follows:-

Name of company	Country of incorporation	Effective interest 2016 %	Effective interest 2015 %	Principal activities
Direct holding -				
Singatronics (Malaysia) Sdn. Bhd.	Malaysia	-	100	Manufacture, assemble and export of electronic and electrical consumer and industrial products
Astral Supreme Construction Sdn. Bhd. ("ASC")	Malaysia	100	100	Sub-contracting of the electrical, building and civil works for the construction projects
Astral Supreme Development Sdn. Bhd.	Malaysia	100	100	Dormant

(c) Disposal of a subsidiary

On 26 June 2016, the Company disposed of its entire equity interest in Singatronic (Malaysia) Sdn. Bhd. ("SMSB") for a total cash consideration of RM3,600,000.

The financial effects of the disposal at the date of disposal are summarised below: -

	RM
Sales consideration	3,600,000
Less: cost of investment	-
Add: reversal of impairment for diminution in value	(42,000,000)
Loss on disposal at Company level	(38,400,000)
Add: share of post-acquisition losses	55,588,813
Add: waiver of inter-company liabilities as at 30.11.2015	(17,000,740)
Gain on disposal at Group level	187,893

8. Investment in Associated Company

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unquoted shares in Malaysia, at cost	5,001,155	8,000,000	5,001,155	5,001,155
Less: Impairment loss	(5,001,155)	(8,000,000)	(5,001,155)	(5,001,155)
	-	-	-	-

The details of the associated company and shareholdings therein are as follows:-

Name of company	Country of incorporation	Effective ownership and voting interest 2016 %	2015 %	Principal activities
Sing Guan Silk Screen (Cambodia) Co. Ltd.	Cambodia	37.6	37.6	Ceased operations, previously engaged in the business of silk screen printing
Held by Singatronics (Malaysia) Sdn. Bhd.				
Sing Guan Silk Screen (Cambodia) Co. Ltd.	Cambodia	-	11.4	Ceased operations, previously engaged in the business of silk screen printing

9. Deferred Tax Assets

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group/Company	
	2016	2015
	RM	RM
Deferred tax liabilities	-	(11,951)
Deferred tax assets	-	16,049
	-	4,098

Company No. 442371 A

9. Deferred Tax Assets (Cont'd)

The movement on the net deferred tax assets/(liabilities) are as follows:

	Group/Company	
	2016	2015
	RM	RM
At 1 June/1 January	4,098	20,365
Charged to profit or loss:		
- Relating to origination and reversal of temporary differences	(4,098)	(11,951)
- Over provision in prior year in respect of accelerated capital allowances	-	151
	(4,098)	(11,800)
Charged to equity:		
- Recognised upon conversion of ICULS	-	(7,036)
- Over provided in prior year in respect of conversion of ICULS	-	2,569
	-	(4,467)
At 31 May	-	4,098

Deferred tax liabilities of the Group/Company is derived from accelerated capital allowances.

Deferred tax assets of the Group/Company is derived from issuance of ICULS.

Deferred tax assets and liabilities of the Group and the Company have not been recognised in respect of the following temporary differences:-

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unutilised special allowance for export	1,389,718	1,389,718	-	-
Unused tax losses	18,925,850	18,587,906	337,944	68,018
Unutilised capital allowances	3,729,927	3,413,260	316,667	-
Accelerated capital allowances	(1,584,871)	(1,584,871)	(29,152)	(29,152)
	22,460,624	21,806,013	625,459	38,866

The unused tax losses and unutilised capital allowances are available indefinitely for offset against future taxable profits of the respective subsidiary companies.

Company No. 442371 A

10. Inventories

	Group 2016 RM	Group 2015 RM
At cost:		
Raw materials	-	4,413,134
Work in progress	-	245,830
Finished goods	-	93,159
	-	4,752,123

11. Trade Receivables

	Group 2016 RM	Group 2015 RM
Trade receivables	9,638,308	19,615,690
Retention sum	5,250,000	5,250,000
	14,888,308	24,865,690
Less: Allowance for impairment	-	(1,124,087)
	14,888,308	23,741,603

The Group's normal trade credit terms range from 30 to 90 days (2015: 30 to 90 days). Other credit terms are assessed and approved on a case to case basis.

<u>Ageing analysis of trade receivables</u>

The ageing analysis of the trade receivables are as follows:-

	Group 2016 RM	Group 2015 RM
Retention sum	5,250,000	5,250,000
Neither past due or impaired	5,378,450	18,425,602
More than 60 days past due but not impaired	4,259,858	66,001
	14,888,308	23,741,603
Fully impaired	-	1,124,087
	14,888,308	24,865,690

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. These debtors are mostly long term customers with no history of default in payments.

11. **Trade Receivable (Cont'd)**

The Group's trade receivables of RM4,259,858 (2015: RM66,001) that are past due at the reporting date but not impaired relate mainly to customers who have never defaulted on payments but are slow paymasters hence, periodically monitored.

The currency exposure profile is as follows:

	Group	
	2016 RM	2015 RM
US Dollar	-	1,132,883
EURO	-	161,417
Ringgit Malaysia	14,888,308	23,571,390
	14,888,308	24,865,690

Included in trade receivables of the Group is a sum of RM14,155,076 (2015: RM23,523,921) owing by 4 (2015: 2) major customers which accounts for 95% (2015: 99%) of the total trade receivables. The Group has no other significant concentration of credit risk other than stated above.

Construction work-in-progress

Construction work-in-progress is as follows:

	Group	
	2016 RM	2015 RM
Aggregate costs incurred to date	116,688,696	83,203,535
Attributable profits	9,129,630	6,172,084
	125,818,326	89,375,619
Less : Progress billings	(125,818,326)	(89,375,619)
	-	-
Retention sum included in progress billings	5,250,000	5,250,000

Included in cost incurred for the financial year/period are the following:

		Group	
	Note	2016 RM	2015 RM
Staff cost	31	557,423	724,207

12. Other Receivables

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other receivables	5,586,784	3,232,699	4,994,251	250
Deposits	87,088	874,916	71,388	84,239
Prepayments	616,791	556,698	616,791	548,260
	6,290,663	4,664,313	5,682,430	632,749
Less: Allowance for impairment	(349,837)	(2,449,800)	-	-
	5,940,826	2,214,513	5,682,430	632,749
Allowance for impairment				
At 1 June/1 January	2,449,800	3,766,700	-	212,000
Additions	349,837	50,100	-	-
Write off	(2,449,800)	(212,000)	-	(212,000)
Reversal	-	(1,155,000)	-	-
At 31 May	349,837	2,449,800	-	-

13. Amount Owing By Subsidiary Companies

This represents unsecured interest free advances which are repayable on demand.

14. Amount Owing By Associated Company

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Amount owing by associated company	10,445,943	13,604,708	10,445,943	10,445,943
Less: Allowance for impairment	(10,445,943)	(13,604,708)	(10,445,943)	(10,445,943)
	-	-	-	-
Allowance for impairment				
At 1 June/1 January	9,487,994	12,646,759	9,487,994	9,487,994
Additions	1,757,949	1,757,949	1,757,949	1,757,949
Reversal	(800,000)	(800,000)	(800,000)	(800,000)
At 31 May	10,445,943	13,604,708	10,445,943	10,445,943

The amount owing by associated company represents unsecured interest free advances which are repayable on demand and is denominated in United States Dollar.

15. Fixed Deposit With Licensed Banks

	Group 2016 RM	Group 2015 RM
Deposits placed with licensed banks	-	51,550

There is no deposits pledge to licensed bank for a certain credit facility during the year compared to RM40,000 was pledged with a licensed bank for a certain credit facility in prior year.

16. Trade Payables

The normal trade credit terms granted to the Company range from 30 days to 60 days (2015: 30 days to 60 days).

The currency exposure profile is as follows:-

	Group 2016 RM	Group 2015 RM
US Dollar	-	283,404
EURO	-	223,615
HKD	-	157,823
Ringgit Malaysia	5,709,590	15,294,306
	5,709,590	15,959,148

17. Other Payables

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Other payables	1,456,135	671,342	1,417,824	133,956
Deposits	-	1,000	-	-
Accruals	152,680	2,734,983	110,342	641,242
	1,608,815	3,407,325	1,528,166	775,198

18. Amount Owing To Directors

This represents unsecured, interest-free advances which are repayable on demand.

19. Finance Lease Liabilities

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Minimum hire purchase payments:				
- not later than 1 year	222,288	-	177,468	-
- later than 1 year and not later than 5 years	338,872	-	204,455	-
Total minimum hire purchase payments	561,160	-	381,923	-
Less: Future interest charges	(45,410)	-	(28,173)	-
Present value of hire purchase payables	515,750	-	353,750	-
Current				
- not later than 1 year	205,011	-	164,500	-
Non-current				
- later than 1 year and not later than 5 years	310,739	-	189,250	-
	515,750	-	353,750	-

Interest rate on finance leases is 5.48% (2015: Nil%) per annum.

20. Term Loan

	Group 2016 RM	Group 2015 RM
Secured:		
Analysed as follows:-		
Repayable within twelve months	-	784,585
Maturity of borrowings is as follows:		
Within one year	-	784,585

As the Company disposed its entire equity in SMSB during the financial year, the term loan has been reclassified to other payables.

20. **Term Loan (Cont'd)**

The term loan is secured by way of:-

(i) Corporate guarantee by the Company for an amount up to RM Nil (2015: RM1,330,000).

(ii) Specific debenture over plant and machinery of the Company as disclosed in Note 6; and

(iii) Personal guarantee by the one of the Directors of the Company.

The interest rate is as follows:-

		Group	
		2016	2015
		%	%
Term loan	Floating rate	7.85	7.85

21. **Share Capital**

	Group/Company			
	Number of ordinary shares of RM0.20 each		Amount	
	2016	2015	2016	2015
	Units	Units	RM	RM
Authorised share capital				
At 1 June/1 January At 31 May	2,500,000,000	2,500,000,000	500,000,000	500,000,000
Issued and fully paid				
At1 June/ 1 January	291,858,650	288,445,050	58,371,730	57,689,010
Issuance of ordinary shares pursuant to exercise of warrants by way of cash	5,000	3,413,600	1,000	682,720
At 31 May	291,863,650	291,858,650	58,372,730	58,371,730

During the financial year, the issued and paid-up share capital of the Company was increased from RM58,371,730 to RM58,372,730 by issuance of 5,000 shares from the exercise of warrant 2011/2016 at RM0.20 each.

22. Share Premium

	Group/Company	
	2016	2015
	RM	RM
At beginning/At year end	6,993,520	6,993,520

The share premium is not distributable by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act, 1965.

23. Capital Reserves

A capital reserve was set up as a result of the Par Value Reduction exercised in the prior financial years.

24. Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

	Group/Company	
	2016	2015
	RM	RM
Equity component		
At 1 June/1 January	330,883	621,463
Conversion during the financial year/period	-	(283,544)
Deferred tax effect upon conversion	-	(7,036)
At 31 May	330,883	330,883

	Group/Company	
	2016	2015
	RM	RM
Liability component		
At 1 June/1 January	17,885	82,060
Conversion during the financial year/period	-	(57,815)
Amortisation charge during the financial year/period	-	(6,360)
At 31 May	17,885	17,885

The ICULS represent the unconverted portion of the original RM12,000,000 nominal value of 10-year 3% ICULS issued and allotted at 100% of the nominal value at RM0.10 each, net of deferred tax.

The ICULS have tenure of ten years from the date of issue and will not be redeemable in cash. All outstanding ICULS will be mandatorily converted by the Company into new ordinary shares at the conversion price applicable on the maturity date.

24. Irredeemable Convertible Unsecured Loan Stocks ("ICULS") (Cont'd)

The ICULS are convertible into fully paid ordinary shares of RM0.20 each at any time during the tenure of the ICULS from 11 August 2011 to the maturity date on 10 August 2021 by:

(a) surrending for cancellation the ICULS with an aggregate nominal value equivalent to the Conversion Price; or

(b) surrending for cancellation of RM0.10 nominal value of ICULS and paying the difference between the nominal value of ICULS and the Conversion Price in cash, for every one (1) new ordinary share of RM0.20 each.

Upon conversion of the ICULS into new ordinary shares, such shares would rank pari passu in all material respects with the existing ordinary shares of the Company in issue at the date of allotment of the new ordinary shares.

The ICULS holders are not entitled to participate in any distribution and/or offer of securities in the Company until and unless such ICULS holders convert the ICULS into new ordinary shares of the Company before the determination of the entitlement date for the distribution and/or offer of securities.

The interest on unconverted ICULS is at the rate of 3% per annum on the nominal value of the ICULS commencing August 2011 and is payable annually in arrears on August in each year.

25. Warrants Reserve

	Group/Company	
	2016	2015
	RM	RM
Warrant A 11/16		
At 1June/1 January/31 May	1,897,643	1,897,643
Warrant B 13/18		
At 1June/1 January/31 May	2,520,390	2,520,390
Total	4,418,033	4,418,033

Warrant A 11/16

On 11 August 2011, the Company allotted the Rights Issue of 39,857,200 new ordinary shares of RM0.20 each in the Company together with 39,857,200 free warrants at an issue price of RM0.20 per Rights Issue on the basis of one Rights Issue together with one warrant for every one (1) existing ordinary shares of the Company.

Each warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at any time on or after 11 August 2011 up to the date of expiry on 10 August 2016, at an exercise price of RM0.20 each or such adjusted price in accordance with the provisions in the Deed Poll. The warrants were listed on the Main Market of Bursa Securities with effect from 11 August 2011.

25. Warrants Reserve (Cont'd)

As at the end of the financial year, nil (2015: 38,727,400) units of warrants remain unexercised.

The fair value of the warrants is estimated using the Binomial option pricing model, taking into account the terms and conditions upon which the warrants are acquired. The fair value of the warrants measured at issuance date and the assumptions are as follows:

Underlying price	RM0.19
Exercise price	RM0.20
Maturity date	10.8.2016
Tenure	5 years
Expected dividend yield	Nil
Risk free interest rate	3.2%
Volatility rate	26%
Allocated fair value of free warrant per warrant	RM0.049
Total number of warrant	39,857,200

The underlying price represents 5-day volume weighted average market price of Astral up to 11 August 2011.

Warrant B 13/18

On 28 June 2014, the Company allotted the Rights Issue of 117,336,600 new ordinary shares of RM0.20 each in the Company together with 70,401,960 free warrants at an issue price of RM0.20 per Rights Issue on the basis of five (5) Rights Issue together with three (3) warrant for every one (1) existing ordinary shares of the Company.

Each warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at any time on or after 28 June 2013 up to the date of expiry on 27 June 2018, at an exercise price of RM0.20 each or such adjusted price in accordance with the provisions in the Deed Poll. The warrants were listed on the Main Market of Bursa Securities with effect from 28 August 2013.

As at the end of the financial period, 70,401,960 (31.05.2015: 70,401,960) units of warrants remain unexercised.

Company No. 442371 A

25. **Warrants Reserve (Cont'd)**

The fair value of the warrants is estimated using the Binomial option pricing model, taking into account the terms and conditions upon which the warrants are acquired. The fair value of the warrants measured at issuance date and the assumptions are as follows:

Underlying price	RM0.18
Exercise price	RM0.20
Maturity date	27.6.2018
Tenure	5 years
Expected dividend yield	Nil
Risk free interest rate	3.2%
Volatility rate	20%
Allocated fair value of free warrant per warrant	RM0.036
Total number of warrant	70,401,960

The underlying price represents 5-day volume weighted average market price of Astral up to 28 August 2013.

26. **Revenue**

	Group		Company	
	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM
Sub-contracting of the electrical, building and civil works for the construction projects	35,642,706	89,474,921	-	-
Sales of electronic, electrical and industrial products	116,566	6,885,632	-	-
Management fee received/receivable from subsidiary company	-	-	1,005,515	2,681,027
Project management consultant fee	948,400	-	148,400	-
	36,707,672	96,360,553	1,153,915	2,681,027

27. Profit/(Loss) From Operations

Profit/(Loss) from operations is derived after charging/(crediting):-

	Group		Company	
	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM
Auditors' remuneration	52,000	57,000	20,000	23,000
Bad debts written off	-	7,800	-	7,800
Compensation received	-	(1,150,000)	-	-
Depreciation of property, plant and equipment	237,499	1,861,872	194,078	153,304
Impairment of property, plant and equipment	-	126,830	-	-
Inventories written off	-	57,971	-	-
Interest income	-	(16,567)	-	(13,521)
Allowance for impairment loss on:-				
- Investment in subsidiary companies	-	-	-	1,000,000
- Trade receivables	-	67,225	-	-
- Other receivables	761,667	50,100	349,837	-
- Amount owing by associated company	-	1,757,949	-	1,757,949
- Amount owing by a former subsidiary	17,000,740	-	17,000,740	-
Recovery on impairment loss on:				
- Other receivables	-	(1,155,000)	-	(1,155,000)
- Amount owing by associated Company (Note 14)	-	(800,000)	-	(800,000)
Loss on disposal of property, plant and equipment	-	1,288,245	-	-
Property, plant and equipment written off	-	41,074	-	41,074
Gain on disposal of a subsidiary	(187,983)	(43,679)	(3,600,000)	(400,000)
Rental expenses	173,762	567,718	120,407	131,833
Realised loss on foreign exchange	-	94,136	-	-
Unrealised loss on foreign exchange	-	91,357	-	-
Waiver of outstanding debts by Directors	(1,939,965)	-	(1,939,965)	-
Scrap written off	-	9,881	-	-

28. Finance Costs

	Group		Company	
	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM
Interest expenses on:-				
ICULS				
- current year/period	10,643	18,313	10,643	18,313
- under provision in prior year/period	-	9,826	-	9,826
	10,643	28,139	10,643	28,139
Finance leases	21,414	50,885	11,503	-
Term loan	-	114,750	-	-
	32,057	193,774	22,146	28,139

29. Taxation

	Group		Company	
	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM
Current taxation:				
- Current year/period	266,484	723,478	-	-
- Under provision in prior year/period	69,068	31	70,445	-
	335,552	723,509	70,445	-
Deferred taxation:				
- Relating to origination and reversal of temporary differences	4,098	11,951	16,049	-
- Over provision in prior year/period	-	(151)	-	(151)
	4,098	11,800	16,049	(151)
Tax expense/(savings) for the financial year/period	339,650	735,309	86,494	(151)

Income tax is calculated at the statutory rate of 24% (2015: 25%) on chargeable income of the estimated assessable profit/(loss) for the financial year/period.

29. Taxation (Cont'd)

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:-

	Group		Company	
	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM
Profit/(loss) before taxation	451,789	(180,349)	(12,979,382)	(1,238,033)
Taxation at statutory tax rate of 24% (2015: 25%)	108,429	(45,087)	(3,115,052)	(309,508)
Income not subject to tax	(489,490)	(738,754)	(1,329,592)	(294,949)
Expenses not deductible for tax purposes	647,545	951,734	4,444,644	839,245
Deferred tax assets not recognised	-	802,324	-	-
Utilisation of previous unrecognised deferred tax assets	-	(234,788)	-	(234,788)
Under provision in respect of current taxation in prior years	69,068	31	70,445	-
Over provision in respect of deferred taxation in prior years	4,098	(151)	16,049	(151)
Taxation for the financial year/period	339,650	735,309	86,494	(151)

30. Earnings/(Loss) Per Share

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share ("EPS") is calculated by dividing the profit/(loss) for the year/period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year/period.

	Group	
	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM
Profit/(loss) attributable to owners of the parent	112,139	(915,658)
Total weighted average number of ordinary shares in issue	291,863,650	289,989,066
Basic earnings/(loss) per share (sen)	0.04	(0.32)

(b) Diluted earnings/(loss) per share

The fully diluted earnings/(loss) per share had been calculated based on the consolidated earnings/(loss) after taxation for the financial year/period attributable to owners of the Company for the Group and the adjusted weighted average number of ordinary share in issue during the financial year/period as follows:

	Group	
	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM
Earnings/(loss) attributable to the Company	112,139	(915,658)
Total weighted average number of ordinary shares in issue	291,863,650	289,989,066
Adjusts for:		
Assuming full exercise of Warrants A 11/16	38,727,400	38,727,400
Assuming full exercise of Warrants B 13/18	70,401,960	70,401,960
Assuming full conversion of ICULS	*	*
	400,993,010	399,118,426
Diluted earnings/(loss) per share (sen)	0.03	(0.22)

*no effect on the full conversion of ICULS as it is anti-dilutive.

31. Staff Information

	Group		Company	
	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM
Staff costs (excluding Directors) consist of:				
- capitalised in amount owing by customers on contracts	557,423	724,207	-	-
- charged to statements of profit or loss and other comprehensive income	1,147,950	3,365,453	673,008	349,721
	1,705,373	4,089,660	673,008	349,721

Included in staff costs (excluding Directors) are contribution made to the Employees Provident Fund under a defined contribution plan for the Group and the Company of RM173,021 and RM64,327 (2015: RM263,006 and RM86,715) respectively.

32. Key Management Personnel Compensation

The key management personnel compensation is as follows:

	Group		Company	
	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM
Company's Directors				
- Salaries and other emoluments	124,000	487,500	124,000	487,500
- Fees	76,000	-	76,000	-
Directors of the subsidiary companies				
- Salaries and other emoluments	122,458	394,960	-	-
- EPF	13,440	17,733	-	-
- Benefits-in-kind	-	332	-	-

Key management personnel comprise Directors of the Group and the Company, who have authority and responsibility for planning, directing and controlling the activities of the Group and Company either directly or indirectly.

33. Capital Commitment

	Group	
	2016	2015
	RM	RM
Property, plant and equipment:-		
Approved and contracted for	-	592,000

34. Contingent Liability

	Company	
	2016	2015
	RM	RM
Corporate guarantees given to a subsidiary company	-	883,585

35. Material Litigation

The Company

Tay Chye Huat vs the Company and 2 others (Kuala Lumpur High Court Suit No. 22NCVC-482-08/2013).

The Plaintiff had claimed for a sum of RM1,400,000 together with interest and cost for two (2) loan agreements amounting to RM1,000,000 ("1st Loan") and RM600,000 ("2nd Loan") respectively, executed between the Plaintiff and S.G. Silk Screen Industries Sdn Bhd ("SG Silk"), a former subsidiary of the Company. The Plaintiff is alleging that the Company and its former Director, Cherng Chin Guan (resigned on 7 Nov 2014), had misrepresented to the Plaintiff that the Company will provide a corporate guarantee to the Plaintiff as a security for the loans and such representations had induced him to provide the 2nd Loan to SG Silk.

On 7 January 2015, the High Court of Kuala Lumpur had dismissed the Plaintiff's suit with costs of RM 10,000 to be paid to the defendants.

On 5 February 2015, the Plaintiff has filed an appeal against the decision of the High Court Judge pronounced on 7 January 2015. However, the Court of Appeal has on 22 October 2015, allowed the Plaintiff's appeal against the Company and had order a sum of RM600,000 with interest of 5% per annum from the date of the Writ i.e.6 August 2013 until the full realization together with costs for the Court of Appeal and High Court, jointly at RM20,000.

The Company has filed a motion for leave to appeal to the Federal Court on 19 November 2015. The solicitor are of the opinion that there is a fairy good chance in obtaining the leave as the proposed questions of law are good arguable novel points of law and are matters of public importance as the case involved a public listed company. Furthermore, the solicitors are of the view that upon successfully obtaining leave to appeal to the Federal Court, the Company would have a good arguable case in the appeal proper. The Court has had fixed this matter for the next case management on 13 October 2016.

36. Related Party Transactions

Company	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM
Management fee received/receivable from subsidiary company:		
Astral Supreme Constructions Sdn. Bhd.	1,153,915	2,681,027

37. Segment Information - Group

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

The reportable business segments of the Group comprise the following:-

Electronic and electrical	: Electronic, electrical and industrial products
Construction	: Sub-contracting of the electrical, building and civil works for the construction projects
Investment holding	: Holding company investment holding

Other non-reportable segments comprise operations of a subsidiary company which are inactive.

Segment revenue, results, assets and liabilities include items directly attributable to a segment and those where a reasonable basis of allocation exists. Inter-segment revenues are eliminated on consolidation.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment total assets are used to measure the return of assets of each segment.

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors.

The accounting policies of the segments are consistent with the accounting policies of the Group.

37. Segment Information – Group (Cont'd)

31.5.2016	Electronic and electrical RM	Construction RM	Investment holding RM	Elimination RM	Total RM
Revenue					
Total revenue	116,566	36,442,706	148,400		36,707,672
Inter-segment revenue	-	-	1,005,515	(1,005,515)	-
Total segment revenue	116,566	36,442,706	148,400		36,707,672
Results					
Segment (loss)/profit	(729,502)	588,506	(16,508,046)		(16,649,042)
Included in the segment (loss)/profit are:-					
Depreciation of property, plant and equipment	13,152	43,422	180,925		237,499
Allowance for impairment loss on:-					
- Other receivables	-	411,830	349,837		761,667
- Amount owing by a former subsidiary	-	-	17,000,740		17,000,740
Finance costs	10,719	-	21,338		32,057
Assets					
Segment assets	-	17,094,065	16,493,011		33,587,076
Included in the segment assets are:-					
Additions to non-current assets other than financial instruments and deferred tax assets	-	-	-		-
Liabilities					
Segment liabilities	-	13,898,402	2,449,696		16,348,098

37. Segment Information – Group (Cont'd)

31.5.2015	Electronic and electrical RM	Construction RM	Investment holding RM	Elimination RM	Total RM
Revenue					
Total revenue	6,885,632	89,474,921	-		96,360,553
Inter-segment revenue	-	-	2,681,027	(2,681,027)	-
Total segment revenue	6,885,632	8,9474,921	-		96,360,553
Results					
Segment (loss)/profit	(2,419,332)	2,866,312	(1,238,033)		(791,053)
Included in the segment (loss)/profit are:-					
Bad debts written off	-	-	7,800		7,800
Depreciation of property, plant and equipment	1,698,802	9,766	153,304		1,861,872
Loss on disposal of property, plant and equipment	1,288,245	-	-		1,288,245
Property, plant and equipment written off	-	-	41,074		41,074
Allowance for impairment loss on:-					
- Trade receivables	67,225	-	-		67,225
- Other receivables	-	50,100	-		50,100
- Amount owing by associated company	-	-	1,757,949		1,757,949
Finance costs	165,635	-	28,139		193,774
Interest income	(3,033)	(13)	(13,521)		(16,567)
Assets					
Segment assets	10,844,622	25,007,883	28,456,766		64,309,271
Included in the segment assets are:-					
Additions to non-current assets other than financial instruments and deferred tax assets	30,447	215,734	454,311		700,492
Liabilities					
Segment liabilities	23,693,124	22,147,569	1,348,574		47,189,267

37. Segment Information – Group (Cont'd)

Reconciliation of reportable segment profit and loss, assets and liabilities and other material items are as follows:-

	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM
Total loss for reportable segments	(16,649,042)	(791,053)
Other non-reportable segments	-	(31,975)
Allowance for impairment loss on investment in subsidiary company	16,912,938	1,000,000
Adjustment for taxation	(339,650)	(735,309)
Adjustment for gain on disposal of a subsidiary on group level	187,893	(357,321)
Consolidated loss after tax	112,139	(915,658)

31.5.2016	**Segment assets** RM	**Segment liabilities** RM
Total reportable segments	33,246,491	16,007,513
Elimination of inter-segment transactions balances	(8,509,278)	(7,483,476)
Consolidated total	24,737,213	8,524,037

31.5.2015	**Segment assets** RM	**Segment liabilities** RM
Total reportable segments	64,309,271	47,189,267
Other non-reportable segment	2,853	22,818
Elimination of inter-segment transactions balances	(26,752,193)	(25,752,191)
Consolidated total	37,559,931	21,459,894

The geographic segments of the Group comprise the following:-

	Malaysia RM	**Germany** RM	**Iraq** RM	**Australia** RM	**Others** RM	**Total** RM
1.6.2015 to 31.5.2016						
External revenue	36,707,672	-	-	-	-	36,707,672
1.1.2014 to 31.5.2015						
External revenue	91,217,778	4,587,530	66,621	407,650	80,974	96,360,553

37. Segment Information – Group (Cont'd)

The following are major customers with revenue equal or more than 10% of the Group revenue:-

	Revenue		Segment
	1.6.2015 to 31.5.2016 RM	1.1.2014 to 31.5.2015 RM	
1 Major customer (31.5.2015: 1)	116,566	4,587,530	Electronic and electrical
4 Major customers (31.5.2015: 2)	36,591,106	89,474,921	Construction

Company No. 442371 A

37. **Segment Information – Group (Cont'd)**

The table below provides an analysis of financial instruments and their categories:

Group	2016 Loans and receivables/ other financial liabilities RM	2016 Total RM	2015 Loans and receivables/ other financial liabilities RM	2015 Total RM
Financial assets				
Trade receivables	14,888,308	14,888,308	23,741,603	23,741,603
Other receivables	5,940,826	5,940,826	2,214,513	2,214,513
Fixed deposits with licensed banks	-	-	51,550	51,550
Cash and bank balances	1,828,175	1,828,175	1,497,217	1,497,217
	22,657,309	22,657,309	27,504,883	27,504,883
Financial liabilities				
Trade payables	5,709,590	5,709,590	15,959,148	15,959,148
Other payables	1,608,815	1,608,815	3,407,325	3,407,325
Amount owing to Directors	593,013	593,013	555,491	555,491
Finance lease liabilities	515,750	515,750	-	-
Term loan	-	-	784,585	784,585
ICULS	17,885	17,885	17,885	17,885
	8,445,053	8,445,053	20,724,434	20,724,434
Company				
Financial assets				
Other receivables	5,682,430	5,682,430	632,749	632,749
Amount owing by subsidiary companies	8,088,035	8,088,035	25,490,191	25,490,191
Cash and bank balances	29,612	29,612	196,943	196,943
	13,800,077	13,800,077	26,319,883	26,319,883
Financial liabilities				
Other payables	1,528,166	1,528,166	775,198	775,198
Amount owing to Directors	548,012	548,012	555,491	555,491
Finance lease liabilities	353,750	353,750	-	-
ICULS	17,885	17,885	17,885	17,885
	2,447,813	2,447,813	1,348,574	1,348,574

38. **Financial Instruments**

Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity and market risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from receivables from customers. Credit period extended to its customers is based on careful evaluation of the customers' financial condition and credit history. Receivables are monitored on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts. Appropriate approval limits are set at different levels of credit limits and terms. In order to further minimise its exposure to credit risk, the Group, in some instances, requires letters of credits and deposits from the customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of receivables ageing. At reporting date, there were no significant concentrations of credit risk other than disclosed in Note 11.

The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statement of financial position.

The Group also determines concentration of credit risk by monitoring the country profiles of its trade receivables on an ongoing basis as follows:-

	2016 RM	2015 RM
By country		
Malaysia	14,888,308	23,644,019
Germany	-	94,192
Australia	-	57,489
Iraq	-	1,069,990
	14,888,308	24,865,690

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from trade and other payables, finance leases and borrowings.

Cash flow forecasting is performed by monitoring the Group's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.

38. **Financial Instruments (Cont'd)**

Liquidity risk (cont'd)

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

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flow RM	Below 1 year RM	Between 1 to 2 years RM	Between 3 to 5 years RM
2016						
Trade payables	5,709,590		5,709,590	5,709,590	-	-
Other payables	1,608,815		1,608,815	1,608,815	-	-
Amount owing to Directors	593,013		593,013	593,013	-	-
Finance lease liabilities	515,750	5.48	515,750	205,011	310,739	-
Term loan	-	7.85	-	-	-	-
	8,427,168		8,427,168	8,116,429	310,739	-
2015						
Trade payables	15,959,148	-	15,959,148	15,959,148	-	-
Other payables	3,407,325	-	3,407,325	3,407,325	-	-
Amount owing to Directors	555,491	-	555,491	555,491	-	-
Term loan	784,585	7.85	784,585	784,585	-	-
	20,706,549		20,706,549	20,706,549	-	-
Company						
2016						
Other payables	1,528,166	-	1,528,166	1,528,166	-	-
Amount owing to Directors	548,012		548,012	548,012	-	
Finance lease liabilities	353,750	5.70	353,750	164,500	189,250	-
	2,429,928		2,429,928	2,240,678	189,250	-
2015						
Other payables	775,198	-	775,198	775,198	-	-
Amount owing to Directors	555,491	-	555,491	555,491	-	-
	1,330,689		1,330,689	1,330,689	-	-

38. **Financial Instruments (Cont'd)**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value interest rate risk that may affect the Group's financial position and cash flows.

(a) Foreign currency exchange risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective operations' functional currency. The Group maintains natural hedges to the extent that payments for foreign currency payables will be matched against receivables denominated in the same foreign currency and whenever possible, borrow in the currency of the country in which the business is located. Exposure to foreign currency risks are monitored on an ongoing basis. The Group does not hedge their foreign currency risks but keeps this policy under review and will take necessary action to minimise the exposure.

Exposure to foreign currency risk

The Group and the Company's had no exposure to foreign currency risk, based on carrying amounts as at the end of the reporting year was:-

Functional Currency	**United States Dollar** ("USD")	**Euro** ("EUR")	**Hong Kong Dollar** ("HKD")	**Total**
Group	RM	RM	RM	RM
2016				
Trade receivables	-	-	-	-
Cash at bank	-	-	-	-
Amount owing by associated company	-	-	-	-
Trade payables	-	-	-	-
	-	-	-	-
2015				
Trade receivables	1,132,883	161,417	-	1,294,300
Cash at bank	4,083	668	-	4,751
Amount owing by associated company	13,604,708	-	-	13,604,708
Trade payables	(283,404)	(223,615)	(157,823)	(664,842)
	14,458,270	(61,530)	(157,823)	14,238,917

38. **Financial Instruments (Cont'd)**

(a) Foreign currency exchange risk (cont'd)

Functional Currency **Company**	**United States Dollar** ("USD") RM	**Euro** ("EUR") RM	**Hong Kong Dollar** ("HKD") RM	**Total** **RM**
2016				
Amount owing by associated company	-	-	-	-
2015				
Amount owing by associated company	13,604,708	-	-	13,604,708

Currency risk sensitivity analysis

The Group and the Company had not exposed to currency risk sensitivity at the end of the reporting year.

(b) Interest rate risk

The Group and the Company finance its operation through operating cash flows and borrowings. Interest rate exposure arises from the Group's and the Company's finance lease and bank borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instrument, based on carrying amounts as at the end of the financial year/period is as follows:

	Group 2016 RM	2015 RM
Fixed rate instrument		
Finance lease liabilities	515,750	-
Floating rate instrument		
Term loan	-	784,585

Interest rate risk sensitivity analysis

The Group and the Company had not exposed to interest rate risk sensitivity at the end of the reporting year.

38. **Financial Instruments (Cont'd)**

(c) Fair values

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Group	RM	RM	RM	RM
Financial liabilities				
ICULS	17,885	17,885	17,885	17,885

Interest rates used to determined fair value:-

	2016	2015
	% p.a.	% p.a.
ICULS	11.36	11.36

(i) The carrying amounts of cash and cash equivalents, trade and other receivables, inter-company advances, trade and other payables, short term borrowings and current portion of lease payables approximate fair value due to the relatively short term nature of these financial instruments.

(ii) The carrying amount of long term bank borrowing carried on the statements of financial position is reasonable approximate of fair value due to that it is a floating rate instruments that are re-priced to market interest rate on or near the reporting date.

(iii) The aggregate fair value of the other financial assets and liabilities carried on the statement of financial position approximates its carrying value and the Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

39. Capital Management

The primary objective of the Group's capital management is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the Group's approach to capital management during the financial period/year.

The Group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within reasonable level. The Group includes within net debt, trade and other payables, lease payable, less cash and bank balances. Capital includes the equity attributable to the owners of the parent.

	Group	
	2016	2015
	RM	RM
Trade and other payables	7,318,405	19,366,473
Amount owing to Directors	593,013	555,491
Finance lease liabilities	515,750	-
Bank borrowings	-	784,585
Less: Cash and cash equivalents net of pledged	(1,828,175)	(1,508,767)
Net debt	6,598,993	19,197,782
Equity attributable to the owners of the Company	16,213,176	16,100,037
Gearing ratio	0.41	1.19

There were no changes to the Group's approach to capital management during the financial year/period.

40. Corporate Exercise

On 12 August 2015, the Group had announced to undertake multiple corporate exercise and the establishment of a Share Issuance Scheme for eligibility Directors and employees of the Company and its subsidiaries respectively (collectively referred to as 'Multiple Proposals).

On 26 May 2016, the Group also announced the listing application in relation to the Group's Multiple Proposals as summarised below which has been conditionally approved by Bursa Malaysia ("Bursa").

Special Resolutions

(a) Proposed capital reorganisation

- Proposed reduction of the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 ("Act") involving the cancellation of RM0.10 of the par value of each existing ordinary share of RM0.20 each in Astral ("Astral share(s)" or "share(s)") ("Proposed Par Value Reduction");
- Proposed reduction of RM5,527,459 from the capital reserve account of the Company ("Proposed Capital Reserve Reduction"); and
- Proposed reduction of up to RM11,411,553 from the share premium account of the Company pursuant to Sections 60(2) and 64(1) of the Act ("Proposed Share Premium Reduction")

(b) Proposed amendment to the Memorandum of Association of the company to facilitate the implementation of the proposed par value reduction ("Proposed Amendment to the Memorandum of Association")

(c) Proposed change of name from "Astral Supreme Berhad" to "Vizione Holdings Berhad" ("Proposed Change of Name")

Ordinary Resolutions

(a) Proposed renounceable rights issue of up to 731,626,800 new Astral shares ("Rights Shares") on the basis of two (2) rights shares for every one (1) existing Astral share held on an entitlement date to be determined later ("Entitlement Date"), together with up to 365,813,400 free detachable new warrants ("Warrants-C") on the basis of one (1) Warrants-C for every two (2) rights shares subscribed by the entitled shareholders ("Proposed Rights Issue with Warrants")

(b) Proposed establishment of a share issuance scheme of up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares, if any) at any one time during the duration of the scheme ("Proposed SIS")

(c) Proposed granting of options to Datuk Dr Raman bin Ismail

(d) Proposed granting of options to Dato' Ng Aun Hooi

40. Corporate Exercise (Cont'd)

Ordinary Resolutions (Cont'd)

(e) Proposed granting of options to Dato' Ir Mohamad Shokri Bin Abdullah

(f) Proposed granting of options to Datuk Chai Woon Chet

(g) Proposed granting of options to Wong Kwai Wah

(h) Proposed granting of options to Andrew Lim Piow Tiang

(Collectively referred to as the Multiple Proposals)

On 9 September 2016, the shareholders has approved the Multiple Proposals above during the Extraordinary General Meeting. Barring any unforeseen circumstances, the Multiple Proposals are expected to be completed by the 1st quarter of 2017.

41. Change of Name

On 9 September 2016, the Company changed its name from Astral Supreme Berhad to Vizione Holdings Berhad.

42. Comparative Figures

The previous financial year is from 1 January 2014 to 31 May 2015, compared to a twelve month period for the current year ended 31 May 2016. Therefore, the comparative amounts are not in respect of a comparable period for the statements of profit or loss and other comprehensive income, changes in equity, cash flows and their related notes.

Company No. 442371 A

Realised and Unrealised Profits/Losses (Supplementary Information)

	Group 2016 RM	Group 2015 RM
Total accumulated losses:-		
Realised losses	(42,254,952)	(42,367,091)
Unrealised losses	(17,174,497)	(17,174,497)
	(59,429,449)	(59,541,588)

	Company 2016 RM	Company 2015 RM
Total accumulated losses:-		
Realised profits	(9,169,415)	3,896,461
Unrealised losses	(52,429,894)	(52,429,894)
	(61,599,309)	(48,533,433)

The above disclosure of realised and unrealised losses is made solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

Company No. 442371-A

APPENDIX V

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE THREE (3)-MONTHS FPE 31 AUGUST 2016

VIZIONE HOLDINGS BERHAD (442371-A)

(Formerly known as Atral Supreme Berhad)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 31 AUGUST 2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter Ended 31 Aug 2016 RM'000	Preceding Year Corresponding Quarter Ended 31 Aug 2015 RM'000	Current Y-T-D Ended 31 Aug 2016 RM'000	Preceding Y-T-D Ended 31 Aug 2015 RM'000
Turnover	8,606	**10,250**	8,606	**10,250**
Cost of sales	(7,453)	(10,142)	(7,453)	(10,142)
Gross profits	1,153	**108**	1,153	**108**
Other operating income	10	107	10	107
Selling and marketing expenses	-	(7)	-	(7)
Operating and administrative expenses	(874)	(979)	(874)	(979)
Profits/(loss) from operations	289	**(772)**	289	**(772)**
Finance costs	(15)	(23)	(15)	(23)
Profits/(loss) before taxation	274	**(795)**	274	**(795)**
Taxation	(153)	(38)	(153)	(38)
Total comprehensive profits/(loss)	121	**(833)**	121	**(833)**
Total comprehensive profits/(loss) attributable to :				
Owners of the parent	121	(833)	121	(833)
Non-controlling interest	-	-	-	-
	121	**(833)**	121	**(833)**
Loss per-share	sen	sen	sen	sen
Basic	0.04	(0.29)	0.04	(0.29)
Diluted	0.03	(0.21)	0.03	(0.21)

The Condensed Consolidate Statement of Comprehensive income should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2016.

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DIRECTOR: DATO' NG AUN HOOI
VIZIONE HOLDINGS BERHAD
(442371-A)

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE THREE (3)-MONTHS FPE 31 AUGUST 2016 *(CONT'D)*

VIZIONE HOLDINGS BERHAD (442371-A)
(Formerly known as Atral Supreme Berhad)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 31 AUGUST 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 31 Aug 2016 (UNAUDITED) RM'000	As At 31 May 2016 (AUDITED) RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,201	1,267
Investment properties	813	813
	2,014	2,080
CURRENT ASSETS		
Trade receivables	15,473	14,888
Others receivables and deposits	4,933	5,942
Bank and cash equivalent	1,673	1,828
	22,079	22,658
TOTAL ASSETS	24,093	24,738
EQUITY		
Share capital	58,373	58,373
Capital reserve	5,527	5,527
ICULS	331	331
Warrant reserve	4,418	4,418
Share premium	6,994	6,994
Accumulated losses	(59,308)	(59,429)
Total attributable to the parent equity holders	16,335	16,214
LIABILITIES		
NON-CURRENT LIABILITIES		
ICULS	18	18
Deferred taxation	-	-
Hire Purchase Creditors	257	311
	275	329
CURRENT LIABILITIES		
Trade payables	4,667	5,709
Others payables	1,489	1,609
Amount due to directors	1,006	593
Hire Purchase Creditors	205	205
Provision for taxation	116	79
Term loan	-	-
	7,483	8,195
TOTAL LIABILITIES	7,758	8,524
TOTAL EQUITY AND LIABILITIES	24,093	24,738
NET ASSETS PER-SHARE	0.0560	0.0556

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DIRECTOR: DATO' NG AUN HOOI
VIZIONE HOLDINGS BERHAD
(442371-A)

The Condensed Consolidate Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2016.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE THREE (3)-MONTHS FPE 31 AUGUST 2016 *(CONT'D)*

VIZIONE HOLDINGS BERHAD (442371-A)
(Formerly known as Atral Supreme Berhad)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 31 AUGUST 2016

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	ATTRIBUTABLE TO THE OWNER OF THE PARENT						
	Non-distributable					Distributable	
GROUP	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	ICLUS RM'000	Warrant Reserve RM'000	Accumu-lated Losses RM'000	TOTAL EQUITY RM'000
As at 1 Jun 2016	58,373	6,994	5,527	331	4,418	(59,429)	16,214
Total comprehensive profits for the 1st financial quarter ended 31 Aug 2016	-	-	-	-	-	121	121
As at 31 Aug 2016	58,373	6,994	5,527	331	4,418	(59,308)	16,335
As at 1 Jun 2015	58,372	6,994	5,527	331	4,418	(59,542)	16,100
Total comprehensive profits for the financial year ended 31 May 2016	-	-	-	-	-	113	113
Issuance of shares pursuant to warrants exercised	1	-	-	-	-	-	1
As at 31 May 2016	58,373	6,994	5,527	331	4,418	(59,429)	16,214

The Condensed Consolidate Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2016.

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DIRECTOR: DATO' NG AUN HOOI
VIZIONE HOLDINGS BERHAD
(442371-A)

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE THREE (3)-MONTHS FPE 31 AUGUST 2016 *(CONT'D)*

VIZIONE HOLDINGS BERHAD (442371-A)

(Formerly known as Atral Supreme Berhad)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 31 AUGUST 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	3 Months Ended 31 Aug 2016 (UNAUDITED) RM'000	3 Months Ended 31 Aug 2015 (AUDITED) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers and others receivables	9,379	6,427
Cash payments to suppliers and employees	(9,763)	(6,148)
Cash flow (used in)/from operation	(384)	280
Tax payable	(116)	(38)
Net cash (used in)/from operating activities	**(500)**	**241**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	-	(635)
Cash flow from withdrawal of fixed deposit	-	52
Deferred expenses	-	(15)
Net cash used in investing activities	-	**(599)**
CASH FLOW FROM FROM FINANCING ACTIVITIES		
Interest paid	(11)	(22)
Amount due to/(from) director	414	-
Hire purchase creditor	(58)	414
Repayment of finance lease creditor/term loan	-	(23)
Net cash from financing activities	**345**	**369**
Net (decrease)/increase in cash and cash equivalents	**(155)**	**11**
Cash and cash equivalent at beginning of the period	**1,828**	**1,497**
Cash and cash equivalent at end of period	**1,673**	**1,508**
CASH AND CASH EQUIVALENT AT END OF PERIOD CONSISTS OF :-		
Cash and bank balances	**1,673**	**1,508**

The Condensed Consolidate Statement of Cash flow should be read in conjunction with the Audited Financial Statements for the year ended 31 May 2016.

CERTIFIED TRUE COPY

....

DIRECTOR: DATO' NG AUN HOOI
VIZIONE HOLDINGS BERHAD
(442371-A)

VIZIONE HOLDINGS BERHAD

(Company No.442371-A)
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Incorporated in Malaysia

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2016

PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134 : INTERIM FINANCIAL REPORTING

A1) Basis of preparation

The condensed financial statement are unaudited and have been prepared in accordance with the provision of Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The unaudited interim financial report contains condensed consolidated financial statement for the 1st financial quarter from 1 June 2016 to 31 August 2016, and should be read in conjunction with the Group's audited financial statements presented in the Annual Report for financial year ended 31 May 2016. The notes include an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since financial year ended 31 May 2016.

A2) Significant accounting policies and application of MFRS

(a) Standards issued and effective

Amendments to accounting standards that are effective for the Group and the Company's financial year beginning on or after 1 January 2015 are as follows:

- Amendments to MFRS 1, "First-time Adoption of Malaysian Financial Reporting Standards" (Annual Improvements 2011-2013 Cycle)
- Amendments to MFRS 2, "Share-based Payment" (Annual-Improvements 2010-2012 Cycle)
- Amendments to MFRS 3, "Business Combinations" (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 8, "Operating Segments" (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 13, "Fair Value Measurement" (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 116, "Property, Plant and Equipment" and MFRS 138, "Intangible Assets" (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 119, "Defined Benefit Plans Employee Contribution"
- Amendments to MFRS 124, "Related Party Disclosures" (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 140, "Investment Property" (Annual Improvements 2011-2013 Cycle)

VIZIONE HOLDINGS BERHAD

(Company No.442371-A)
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Incorporated in Malaysia

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2016

A2) **Significant accounting policies and application of MFRS (Cont'd)**

(a) Standards issued and effective (Cont'd)

The above amendments to accounting standards effective during the financial year do not have any significant impact to the financial results and position of the Group and the Company.

(b) Standards issued but not yet effective

Accounting standards and amendments to accounting standards that are applicable for the Group and the Company in the following periods but are not yet effective:

Annual periods beginning on/after 1 January 2016

- Amendments to MFRS 5 Non-Current Assets Held for Sale and Discontinued Operations
- Amendments to MFRS 7 Financial Instruments: Disclosures
- Amendments to MFRS 11 Joint Arrangements
- Amendments to MFRS 101 Presentation of Financial Statements
- Amendments to MFRS 116 Property, plant and equipment
- Amendments to MFRS 119 Employee Benefits
- Amendments to MFRS 127 Separate Financial Statements
- Amendments to MFRS 134 Interim Financial Reporting
- Amendments to MFRS 138 Intangible assets

Annual periods beginning on/after 1 January 2017

- Amendments to MFRS 107 Statement of Cash Flows
- Amendments to MFRS 112 Income Taxes

Annual periods beginning on/after 1 January 2018

- MFRS 9 Financial Instruments
- MFRS 15 Revenue from Contracts with Customers

VIZIONE HOLDINGS BERHAD

(Company No.442371-A)
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Incorporated in Malaysia

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2016

A2) **Significant accounting policies and application of MFRS (Cont'd)**

(c) Standards issued but effective date yet to be determined by the Malaysian Accounting Standards Board

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

The Group and Company are in the process of assessing the impact of MFRS 9 and MFRS 15 in the year of initial application. Aside from the above mentioned, the adoption of the accounting standards and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Group and the Company.

Annual periods beginning on/after 1 January 2019

- MFRS 16 Leases

(d) Standards not relevant and not yet effective

Accounting standards and amendments to accounting standards that are not relevant and not yet effective for the Group and the Company are as follows:

- Amendments to MFRS 10, MFRS 12 and MFRS 128, "Investment Entities: Applying the Consolidation Exception"
- MFRS 14, "Regulatory Deferral Accounts"
- Amendments to MFRS 116 and MFRS 141, "Agriculture: Bearer Plants

A3) **Audit report**

The Auditors' Report of the preceding annual financial statements for the financial year ended 31 May 2016 was not subject to any audit qualification.

A4) **Seasonal or cyclical factors**

The Group's performance is not significantly affected by seasonal and cyclical factors.

A5) **Individually significant items**

There were no significant items affecting assets, liabilities, equity, net income or cash flows during the reporting quarter ended 31 August 2016.

VIZIONE HOLDINGS BERHAD

(Company No.442371-A)
(Formerly known as Astral Supreme Berhad)
Incorporated in Malaysia

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2016

A6) **Material changes in estimates used**

There were no significant changes in the nature and amount of estimates reported in the prior interim period of the current financial quarter or prior years that have a material effect on the current financial quarter ended 31 August 2016 under review.

A7) **Debt and equity securities**

Save as disclosed below, there were no other issuance, cancellations, repurchase, resale and repayments of debts and equity securities during the current financial quarter ended 31 August 2016 under review and the Company had not engaged in any share buyback scheme or implemented any share cancellation.

A8) **Dividends paid**

No dividends were declared or paid during the current financial quarter ended 31 August 2016 under review.

VIZIONE HOLDINGS BERHAD

(Company No.442371-A)
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Incorporated in Malaysia

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2016

A9) **Segmental reporting**

Segment information is presented in respect of the Group's business segments which are based on the internal reporting structure presented to the management of the Company. The Group's principal segment businesses are construction and investment holding.

The Group's segmental report for the current financial quarter ended 31 August 2016 under review are as follows:-

	Individual		Cumulative	
	Current Year Quarter Ended 31 Aug 2016 RM'000	Preceding Year Corresponding Quarter Ended 31 Aug 2015 RM'000	Current Y-T-D Ended 31 Aug 2016 RM'000	Preceding Y-T-D Ended 31 Aug 2015 RM'000
TURNOVER				
Construction	8,606	10,134	8,606	10,134
Investment holdings	301	304	301	304
Manufacturing (discontinued)	-	117	-	117
Less: Inter-segment revenue	(301)	(304)	(301)	(304)
Total consolidated revenue	**8,606**	**10,250**	**8,606**	**10,250**
RESULTS				
Construction	657	153	657	153
Investment holdings	(367)	(194)	(367)	(194)
Manufacturing (discontinued)	-	(730)	-	(730)
	290	**(770)**	**290**	**(770)**
Other non-reportable segments	(1)	(2)	(1)	(2)
Provision for taxation	(153)	(38)	(153)	(38)
Interest expenses	(15)	(23)	(15)	(23)
Net loss after tax	**121**	**(833)**	**121**	**(833)**
SEGMENT ASSETS				
Construction			20,692	29,560
Investment holdings			16,388	28,542
Manufacturing (discontinued)			-	9,532
			37,080	**67,633**
Others non-reportable segments			3	3
Elimination of inter-company balances			(12,990)	(25,965)
Consolidated total assets			**24,093**	**41,671**
SEGMENT LIABILITIES				
Construction			16,992	26,584
Investment holdings			2,726	1,639
Manufacturing (discontinued)			-	23,120
			19,718	**51,344**
Others non-reportable segments			30	25
Elimination of inter-company balances			(11,990)	(24,965)
Consolidated total liabilities			**7,758**	**26,404**

VIZIONE HOLDINGS BERHAD

(Company No.442371-A)
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Incorporated in Malaysia

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2016

A10) **Valuation of property, plant and equipment**

There was no valuation on any of the Group's property, plant & equipment during the reporting quarter ended 31 August 2016. The carrying value of property, plant and equipment are based on the amount incorporated in the audited financial statement for financial year ended 31 May 2016.

A11) **Significant events**

There were no events of a material nature to be disclosed in the interim financial statements for the current financial quarter ended 31 August 2016 and to the date of this report.

A12) **Material changes in the composition of the Group**

There were no changes in the composition of the Group during the reporting quarter ended 31 August 2016 and up to the date of this report.

A13) **Contingent liabilities and contingent assets**

There were no material contingent liabilities or assets for the reporting quarter ended 31 August 2016 save and except that the Company has provided a corporate guarantee in favour of Hong Leong Bank Berhad for Term Loan Facilities amounting to RM1.330 million granted to Singatronics (Malaysia) Sdn Bhd ("Singatronics"), a then wholly owned subsidiary of the Company.

A14) **Material events subsequent to the end of the interim financial report**

The management is not aware of any material events subsequent to the end of the interim financial report that have not been reflected in the financial statements for the current financial quarter ended 31 August 2016 under review.

A15) **Capital commitment**

There was no commitment for the purchase of property, plant and equipment not provided for in the current financial quarter ended 31 August 2016.

VIZIONE HOLDINGS BERHAD

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Incorporated in Malaysia

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2016

A16) **Related Party Transactions**

The Group has carried out the following significant transactions with the related parties during the current financial quarter ended 31 August 2016.

	Individual		Cumulative	
	Current Year Quarter Ended 31 Aug 2016 RM'000	Preceding Year Corresponding Quarter Ended 31 Aug 2015 RM'000	Current Y-T-D Ended 31 Aug 2016 RM'000	Preceding Y-T-D Ended 31 Aug 2015 RM'000
(I) Progressive sub-contracting income for the Group construction project	3,363	-	3,363	-
(II) Project management services rendered	700	-	700	-

VIZIONE HOLDINGS BERHAD

(Company No.442371-A)
(Formerly known as Astral Supreme Berhad)
Incorporated in Malaysia

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2016

PART B : ADDITIONAL EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF THE BURSA MALAYSIA SECURITIES BERHAD

B1) **Review of performance – Quarter 1, FY 2017 vs Quarter 1, FY2016**

The Group recorded revenue of RM8.61 million, a decrease of 16% over the preceding year's corresponding quarter, mainly due to the lower billings from the building projects as some of them already completed in quarter 4, FY 2016. The turnover for the current financial quarter was contributed by the construction activities in Tawau and Kota Belud.

The Group's pre-tax profit for the current quarter stood at RM0.27 million, an increase of 134% as compared to the preceding year's corresponding quarter, and this is mainly due to the discontinued of loss making electronic manufacturing services after the disposal of subsidiary, Singatronics (Malaysia) Sdn Bhd on 29 January 2016.

B2) **Material changes in the profit before taxation for the current financial quarter ended 31 August 2016 as compared with the immediate preceding quarter:-**

	Current Year Quarter Ended 31 Aug 2016 RM'000	Immediate Preceding Quarter Ended 31 May 2016 RM'000	Variance %
Revenue	**8,606**	**7,447**	**15.56%**
Profit before taxation	**274**	**664**	**(58.73%)**

Increase in sales revenue for the current financial quarter compared to the immediate preceding quarter was due to the higher progressive claims for the construction activities in Tawau and Kota Belud. The Group's pre-tax profit for the current quarter is 58.73% lower than the immediate preceding quarter was mainly resulting from the absence of the other revenue in current quarter.

VIZIONE HOLDINGS BERHAD

(Company No.442371-A)
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Incorporated in Malaysia

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2016

B3) Future prospects

The Group continue to register encouraging financial results after the improved performance for the financial year ended 31 May 2016.

The existing Tawau and Kota Belud projects are expected to contribute positively to the earning of the Group moving forward. This is in line with the Group's strategy to strengthen its financial position. Arising thereof and due to the favorable outlook of the Program Perumahan Rakyat (PPR) projects, the Group views the venture into PPR projects as promising and wishes to increase its involvement in PPR projects.

The Group will continue to seek and secure new business opportunities and to expand its existing business in the construction and development sectors. The new subcontract works demonstrates the Board's initiative in pursuing continuing growth in its construction business. The Board believes the new subcontract works will lead to an expansion of the Group's existing construction activities and contribute positively to the Group's future financial performance.

B4) Variance on profit forecast / profit guarantee

The group is not subject to any profit forecast and/or profit guarantee.

B5) Taxation

	Individual		Cumulative	
	Current Year Quarter Ended 31-Aug-2016 RM'000	Preceding Year Corresponding Quarter Ended 31-Aug-2015 RM'000	Current Y-T-D ended 31-Aug-2016 RM'000	Preceding Y-T-D Ended 31-Aug-2015 RM'000
In respect of current quarter:-				
Income Tax	153	38	153	38
Deferred Tax	-	-	-	-
	153	38	153	38

VIZIONE HOLDINGS BERHAD

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Incorporated in Malaysia

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2016

B6) **Additional notes to the Comprehensive Income Statement**

The following items have been charged and credited in arriving at the Profit/(Loss) before taxation:-

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter Ended 31 Aug 2016 RM'000	Preceding Year Corresponding Quarter Ended 31 Aug 2015 RM'000	Current Y-T-D Ended 31 Aug 2016 RM'000	Preceding Y-T-D Ended 31 Aug 2015 RM'000
Building and office rental	45	146	45	146
Depreciation of Property, plant and equipment ("PPE")	66	233	66	233
Interest expenses	15	22	15	22
Inventories written off	-	59	-	59
Loss on disposal of inventories	-	33	-	33
Reliased gains on foreign exchange	-	7	-	7

B7) **Corporate Proposals**

At the Extraordinary General Meeting ("EGM") held on 9 September 2016, the shareholders have approved the multiple proposals as set out in the Notice of EGM dated 17 August 2016 by way of poll. The multiple proposals include the following:

(1) Proposed Par Value Reduction
(2) Proposed Capital Reserve Reduction
(3) Proposed Share Premium Reduction
(4) Proposed Rights Issue with Warrants
(5) Proposed Shares Issuance Scheme (SIS)
(6) Proposed Amendments to the Memorandum of Association
(7) Proposed Change of Name from "Astral Supreme Berhad" To "Vizione Holdings Berhad"

The Proposed Capital Reorganisation would serve to rationalise the financial position of Astral by reducing the accumulated losses which would better reflect the value of the Group as represented by available assets. The Board is of the view that as part of the on-going efforts to strengthen the Company's financial position, it is imperative that the accumulated losses be set-off which will enable the financial position of the Group to be more closely reflective of the value of the underlying assets of Group and to meet its objective of attaining a better financial position moving forward.

VIZIONE HOLDINGS BERHAD

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2016

B7) **Corporate Proposals (Cont'd)**

Additionally, the Group intends to raise funds from the Proposed Rights Issue with Warrants to, amongst others, undertake more sub-contract works for PPR Projects as part of its turnaround plan. The Board is of the view that the PPR Projects would contribute positively to the future earnings of the Group based on our experience in the Melaka PPR Projects' contribution to the improvement of the Group's financial performance as well as the favourable outlook for PPR Projects.

Please refer to the Company's announcement dated 17 August 2015 for details of the proposals.

B8) **Group Borrowings**

Details of the Group's bank borrowings as at 31 Aug 2016 are as follows:-

	Current	Non-current
	RM'000	RM'000
Secured	205	257
Total	205	257

VIZIONE HOLDINGS BERHAD

(Company No.442371-A)
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Incorporated in Malaysia

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2016

B9) **Material litigations**

Save as disclosed below, the management is not aware of any pending material litigation which will have a material effect on the financial position or the business of the Group and the Board is not aware of any proceedings pending or threatened against the Group or of any fact likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group at the date of this report:

Tay Chye Huat vs Astral Supreme Berhad and 2 others
(Kuala Lumpur High Court Suit No. 22NCVC-482-08/2013)

The Plaintiff is claiming a sum of RM1,400,000 together with interest and cost for 2 loan agreements, a total of RM1,000,000 ("1st Loan") and RM600,000 ("2nd Loan") respectively, executed between the Plaintiff and S.G. Silk Screen Industries Sdn Bhd (SG Silk), a former subsidiary of the Company. The Plaintiff is alleging that the Company and its director, Cherng Chin Guan (resigned on 7 Nov 2014), had misrepresented to the Plaintiff that the Company will provide a corporate guarantee to the Plaintiff as a security for the loans and such representations had induced him to provide the 2nd Loan to SG Silk.

On 14 January 2015, the Board has announced that, the High Court of Kuala Lumpur had on 7 January 2015 dismissed the Plaintiff's claim in the above suit with costs of RM 10,000 to be paid to the defendants.

On 5 February 2015, the Plaintiff has filed an appeal against the decision of the High Court Judge pronounced on 7 January 2015. However, the Court of Appeal has on 22 October 2015, allowed the Plaintiff's appeal against the Company and had order a sum of RM600,000 with interest of 5% per annum from the date of the Writ i.e.6 August 2013 until the full realization together with costs for the Court of Appeal and High Court, jointly at RM20,000.

The Company has filed a motion for leave to appeal to the Federal Court on 19 November 2015. The solicitor are of the opinion that there is a fairy good chance in obtaining the leave as the proposed questions of law are good arguable novel points of law and are matters of public importance as the case involved a public listed company. Furthermore, the solicitors are of the view that upon successfully obtaining leave to appeal to the Federal Court, the Company would have a good arguable case in the appeal proper. The Court has had fixed this matter for the next case management on 12 January 2017.

VIZIONE HOLDINGS BERHAD

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2016

B10) Dividends

No dividend has been proposed and paid for during the current financial quarter ended 31 August 2016 and the previous audited financial year ended 31 May 2016.

B11) Earnings / (loss) per share

	Individual		Cumulative	
	Current Year Quarter Ended 31 Aug 2016	Preceding Year Corresponding Quarter Ended 31 Aug 2015	Current Y-T-D Ended 31 Aug 2016	Preceding Corresponding Y-T-D Ended 31 Aug 2015
a) **Basis earnings/(loss) per-share**				
Profits/(loss) attributable to the owners of parent ('000)	121	(833)	121	(833)
Total weighted average number of ordinary shares in issue ('000)	291,864	291,859	291,864	291,859
Basis earnings/(loss) per share (sen)	0.04	(0.29)	0.04	(0.29)
b) **Diluted earnings/(loss) per-share**				
Profit/(loss) attributable to the owners of parent ('000)	121	(833)	121	(833)
Total weighted average number of ordinary shares in issue ('000)	291,864	291,859	291,864	291,859
Adjusts for:				
Assuming full conversion of ICLUS	3,548	3,548	3,548	3,548
Assuming full conversion of Warrants A 11/16	38,727	38,727	38,727	38,727
Assuming full conversion of Warrants B 13/18	70,402	70,402	70,402	70,402
	404,541	404,536	404,541	404,536
Diluted earnings/(loss) per-share (sen)	0.03	(0.21)	0.03	(0.21)

VIZIONE HOLDINGS BERHAD

(Company No.442371-A)
(Formerly known as Astral Supreme Berhad)
Incorporated in Malaysia

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2016

B12) **Status of utilisation of proceeds**

There were no proceeds raised from any corporate proposals during the last audited financial statement for the financial year ended 31 May 2016 and to the date of this report.

B13) **Authorisation for issue**

The interim financial report were authorised for issue by the Board of Directors in accordance with resolution of the directors on 25 October 2016.

VIZIONE HOLDINGS BERHAD (442371-A)

(formerly known as ASTRAL SUPREME BERHAD)

Registered Office:

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan

28 DEC 2016

To: Shareholders of Vizione Holdings Berhad ("Vizione" or "Company")

Dear Sir/Madam,

On behalf of the Board of Directors of Vizione ("Board"), I wish to report that after making due enquiries in relation to our Company and subsidiary companies ("Group") during the period between 31 May 2016 (being the date on which the latest audited consolidated financial statements have been made up) to the date thereof, being a date not earlier than fourteen (14) days before the date of this Abridged Prospectus that:

(i) in the opinion of the Board, the business of our Group has been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

(iii) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) save as disclosed in this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(v) since the last audited consolidated financial statements of our Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and

(vi) save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the results of our Group since the last audited consolidated financial statements of our Group.

Yours faithfully
For and behalf of the Board of
VIZIONE HOLDINGS BERHAD

DATO' NG AUN HOOI
Managing Director

No. C-0-12, Plaza Damas 3, Jalan Hartamas 1, 50480 Kuala Lumpur, Malaysia
Tel: (+603) 6211 9008 Fax: (+603) 6201 0088
www.vizione.com.my

ADDITIONAL INFORMATION

1. SHARE CAPITAL

1.1 Save for the Rights Shares, Warrants-C, as well as new Shares to be issued pursuant to the exercise of the Warrants-C and the Adjustment Warrants-B, no securities in our Company will be allotted or issued on the basis of this AP later than twelve (12) months after the date of the issue of this AP.

1.2 As at the date of this AP, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.

1.3 As at the LPD, save as disclosed below, no person has been or is entitled to be granted an option to subscribe for any of our securities:

(a) the Entitled Shareholders who will be allotted the Provisional Rights Shares with Warrants-C under the Rights Issue with Warrants; and

(b) up to fifteen percent (15%) of the issued and paid-up share capital of our Company (excluding treasury shares, if any) can be issued at any one time during the duration of the SIS for the eligible persons after completion of the Rights Issue with Warrants. As at the LPD, the SIS has not been implemented.

2. REMUNERATION OF DIRECTORS

The provisions in our Articles of Association in respect of the arrangements for the remuneration of Directors are as follows:

(a) The fees payable to the Directors shall from time to time be determined by an ordinary resolution of our Company in general meeting PROVIDED THAT such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting. Any Director holding office for a part of a year shall be entitled to a proportionate part of such fee;

(b) Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;

(c) Salaries payable to executive Directors may not include a commission on or percentage of profit or turnover;

The Directors shall also be paid such travelling, hotel and other expenses properly and reasonably incurred by them in the execution of their duties including any such reasonable expenses incurred in connection with their attendance at meetings of the Directors, any committee of the Directors or in connection with the business of our Company; and

(d) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of our Company or in giving special attention to the business of our Company as a member of a committee of Directors, our Company may remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors. Extra remuneration payable to non-executive Director(s) shall not include a commission or percentage of profits or turnover.

3. MATERIAL CONTRACTS

Save as disclosed below, neither we nor our subsidiaries have entered into any other material contract (not being contracts entered into in the ordinary course of business) within the two (2) years immediately preceding the date of this AP:

(i) Deed Poll executed by our Company constituting the Warrants;

(ii) The SSA between Vizione and the Purchasers dated 26 January 2016, for the Disposal as announced by our Company on 26 January 2016. The Disposal was completed on 29 January 2016;

(iii) The HOA between Vizione Development and Paragon Residencia dated 1 July 2016 to express the parties' intentions to enter into a Joint Venture to under the Sri Kembangan Project; and

(iv) The Supplemental HOA between Vizione Development and Paragon Residencia dated 25 November 2016 where the parties have mutually agreed to extend the time period for negotiation and finalization of the terms and conditions of the Joint Venture within 180 days from the date of the Supplemental HOA.

4. MATERIAL LITIGATION

Save as disclosed below, neither our Company nor our subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position or business of our Group and the Board is not aware of any proceedings pending or threatened against our Group or of any fact likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group.

Tay Chye Huat vs (1) Vizione Holdings Berhad (2) Cherng Chin Guan
(Federal Court Civil Application No.: 08-526-11/2015)

The Plaintiff, Tay Chye Huat, is claiming a sum of RM1,400,000 together with interest and cost for 2 loan agreements, a total of RM1,000,000 ("1st Loan") and RM600,000 ("2nd Loan") respectively, executed between the Plaintiff and SG Silk, a former subsidiary of our Company.

The Plaintiff is alleging that our Company and its director, Cherng Chin Guan, had misrepresented to the Plaintiff that our Company will provide a corporate guarantee to the Plaintiff as a security for the loans and such representations had induced him to provide the 2nd Loan to SG Silk.

This matter has proceeded for full trial on 10 July 2014, 11 July 2014, 14 July 2014, 9 September 2014, 10 September 2014 and 10 October 2014.

The Plaintiff claim was dismissed by the High Court on 7 January 2015 and the Plaintiff lodged an appeal to the Court of Appeal against the decision of the High Court.

On 22 October 2015, the Court of Appeal reversed the decision of the High Court and ordered our Company needs to pay the Plaintiff a sum of RM600,000.00 together with interest calculated at the rate of 5% per annum from 6.8.2013 till full payment of the same. The Court of Appeal also ordered our Company to pay a cost of RM20,000.00 to the Plaintiff.

As leave (permission) of the Federal Court is required before our Company can appeal against the decision of the Court of Appeal, our Company had on 19 November 2015 filed an application seeking for leave of the Federal Court to appeal against the decision of the Court of Appeal dated 22 October 2015. The application is fixed for case management on 12 January 2017 pending the parties obtaining the written grounds of judgment from the judges presiding at the Court of Appeal. The Company has since then obtained the written grounds of judgement on 1 December 2016. Following this, a case management was fixed on 16 December 2016 wherein the Court has fixed the hearing of the leave application on 28 February 2017. The case management initially fixed on 12 January 2017 has been vacated.

The solicitors of our Company are of the view that our Company had a good chance of obtaining the leave from the Federal Court and also the subsequent appeal against the decision of the Court of Appeal after obtaining the leave from Federal Court.

5. GENERAL

5.1 There is no existing or proposed service contract entered or to be entered into by our Company with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this AP.

5.2 Save as disclosed in this AP and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:

(i) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

(ii) material commitments for capital expenditure of our Group;

(iii) unusual or infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;

(iv) known trends or uncertainties that have had or that our Group reasonably expects will have, a material favourable or unfavourable impact on our Group's revenue or operating income;

(v) substantial increase in revenues; and

(vi) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

6. CONSENTS

The Adviser, Company Secretaries, Principal Bankers, Share Registrar, Solicitors for the Rights Issue with Warrants and Bloomberg Finance LP have given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names and all references thereto in the form and context in which they appear in this AP.

The written consent of our Reporting Accountants and Auditors to the inclusion in this AP of their names and letter relating to the pro forma consolidated statements of financial position of our Group as at 31 May 2016, the audited consolidated financial statements of our Group for the FYE 31 May 2016, and all references thereto in the form and context in which they appear have been given before the issuance of this AP and have not subsequently been withdrawn.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period of twelve (12) months from the date of this AP:

(i) our Memorandum and Articles of Association;

(ii) the audited financial statements of our Group for the 17-month FPE 31 May 2015 and FYE 31 May 2016;

(iii) the latest unaudited consolidated financial results of our Group for the three (3) months FPE 31 August 2016 as set out in **Appendix V** of this AP;

(iv) the Reporting Accountants' letter on the compilation of the pro forma consolidated statements of financial position as at 31 May 2016 as set out in **Appendix III** of this AP;

(v) the Undertakings as referred to in Section 3.5 of this AP;

(vi) the Directors' Report referred to in **Appendix VI** of this AP;

(vii) the Deed Poll dated 9 December 2016;

(viii) the letters of consent referred to in Section 6 above;

(ix) the material contracts referred to in Section 3 above; and

(x) the relevant cause papers in respect of the material litigation referred to in Section 4 above.

8. RESPONSIBILITY STATEMENT

This AP together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

TA Securities, being the Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

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CHANGES IN COMPOSITION OF THE BOARD AND DIRECTORS' SHAREHOLDINGS

Our Company had also experienced changes in the Board, which all past Directors have been replaced. The details of the Board and the changes from 1 March 2014 up to the LPD are set out below:

No.	Name	Designation	Date of appointment	Date of resignation	Reasons for resignation
(1)	Cherng Chin Guan	Executive Director	17 April 2009	7 November 2014	Due to other work commitment
(2)	Yap Chi Keong	Independent Non-Executive Director	24 August 2009	7 November 2014	Due to other work commitment
(3)	Lee Heng Khen	Executive Director	17 March 2010	7 March 2014	Due to other business commitment
(4)	Ong Tai Chin @ Wong Tai Chin	Managing Director	20 September 2011	5 March 2014	Ceased to be a substantial shareholder
(5)	Edlin Bin Ghazaly	Chairman, Independent Non-Executive Director	26 June 2013	7 November 2014	Due to other work commitment
(6)	Wong Kwai Wah	Executive Director	5 March 2014	-	-
(7)	Datuk Chai Woon Chet	Executive Director	5 March 2014, redesignated on 29 May 2015	-	-
(8)	Chong Loong Men	Independent Non-Executive Director	7 March 2014	26 May 2014	Due to personal commitments and time constraints arising from his intention to focus on building his own professional practice
(9)	Dato' Ir Mohamad Shokri Bin Abdullah	Independent Non-Executive Director	7 March 2014	-	-
(10)	Andrew Lim Piow Tiang	Independent Non-Executive Director	7 March 2014	-	-
(11)	Dato' Ng Aun Hooi	Managing Director, Executive Director	7 March 2014, redesignated on 29 May 2015	-	-
(12)	Datuk Nur Jazlan Bin Mohamed	Chairman, Independent Non-Executive Director	7 November 2014	29 July 2015	Due to his appointment as Deputy Home Minister
(13)	Datuk Dr Raman Bin Ismail	Chairman, Independent Non-Executive Director	1 October 2015	-	-

CHANGES IN COMPOSITION OF THE BOARD AND DIRECTORS' SHAREHOLDINGS *(CONT'D)*

The changes in Directors' shareholdings for the past one (1) year and up to 30 December 2016 are set out below:

	No. of Vizione Shares			
	As at 22 December 2015	**Acquired**	**Disposed**	**As at 30 December 2016**
Direct interests:				
Datuk Dr Raman Bin Ismail	-	-	-	-
Dato' Ng Aun Hooi	3,001,000	4,200,000	-	7,201,000
Datuk Chai Woon Chet	300,000	-	-	300,000
Wong Kwai Wah	1,000,000	11,000,000	-	12,000,000
Andrew Lim Piow Tiang	-	-	-	-
Dato' Ir Mohamad Shokri bin Abdullah	-	-	-	-
Indirect interests:				
Datuk Dr Raman Bin Ismail	-	-	-	-
Dato' Ng Aun Hooi	-	410,900	-	410,900
Datuk Chai Woon Chet	100,000	-	-	100,000
Wong Kwai Wah	-	-	-	-
Andrew Lim Piow Tiang	-	-	-	-
Dato' Ir Mohamad Shokri bin Abdullah	-	-	-	-

Save for the shareholdings of Dato' Ng Aun Hooi, Datuk Chai Woon Chet and Wong Kwai Wah in our Company as stated above, none of our Company's Directors have shareholdings, whether directly or indirectly in our Company. Please refer to ***Section 3.5*** *and* ***Section 4*** *of* ***Appendix II*** *of this AP for further details.*

BACKGROUND INFORMATION IN RELATION TO INVESTIGATIVE REVIEWS

On 2 May 2014, our Board announced that PKFA had been appointed on 30 April 2014 to conduct an investigative review on certain transactions and balances of our Group in respect of our Group's audit for the FYE 31 December 2013 which was highlighted by MAAC, i.e. unusual sales transactions, outstanding trade receivables, unusual large payments, deposit without supporting documentation and unresolved company debts of SG Cambodia ("Issues"), referred to as the Stage 1 Investigative Review. On 29 May 2014, the Board announced that PKFA had completed the Stage 1 Investigative Review.

On 30 May 2014, the Board announced that the audited financial statements of Astral for FYE 31 December 2013 contained a Qualified Opinion and Emphasis of Matter as follow:

(i) Qualified Opinion

Our Group had entered into a sales contract with Sphairon during the FYE 31 December 2012 amounting to RM41.08 million. The contract was subsequently terminated by Sphairon during the FYE 31 December 2013. Pursuant to the sales contract, PPE and inventory were acquired with carrying amount of RM2.73 million and RM2.41 million respectively as at 31 December 2013. In view of the uncertainty over the continued usage of the PPE and the subsequent sales of the inventories, MAAC was unable to obtain sufficient evidence to ascertain the recoverability of the PPE and inventory as at 31 December 2013.

(ii) Emphasis of Matter

MAAC has highlighted the following emphasis of matter:

(a) our Group had reversed revenue amounting to approximately RM4.88 million during the FYE 31 December 2013 due to certain unusual sales; and

(b) there were unauthorized unusual large payments amounting to approximately RM12.84 million alleged to be made by the former Managing Director of Astral, namely, Ong Tai Chin @ Wong Tai Chin during the FYE 31 December 2013.

In view of the findings of the Stage 1 Investigative Review, the Audit Committee was of the view that it was necessary for the extension of the scope of work covered by PKFA as well as the period reviewed. As a result, our Board had on 8 August 2014 announced the appointment of CHI to conduct an investigative review on the financial statements of Vizione Group for the FYE 31 December 2011, FYE 31 December 2012 and FYE 31 December 2013. The reason for change of Investigative Auditor from PKFA to CHI was due to cost consideration.

The scope of work by CHI included review on unusual sales transactions, outstanding trade receivables, unusual large payments, deposits without supporting documentation and contra property as partial settlement that were not highlighted by MAAC and performed by PKFA for FYE 31 December 2013. However, equal emphasis of work on the highlighted areas were to be carried out by CHI for the FYE 31 December 2011 and FYE 31 December 2012 which also formed part of the further investigation to be performed at a later stage as mentioned in the PKFA Report. In addition, the scope of work of CHI includes retroactive review of transactions, review of company records, review of management accounts, perceptive interviews, review of personnel files of selected staffs and authorized manual documents and record searches if required in selected staff offices.

BACKGROUND INFORMATION IN RELATION TO INVESTIGATIVE REVIEWS (*CONT'D*)

On 28 November 2014, our Board announced that CHI had completed the Stage 2 Investigative Review. However, on 2 March 2015, the Audit Committee had a meeting with Bursa Securities, wherein Bursa Securities requested CHI to extend the scope of the Stage 2 Investigative Review and ensure the findings are included in an updated CHI report. On 24 June 2015, the Board announced that CHI had completed the Extended Stage 2 Investigative Review.

Following the findings by PKF and CHI, our Board had made the appropriate adjustments and the financial results for FYE 31 December 2013 is reflective of such adjustments after consultation with MAAC. An independent consulting firm, TASB, was appointed to provide an independent evaluation on the effectiveness of the Group's internal control system. Measures and recommended remedial actions were executed accordingly to rectify the weakness within a reasonable time frame.

In addition, our Board had also suspended and lodged a police report against the said former Managing Director, namely Ong Tai Chin @ Wong Tai Chin and filed a legal suit against him for inter-alia, breach of statutory duty, breach of fiduciary duty and breach of duty of care that caused our Group to suffer losses. Due to his failure to enter appearance, the Court had on 28 October 2014, allowed and awarded Vizione claim against the said former Managing Director for general damages of the losses suffered of approximately RM15.51 million with interest of 5% per-annum until the full settlement.

Kindly refer to **Appendix X** for key findings from the Investigative Reviews, measures taken and outcome as well as the summary of measures undertaken by Vizione Group to strengthen its corporate governance, for further details.

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KEY FINDINGS FROM THE INVESTIGATIVE REVIEWS, MEASURES TAKEN AND FURTHER MEASURES ADOPTED BY VIZIONE TO STRENGTHEN ITS CORPORATE GOVERNANCE

(I) Key findings from the Investigative Reviews

A summary of the key findings of the PKFA Report and CHI Report undertaken by PKFA and CHI respectively, the current and future financial and operational impact to our Group as well as the steps/ actions taken or proposed to be taken by Vizione are set out below:

(i) PKFA Report (Stage 1 Investigative Review)

<table>
<tr><th>No.</th><th>Key findings</th><th>Financial / operational impact to our Group</th></tr>
<tr><td>(1)</td><td><u>Unusual sales transactions of RM4.82 million recorded in the FYE 31 December 2013</u>
<table>
<tr><th>Customer</th><th>RM'million</th></tr>
<tr><td>KPT Manufacturing</td><td>2.14</td></tr>
<tr><td>VESSB</td><td>1.46</td></tr>
<tr><td>MRSB</td><td>1.22</td></tr>
<tr><td>Total</td><td>4.82</td></tr>
</table>
The veracity of these sales transactions are questionable and could not be reasonably determined.</td><td>The reversal of revenue recognized for the unusual sales transactions that reduces our Group's revenue and trade receivables by RM4.82 million for FYE 31 December 2013.</td></tr>
<tr><td>(2)</td><td><u>Outstanding trade receivables as at 31 December 2013</u>
<table>
<tr><th>Customer</th><th>RM'million</th></tr>
<tr><td>NAM</td><td>1.06</td></tr>
<tr><td>KPT Manufacturing</td><td>2.32</td></tr>
<tr><td>VESSB</td><td>1.46</td></tr>
<tr><td>MRSB</td><td>1.22</td></tr>
<tr><td></td><td>6.06</td></tr>
<tr><td>Other customers</td><td>0.68</td></tr>
<tr><td>Less: Collective impairment</td><td>(1.65)</td></tr>
<tr><td>Total</td><td>5.09</td></tr>
</table>
The amount owing from KPT Manufacturing, VESSB and MRSB were reversed as a result of item (1) above.

The amount owing from NAM had been outstanding for more than 12 months and the recoverability is low. NAM is not related to any directors and/or major shareholders of Vizione.

Pursuant to the PKFA Report and company searches conducted on the abovementioned companies, the companies do not appear to be related to the directors and/or major shareholders of Vizione.</td><td>Management had provided for impairment loss of RM1.06 million on amount due from NAM and reversal of impairment loss of RM1.65 million on collective impairment of trade receivables.

The reversal of RM4.82 million as mentioned in item (1) above collectively reduces trade receivables for FYE 31 December 2013.</td></tr>
</table>

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KEY FINDINGS FROM THE INVESTIGATIVE REVIEWS, MEASURES TAKEN AND FURTHER MEASURES ADOPTED BY VIZIONE TO STRENGTHEN ITS CORPORATE GOVERNANCE *(CONT'D)*

<table>
<tr><th>No.</th><th>Key findings</th><th>Financial / operational impact to our Group</th></tr>
<tr><td>(3)</td><td><u>Unusual large payments</u>

The unusual large payments made in FYE 31 December 2013 are as follows:

<table>
<tr><th>Payee</th><th>RM'million</th></tr>
<tr><td>SSW (a)</td><td>3.38</td></tr>
<tr><td>TMSB (b)</td><td>1.20</td></tr>
<tr><td>NSB (c)</td><td>2.00</td></tr>
<tr><td>L7 (d)</td><td>1.04</td></tr>
<tr><td>Total</td><td>7.62</td></tr>
</table></td><td></td></tr>
<tr><td></td><td>(a) SSW was purportedly engaged to carry out R&D works by Singatronics. Advance payment made to SSW was classified as prepayments, advance to creditors and other creditors. PKFA noted that there were no actual R&D works being carried out despite payment advances made to SSW.</td><td>The overall total payment which has been made to SSW amounted to RM3.78 million, out of which RM0.40 million was collected by Vizione Group after the issuance of PKFA Report. Our Company has impaired the remaining RM3.38 million payment made to SSW.</td></tr>
<tr><td></td><td>(b) TMSB was purportedly engaged in respect of the order of moulding and plastic components for EASYBOX as mentioned in Appendix XI of this AP. Singatronics had advanced RM1.20 million to TMSB. Due to the Restructuring Exercise, which led to the withholding of the sales order, Singatronics had directed that the money be refunded to Sphairon. The refund to Sphairon instead of Singatronics is illogical since Singatronics was our company who advanced the money to TMSB.</td><td>Impairment loss of RM1.20 million on payment made to TMSB.</td></tr>
<tr><td></td><td>(c) Singatronics had sub-contract a purchase order to NSB and had advanced payment to NSB for that purpose. However, the purchase order was subsequently cancelled by the customer and Singatronics had directed that the money be refunded to Sphairon (as explained in (b) above). The refund to Sphairon instead of Singatronics is illogical.

The refund to Sphairon as mentioned in Note (3)(b) and Note (3)(c) above were requested by a Director of Singatronics which does not appear to be valid. The intention is not known.</td><td>Impairment loss of RM2.00 million on payment made to NSB.</td></tr>
</table>

KEY FINDINGS FROM THE INVESTIGATIVE REVIEWS, MEASURES TAKEN AND FURTHER MEASURES ADOPTED BY VIZIONE TO STRENGTHEN ITS CORPORATE GOVERNANCE *(CONT'D)*

<table>
<tr><th>No.</th><th>Key findings</th><th>Financial / operational impact to our Group</th></tr>
<tr><td></td><td>(d) L7 was purportedly engaged to carry out R&D works by Singatronics. Advanced payment of RM0.97 million made to L7 was charged as R&D expenses. Another RM 0.07 million (RM0.04 million + RM0.03 million) was classified as prepayment and advance to creditors, respectively. PKFA noted that there were no actual R&D works being carried out despite the advance payments.</td><td>Impairment loss of RM1.04 million on payment made to L7. The advance payment of RM0.97 million was already charged to profit or loss account for the FYE 31 December 2013. PKFA suggested RM0.07 million to be adjusted from balance sheet item to profit or loss account for the FYE 31 December 2013. In summary, total of the impairment loss was RM1.04 million (RM0.97 million + RM0.07 million).</td></tr>
<tr><td>(4)</td><td><u>Deposits without supporting documents</u>
Details of deposits without supporting documents in Vizione Construction's AFS are as follows:
<table>
<tr><th>Details</th><th>Amount RM'million</th></tr>
<tr><td>Ng See Kim ("NSK")[(a)]</td><td>0.05</td></tr>
<tr><td>BFD [(b)]</td><td>0.32</td></tr>
<tr><td>HRD [(b)]</td><td>0.28</td></tr>
<tr><td>HCT [(b)]</td><td>0.09</td></tr>
<tr><td>SVM [(b)]</td><td>0.15</td></tr>
<tr><td>Mohd Nazari bin Abdul Rashid [(c)]</td><td>2.00</td></tr>
<tr><td>Total</td><td>2.89</td></tr>
</table>
(a) Payment made without proper documentation. Hence, the nature of the expense cannot be established. The Board intends to impair this amount in the 17-month FPE 31 May 2015.

(b) Vizione Construction had purportedly entered into identical contracts with BFD, HRD, HCT and SVM for services pertaining to a physical study in respect of a Cheras project where the relevant land title mentioned Bandar Petaling Jaya in November 2013. Advanced payments were made to all four (4) companies. Only BFD and HRD had refunded the deposits in January 2014.</td><td>The deposit made to NSK was not refunded and it was not proposed for impairment by MAAC as it was below their materiality threshold. Our Company had provided impairment loss of RM0.05 million on deposit paid to NSK for the 17-month FPE 31 May 2015 financial result.

BFD and HRD had refunded the deposits to Vizione in January 2014. Hence, our Group only provided for impairment loss of RM0.24 million against amounts due from HCT and SVM in audited financial statements for FYE 31 December 2013.</td></tr>
</table>

KEY FINDINGS FROM THE INVESTIGATIVE REVIEWS, MEASURES TAKEN AND FURTHER MEASURES ADOPTED BY VIZIONE TO STRENGTHEN ITS CORPORATE GOVERNANCE *(CONT'D)*

No.	Key findings	Financial / operational impact to our Group
(4)	Deposits without supporting documents *(cont'd)* (c) A sum of RM2.0 million has been paid, purportedly as a deposit tender for a project which is related to the "Link Project from Mainland to Penang Island" pursuant to an agreement dated 20 December 2012 which was signed by the former Managing Director of our Company, Ong Tai Chin @ Wong Tai Chin on behalf of Vizione and Mohamad Nazari bin Abdul Rashid. It was noted from the PKFA Report that the agreement dated in December 2012 denotes that the RM2.0 million was effectively a "down payment" in advance of the 3% commission arising from the construction contracts worth at least RM150.0 million. Further, the agreement dated in December 2012 also mentioned that Mohamad Nazari bin Abdul Rashid will undertake to refund the said amount in the event he was unable to deliver the contract within one (1) year, and that the former Managing Director of our Company, Ong Tai Chin @ Wong Tai Chin has the right to extend or to demand a full refund of the RM2.0 million.	Our Company noted that the former Managing Director of our Company, Ong Tai Chin @ Wong Tai Chin was potentially in breach of statutory duty under Section 132 of the Companies Act, 1965, breach of fiduciary duty and breach of duty of care that caused our Group suffered losses of RM15.51 million. Therefore, our Company had filed a legal suit against Ong Tai Chin @ Wong Tai Chin in his capacity as the former Managing Director of our Company. Subsequently, judgement was granted in favour of Vizione. Following thereto, the RM2.0 million as a deposit tender for a project (paid to Mohamad Nazari Bin Abdul Rashid) has been impaired in the book for the FYE 31 December 2013 as recommended by PKFA.
(5)	Amount owing by SG Cambodia and land contra During 2013, Vizione had made a payment of RM2.0 million on SG Cambodia's behalf to a foreign bank as partial settlement of a loan defaulted by SG Cambodia. In addition, PKFA also noted that an amount owing by SG Cambodia of RM7.99 million which has been outstanding since 2011. Hence, the amount owing by SG Cambodia increased to RM9.99 million as at FYE 31 December 2013. RM0.50 million was eventually received by Vizione on 24 January 2014.	Impairment loss of RM9.49 million due from SG Cambodia had been provided as there is insufficient evidence to substantiate further settlement of amount due from SG Cambodia, apart from the RM0.50 million received, as it had ceased operation in 2011.

(ii) CHI Report (Stage 2 Investigative Review)

No.	Key Findings	Financial/ Operational impact to our Group
(1) (2) (3)	Subsequent to 31 December 2013, Singatronics has collected RM0.70 million from MRSB during the period from 1 January 2014 to 31 July 2014. From the subsequent collection review for the nine (9) months period ended 30 September 2014, the proposed audit adjustments and/or sales reversal proposed by MAAC for FYE 31 December 2013 were fairly provided. From the review of the audited financial statements of Vizione for the FYE 31 December 2011 and FYE 31 December 2012, no material findings were noted and identified.	Apart from the impacts in the PKFA's report mentioned above, there is no additional financial or operational impact to our Group.

(iii) CHI Report (Extended Stage 2 Investigative Review)

No.	Key Findings	Financial/ Operational impact to our Group
(1)	<u>Unusual sales transactions for FYE 31 December 2011 to FYE 31 December 2013</u>	
	(a) From the review of sales journal, source documents such as invoices, delivery orders and other relevant documents, CHI have not noted any unusual sales transactions for FYE 31 December 2011 and FYE 31 December 2012.	There is no financial or operational impact to our Group.
	(b) For the FYE 31 December 2013, Vizione had reversed sales transactions of RM4.82 million as the veracity are questionable and could not be reasonably determined at the time of the statutory audit. As at 31 May 2015, Singatronics had collected RM1.22 million from those sales reversed in FYE 31 December 2013.	The subsequent collection of RM1.22 million was treated as other income for the 17-month FPE 31 May 2015.

Customer	RM' million	Subsequent collection to 31 May 2015 RM' million
KPT Manufacturing	2.14	
VESSB	1.46	-
MRSB	1.22	1.22
Total	**4.82**	**1.22**

KEY FINDINGS FROM THE INVESTIGATIVE REVIEWS, MEASURES TAKEN AND FURTHER MEASURES ADOPTED BY VIZIONE TO STRENGTHEN ITS CORPORATE GOVERNANCE *(CONT'D)*

<table>
<tr><th>No.</th><th>Key Findings</th><th>Financial/ Operational impact to our Group</th></tr>
<tr><td>(2)</td><td><u>Outstanding trade receivables for FYE 31 December 2013</u>

The trade receivables of Singatronics stood at RM0.79 million after reversal of sales of RM4.82 million and impairment loss of RM1.06 million made by the MAAC in the audited financial statements for FYE 31 December 2013.

From 1 January 2014 to 31 May 2015, Singatronics had collected RM1.22 million from those reversals of sales transactions.</td><td>The subsequent collection of RM1.22 million was treated as other income for the 17-month FPE 31 May 2015.</td></tr>
<tr><td>(3)</td><td><u>Unusual large payments for FYE 31 December 2011 to FYE 31 December 2013</u></td><td></td></tr>
<tr><td></td><td>(a) From the review of unusual large payments for FYE 31 December 2011 and FYE 31 December 2012, CHI noted that there were no proper board resolutions or documents to substantiate the advances extended by Ex-Directors of Vizione, Singatronics and others to Singatronics for working capital purposes. Hence, the repayment of advances is questionable other than those confirmation given by third parties.</td><td>There are weaknesses in internal control of Singatronics.</td></tr>
<tr><td></td><td>(b) Based on review of the unusual large payments for FYE 31 December 2013, it is noted that Vizione had provided for impairment loss on the following accounts reflected in other receivables and prepayments in FYE 31 December 2013:

<table>
<tr><th>Payee</th><th>RM' million</th><th>Subsequent collection RM' million</th><th>Action taken</th></tr>
<tr><td>SSW</td><td>3.38</td><td>0.40</td><td>Issue legal letter of demand</td></tr>
<tr><td>TMSB</td><td>1.20</td><td>-</td><td>As above</td></tr>
<tr><td>NSB</td><td>2.00</td><td>2.00</td><td>-</td></tr>
<tr><td>L7</td><td>1.04</td><td>-</td><td>As above</td></tr>
<tr><td>TOTAL</td><td>7.62</td><td>2.40</td><td></td></tr>
</table></td><td>The subsequent collection of RM2.40 million was treated as other income for the 17-month FPE 31 May 2015.</td></tr>
<tr><td></td><td>(c) In FYE 31 December 2013, Singatronics had made payment of RM0.40 million and RM3.50 million to lawyers acting for Singatronics as deposit and stakeholders' fund for the purchase of a property in Kulim. Toward the end of FYE 31 December 2013, the Board of Vizione had decided not to proceed with the purchase of the property. From 17 March 2014 to 31 May 2015, total amount of RM3.75 million were refunded to Singatronics.</td><td>Vizione is negotiating the legal fees and expects to receive the balance of RM0.15 million after deducting legal fees.</td></tr>
</table>

KEY FINDINGS FROM THE INVESTIGATIVE REVIEWS, MEASURES TAKEN AND FURTHER MEASURES ADOPTED BY VIZIONE TO STRENGTHEN ITS CORPORATE GOVERNANCE *(CONT'D)*

No.	Key Findings	Financial/ Operational impact to our Group
(3)	Unusual large payments for FYE 31 December 2011 to FYE 31 December 2013 *(cont'd)* (d) On 25 July 2013, Singatronics had placed an order with Sweng Maju Sdn Bhd for the purchase of Machinery and Equipment ("M&E") for an amount of RM2.84 million. Vizione Group had made payment of RM0.65 million to Sweng Maju Sdn Bhd and the M&E was delivered to Singatronics's premises. The M&E was never put into use due to cancellation of sales orders from Sphairon in 2013. On 28 April 2014, Sweng Maju Sdn Bhd brought an action against Singatronics claiming for recovery of RM1.537 million with interest at a rate of 5% per annum from 7 April 2014 until the date of Judgment in the Pulau Pinang High Court.	Vizione may have to provide for contingent liabilities of RM1.54 million if Singatronics losses the legal suit in Pulau Pinang High Court.
(4)	Amount owing by SG Cambodia and payment via contra of land For FYE 31 December 2013, Vizione had provided for impairment loss of RM9.49 million due from SG Cambodia, an associate of our Group, in its audited financial statements as there is insufficient evidence to substantiate further settlement of amount due from SG Cambodia, apart from RM0.5 million received on 28 April 2014 as partial settlement of outstanding sum.	The impairment loss of RM9.49 million on SG Cambodia was fairly provided in FYE 31 December 2013.
	On 3 January 2014, Vizione had made a further payment of RM1.76 million on SG Cambodia's behalf to the foreign bank. The RM1.76 million was the full and final settlement of loan defaulted by SG Cambodia. Cumulatively, Vizione had made payment of RM4.36 million to the foreign bank for loans of RM7.75 million defaulted by SG Cambodia.	The impairment loss on RM1.76 million was provided in the 31 March 2014 quarterly financial result.
	The solicitors in charge for the transfer the 8 land titles are in the midst of executing the transfer in favour of Vizione. The indicative value of the said property of RM1.50 million, based on management's representation and is to be utilised as partial settlement to the outstanding sum due from SG Cambodia to Vizione.	The recoverability of RM1.50 million arising from the transfer of property shall be treated as other income for the 17-month FPE 31 May 2015. However, based on the valuation conducted on 12 August 2015, the land is valued at RM0.80 million, and it was reflected as other income for the audited 17-month FPE 31 May 2015 instead of RM1.50 million.
(5)	Retroactive review of Company records and management accounts of Singatronics CHI have not noted any unusual transactions other than those disclosed in Sections (1) to (4) above.	There is no financial or operational impact to our Group for FYE 31 December 2013.

KEY FINDINGS FROM THE INVESTIGATIVE REVIEWS, MEASURES TAKEN AND FURTHER MEASURES ADOPTED BY VIZIONE TO STRENGTHEN ITS CORPORATE GOVERNANCE *(CONT'D)*

No.	Key Findings	Financial/ Operational impact to our Group
(6)	Conduct of interview with key management of Singatronics Based on the interview with senior management of Singatronics, CHI noted the following:	
	(a) All agreements, purchasing contracts and sales contracts entered into by Singatronics with third parties were executed by the former Managing Director of Vizione. He might have overridden the proper accounting procedures and the requirements of proper documentation when transacting with external parties.	There are weaknesses in internal control of Singatronics.
	(b) No proper board resolutions or documents substantiated the advances extended by Ex-Directors of Vizione, Singatronics and others to Singatronics for working capital purposes. Hence, the repayment of advances is questionable other than those with confirmation given by third parties.	There are weaknesses in internal control of Singatronics.

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(II) Measures taken and outcome

Following the findings of the PKFA and CHI as stated in the above, measures taken by the Board as well as the outcome are set out below:

No.	Measures taken	Outcome
(1)	Make appropriate adjustments to the audited financial statements of Vizione for FYE 31 December 2013 in consultation with MAAC.	Appropriate adjustments had been reflected in the audited financial statements for FYE 31 December 2013.
(2)	Suspended Ong Tai Chin @ Wong Tai Chin and lodged a police report on 28 May 2014 against him.	On 12 August 2014, Vizione ("Plaintiff") has filed a legal suit against Ong Tai Chin @ Wong Tai Chin ("Defendant") in his capacity as the former Managing Director of our Company for inter-alia, breach of statutory duty under Section 132 of the Act, breach of fiduciary duty and breach of duty of care that caused our Group to suffer losses of RM15.506 million ("Losses"). The Losses were discovered by MAAC and PKFA. The Plaintiff is claiming for the following: (i) Damages of RM15.506 million to be paid by the Defendant together with the interest of 5% per annum calculated from the date of judgement sum until the date of full settlement; (ii) Damages to be assessed by the court for the breach of fiduciary duty by the Defendant; (iii) General damages will be assessed by the court for the losses caused by the Defendant's negligence; and (iv) Costs of RM1,850.00 On 28 October 2014, the Plaintiff has entered judgement in default of appearance against the Defendant.
(3)	Formed a committee to reform the risk management and internal control system	The committee was formed on 19 June 2014 and it comprises Mohd Irwan bin Ibrahim (a Marketing Executive of Vizione) and Tan Kim Beng, the General Manager of Singatronics. They are in the midst of performing their roles. The status of the reforms undertaken by this committee is set out in the note below.
(4)	Engaged TASB on 30 June 2014 to carry out internal audit review on Singatronics for the calendar year ended 2014 and subsequent renewal on 10 April 2015 for the calendar year ended 2015 to provide an independent evaluation on the effectiveness of its internal control system. In their internal audit reports dated August 2014 and May 2015, which covered the periods under review from January to May 2014 and October 2014 to March 2015 respectively, TASB had highlighted weaknesses in the design and the functioning or implementation of internal controls.	Incorporate customers' evaluation, background and credit checking into the new Enterprise Resources Planning ("ERP") system of Singatronics. Management's approval is now required for the setting of credit limit for each customer and orders from new customers will only be accepted after successful completion of credit checking process. Resources planning will only be made after management's approval had been obtained. Formed new Standard Operating Procedure ("SOP") for credit control and sales & collection policies and procedures for Singatronics. The SOP will be executed and monitored by credit control committee ("CCC") which comprises director, senior general manager ("SGM") and finance manager of Singatronics. CCC's task include formulating credit control policy ("CCP") and procedures, ensuring proper implementation of CCP to maintain the adequacy and integrity of the control system, and assessing the customers' credit worthiness. CCC will meet fortnightly to discuss issues relating to sales and collection and to review ageing of receivables, to assess customers' credit worthiness, to disapprove further sales when customers' credit limits and credit terms are breached, and to decide appropriate actions to recover long overdue debts.

KEY FINDINGS FROM THE INVESTIGATIVE REVIEWS, MEASURES TAKEN AND FURTHER MEASURES ADOPTED BY VIZIONE TO STRENGTHEN ITS CORPORATE GOVERNANCE *(CONT'D)*

Notes:

No.	*Reforms undertaken by the committee*	*Status*
(1)	*Absence of formal authority limit pertaining to sales activities*	*Effective from November 2014, all sales related activities requires the authorization and approval of the Senior General Manager.* *In absence of sales personnel as mentioned under item (2) below, sales role are currently undertaken by the Program Manager, Encik Annual, who deals directly with all potential customers.*
(2)	*Inadequate sales personnel in our Company*	*Since 2014, Singatronics has undertaken intensive cost cutting exercised to reduce its costs of operation such as scale down its operations and reduction of manpower. The sales performance is expecting to be stable in second half of the year and Singatronics is currently looking into recruitment of sales personnel with competent working experience. However, due to tight budget, the committee is in discussion with recruitment team for suitable recruitment alternative.* *The Program Manager is currently overseeing the sales department. In addition, Singatronics has also outsourced and work closely with other external consultants in the procurement of sales order.*
(3)	*Absence of segregation of duties*	*Access and authority level have been re-organised in the new ERP to ensure that:* *(i) staffs who process sale order are not allowed to modify the Customer Master File;* *(ii) authorized access for modification of the Customer Master File is only granted to the General Manager and/or Senior Manager;* *(iii) as per the Program Manager's recommendations, all sales contracts secured will have to be approved by the Senior General Manager before execution; and* *(iv) customer sales invoice can only be issued by finance department.*
(4)	*Inadequate sales return and customer complaint policies and procedures*	*The policies and operating procedures has been revised and adopted. whereby all sales return and customer complaints are directed to the immediate attention of Senior General Manager and subsequently tacked to the respective department handling under the ISO procedure.*
(5)	*No standard operating procedures on credit approval*	*The SOP and CCP are put in place since November 2014.*
(6)	*Inconsistent practice on delivery order and packing list*	*The operating work flow has been ratified and implemented since November 2014, whereby Shipping Department is responsible to issue packing list and the Store Department is to verify the packaging list against the delivery orders.*
(7)	*Absence of budget for marketing expenditure*	*The budget for marketing expenditure will be allocated once the sales team is formed.*

No.	***Reforms undertaken by the committee***	***Status***
(8)	*Scrap authorisation request*	*The scrap authorization request was adopted since November 2014. The Production Department will initiate the scrap lots to be sold and all scrap valued above RM100 requires the approval of Senior General Manager.*

(III) Accomplishment by our Board to-date

Dato' Ng Aun Hooi, the Managing Director and the two (2) Executive Directors, Datuk Chai Woon Chet and Wong Kwai Wah were appointed to the Board in early March 2014. During the period from March 2014 to LPD, the Board has accomplished the following:

(i) On 11 March 2014, the Board had secured the Melaka PPR Projects with contract value of RM105.0 million for PPR Projects. These projects are Vizione Construction's maiden projects. Vizione Construction has completed the sub-contract works for the Melaka PPR Projects in March 2016. For the 17-month FPE 31 May 2015, our Group registered a significant increase in revenue from approximately RM4.17 million in FYE 31 December 2013 to approximately RM96.36 million for 17-month FPE 31 May 2015, of which approximately RM89.47 million was contributed by Vizione Construction following the commencement of the Melaka PPR Projects. In line with the increase in revenue, our Group incurred a marginal LAT of approximately RM0.90 million for 17-month FPE 31 May 2015 as against LAT of RM25.59 million in FYE 31 December 2013;

(ii) For 17-month FPE 31 May 2015, the Board has recovered RM1.22 million from MRSB in respect of those sales reversed in FYE 31 December 2013 and RM2.40 million from SSW and L7 collectively for purported payment made for R&D works in FYE 31 December 2013;

(iii) During the same financial period, the Board has recovered RM0.8 million from the 51% shareholder of SG Cambodia. Our Company is in the midst of transferring eight (8) land titles for lands situated at Bandar Kuah, Daerah Langkawi, Negeri Kedah with market value of RM0.8 million to its custody; and

(iv) On 28 August 2015 and 3 November 2015, the Board announced that Vizione Construction had received LOAs to undertake sub-contract works for the Tawau PPR Project and Kota Belud PPR Project, respectively.

(IV) Measures to further strengthen the corporate governance of Vizione

(a) Formed an Investment and Business Development Committee

The Board wishes to discharge its responsibility for optimizing the business growth and diversification opportunities through the setting up of an Investment and Business Development Committee ("IBDC" or "Committee").

<u>Composition of the Committee</u>	(i) The Committee shall comprise a minimum of three (3) members of the Board, the majority of members to be Independent Directors of our Company pursuant to the standards for independence adopted by the Board, (ii) At least one member of the Committee shall have expertise in business development.

	(iii) The Committee members shall be appointed by resolution of the Board. Each member shall continue as a member until a successor is appointed, unless the member resigns, or is removed by resolution of the Board or otherwise ceases to be a member of the Board.
Duties and responsibilities of the Committee	(i) review and report to the Board on investment and business development strategies (ii) review, monitor and report to the Board on investments and business development opportunities; (iii) review the economic evaluations of the potential investments and business development opportunities; (iv) review and recommend for theapproval of the Board on investment and business development opportunities; (v) review and report to the Board on the status of the existing investments from time to time with relevant key performance index ("KPI"); and (vi) review and report to the Board on the effectiveness and timeliness of management's execution of specific investments that were approved by the Board.

(b) Appointment of one (1) Independent Director as joint signatory for banking accounts

The Board acknowledges the importance of monitoring the utilization of the proceeds raised from fund raising exercise, including the Rights Issue with Warrants ("Rights Issue Proceeds") and the subsequent payments made by our Group for their intended usage and purposes. The Board shall implement the following:

(i) to appoint an Independent Director as joint signatory for banking accounts relating to the Rights Issue Proceeds. The Independent Director shall review, approve and authorize the payments made by our Group; and

(ii) The management shall submit a monthly report on the status of the utilization of the Rights Issue Proceeds for the review by the Board for the purpose of monitoring the usage of the funds.

(c) Risk management practices ("RMP") and procedures of investment activities and payments made via banking accounts of the Right Issue Proceeds.

RMP and procedures for Investment activities:	(i) IBDC will undertake risk assessment on investment and business development projects proposed by the Board. Risks identified through risk management processes will be discussed, managed, mitigated and monitored by the assigned management units. If the projects risks cannot be mitigated, the projects will be called off or aborted;

<u>RMP and procedures for Investment activities:</u> *(cont'd)*	(ii) If the project risks can be mitigated and the project is financially viable, IBDC, with the assistance of the management, will undertake an economic evaluation of the project to ascertain the cash flows and return on investment before deciding whether or not to invest in the said project; and (iii) After obtaining the Board's preliminary approval on any investment activities, IBDC, with the assistance of the management and external auditors, will conduct a proper due diligence for the investment activities to be undertaken by our Group; (iv) If the outcome of the due diligence is satisfactory, IBDC will recommend to the Board for final approval the investment activities; and (v) Upon receipt of the Board's final approval for the said investment activities, the project team will proceed to undertake the project and provide a monthly status report to the IBDC and the Board for review to ensure timely and effective implementation of the investment activities.
<u>Procedures for payments made via banking accounts of the Right Issue Proceeds</u>	(i) All suppliers' invoices, sub-contractors' claims and statements of accounts ("Payment Documents") shall be checked by an accounts executive against contracts executed, progress claims and other documentary evidences; (ii) All properly checked Payment Documents shall be reviewed by the Chief Financial Officer ("CFO"). Upon satisfactory review by the CFO, he shall instruct the accounts executive to issue cheques for payments; (iii) Thereafter, the cheques together with the Payment Documents shall be submitted to the authorized joint signatories for approval and signing. Payments shall be made to the suppliers, creditors and sub-contractors thereafter; and (iv) The CFO shall submit a monthly status report on the Rights Issue Proceeds to the Board for review to ensure no deviation from the intended utilization.

UTILISATION OF THE PREVIOUS RIGHTS ISSUE EXERCISE WHICH WAS COMPLETED ON 28 JUNE 2013

During the FYE 31 December 2013, our Company raised approximately RM23.47 million from a rights issue exercise which was completed on 28 June 2013. The proceeds were fully utilised by 30 September 2014 in the following manner:

Details	Proposed utilisation RM'000	Actual utilisation RM'000	Excess/ (shortfall) RM'000
(i) Working capital(1)	14,818	16,238	(1,420)
(ii) Repayment of bank borrowings(2)	800	2,754	(1,954)
(iii) Factory renovation and acquisition of new equipment(3)	3,150	1,415	1,735
(iv) R&D expenditure(4)	4,000	2,361	1,639
(v) Defraying expenses in relation to the rights issue exercise	700	700	-
Total	**23,468**	**23,468**	**-**

Notes:

(1) *The detailed breakdown of the working capital are set out below:*

Details	***RM'000***
Advance payment to creditors for R&D (*)	*2,459*
Purchase of components for tooling and moulding	*1,200*
Purchase of mobile jammer signal	*1,297*
Purchase of transformer, design and tooling	*2,000*
Placement of deposits for construction projects (#)	*839*
Salaries and related expenses	*2,370*
Rental of premises	*195*
General and direct overheads	*1,185*
Payment to trade creditors	*4,693*
Total	***16,238***

* *The advance payment comprises approximately RM2.39 million to SSW and approximately RM0.07 million to L7 for their respective R&D works on the development of SHM project and WIFI Modem project. As per the PKFA Report, SSW and L7 were purportedly engaged to carry out R&D works for Singatronics. However, it was noted that there were no actual R&D works being carried out. Kindly refer to* ***Appendix X*** *of this AP for further details of the PKFA Report.*

\# *The placement of deposits which comprises approximately RM0.32 million to BFD, approximately RM0.28 million to HRD, approximately RM0.09 million to HCT and approximately RM0.15 million for SVM. As per the PKFA Report, ASC had purportedly entered into identical contracts with BFD, HRD, HCT and SVM for services pertaining to a physical study in respect of construction of a Cheras project where the relevant land title mentioned Bandar Petaling Jaya in November 2013. Kindly refer to* ***Appendix X*** *of this AP for further details of the PKFA Report.*

(2) *The repayment of bank borrowings of approximately RM2.75 million which comprised hire purchase instalment of approximately RM0.73 million and settlement payment of RM2.03 million to a foreign bank for loans defaulted by SG Cambodia. These had resulted in interest savings of approximately RM0.13 million for FYE December 2013.*

(3) *Pursuant to Sphairon Sales Order where Singatronics was supposed to produce a type of telecommunication product i.e. EASYBOX modem, Singatronics had acquired surface mount technology ("SMT") robotic system amounting to approximately RM2.73 million, of which approximately RM0.49 million formed part of the acquisition of plant and machinery, and factory renovation of approximately RM1.42 million. The high speed SMT machines are capable of producing high precision broad range of electronic components such as capacitors, resistors, integrated circuits onto PCBs which are used in computers, consumer electronics as well as industrial, medical, automotive, military and telecommunications equipment.*

In May 2013, Sphairon was acquired by ZyXEL through a restructuring exercise ("Restructuring Exercise"). In view that ZyXEL has an existing manufacturing outfit located in Shenzhen, China i.e. Shenzen Gonjin Electronics Co., Ltd which also produces telecommunication products, Sphairon had terminated Sphairon Sales Order in FYE December 2013.

Our Board was initially of the opinion that the SMT System can be used for our Group's future business operations as it enhances production efficiency when building higher range of electronic products. However, as our Board has planned to focus on the construction, property development and property investment activities segment, the SMT System was disposed of during the 17-month FPE 31 May 2015 for a total consideration of approximately RM1.20 million. The loss on disposal, amounting to RM1.29 million, and depreciation charges of approximately RM0.24 million for the SMT System were recognised and provided for in the audited consolidated financial statements of our Company for the 17-month FPE 31 May 2015. The SMT System has been installed but was not being used prior to it being disposed-off during the 17-month FPE 31 May 2015.

(4) *The R&D expenditure comprises approximately RM1.39 million payment to SSW for "Sonic Head Massager" project and approximately RM0.97 million payment to L7 for WIFI Modem project. As per PKFA Report, SSW and L7 were purportedly engaged to carry out R&D works for Singatronics. However, it was noted that there were no actual R&D works being carried out. Further details of the PKFA Report is set out in* ***Appendix X*** *of this AP.*

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DETAILS OF THE PUBLIC REPRIMAND ON THE FORMER DIRECTORS OF OUR COMPANY

Pursuant to the public reprimand issued by Bursa Securities via its letter dated 2 November 2016 and the announcement dated 23 December 2016 as stated in Section 2 (iv) of this AP, the following sets out further details of the public reprimand on the former directors of our Company:

No.	Directors	Breaches	Penalties
1.	Ong Tai Chin @ Wong Tai Chin Executive Director appointed on 20 September 2011, re-designated to Managing Director on 10 November 2011 and Non-Independent Non-Executive Director on 24 January 2014. Resigned on 5 March 2014	IA Breaches	Public reprimand and fine of RM30,000
		Financial Reporting Breaches	Public reprimand and fine of RM510,000
2.	Cherng Chin Guan Executive Director appointed on 17 April 2009. Resigned on 7 November 2014	IA Breaches	Public reprimand and fine of RM30,000
		Financial Reporting Breaches	Public reprimand and fine of RM260,000
3.	Lee Heng Khen Independent Non-Executive Director appointed on 17 March 2010, re-designated to Independent Non-Executive Chairman on 10 November 2011, Executive Chairman on 14 February 2012, Executive Director on 21 December 2012 and Non-Independent Non-Executive Director on 5 March 2014. Resigned on 7 March 2014.	IA Breaches	Public reprimand and fine of RM20,000
		Financial Reporting Breaches	Public reprimand and fine of RM104,000
4.	Yap Chi Keong Independent Non-Executive Director appointed on 24 August 2009 and re-designated to Independent Non-Executive Chairman on 21 December 2012 and Independent Non-Executive Director on 3 March 2014. Audit Committee member appointed on 24 August 2009, re-designated to Audit Committee Chairman on 23 November 2009, Audit Committee member on 21 November 2012 and back to Audit Committee Chairman on 3 March 2014. Resigned on 7 November 2014.	IA Breaches	Public reprimand and fine of RM40,000
		Financial Reporting Breaches	Public reprimand and fine of RM29,000

DETAILS OF THE PUBLIC REPRIMAND ON THE FORMER DIRECTORS OF OUR COMPANY *(CONT'D)*

No.	Directors	Breaches	Penalties
5.	Wee Tiew Toon Independent Non-Executive Director appointed on 17 April 2009. Audit Committee member appointed on 23 February 2010. Retired on 26 June 2013.	IA Breaches	Public reprimand and fine of RM40,000
6.	Dato' Sri Ooi Chieng Sim Executive Director appointed on 1 October 2010 and re-designated to Non-Independent Non-Executive Director on 16 August 2011. Resigned on 28 February 2012	IA Breaches during the FYE 31 December 2011 until his resignation on 28 February 2012	Public reprimand
7.	Abdul Gaffor bin Sahul Hamid Non-Independent Non-Executive Director and Audit Committee member appointed on 26 August 2011. Retired on 29 June 2012	IA Breaches during his tenure from 26 August 2011 to 29 June 2012	Public reprimand and fine RM10,000
8.	Dato' Siew Boon Yeong Independent Non-Executive Director and Audit Committee Chairman appointed on 21 December 2012. Resigned on 25 July 2013	IA Breaches (on the misstatement in our Company's AR 2012 only)	Public reprimand and fine of RM10,000
9.	Edlin bin Ghazaly Independent Non-Executive Director/ Chairman and Audit Committee member appointed on 26 June 2013. Resigned on 7 November 2014	Financial Reporting Breaches	Public reprimand and fine of RM29,000

INFORMATION ON THE PPR PROJECTS

Further details on the PPR Projects currently being pursued by our Group are as follows:

1. MACHANG PPR PROJECT

Project details		
Main contractor	:	Elite Appeal
Owner of the project	:	JPN
Location of the project	:	Lot 901, 992, 993, 2708 & 2709, Mukim Dewan, Machang, Kelantan
Nature of sub-contract and scope of work	:	Construction of 500 units of 5-storey medium low cost apartments
Land size	:	Approximately 16.36 acres
Current usage	:	Plantation (privately owned and presently unoccupied)
Estimated contract sum	:	RM58.0 million
Duration of the contract	:	36 months
Method of awarding the contract	:	Direct negotiation
Status of the project	:	On 20 October 2015, Elite Appeal has received the letter of intent from KPKT. On 18 December 2015, Vizione Construction had submitted a proposal to Elite Appeal, the main contractor for the Machang PPR Project. On 3 March 2016, KPKT and Elite Appeal undertaken negotiations on the final price for the award of the project. The LOA between Elite Appeal and KPKT was issued on 22 April 2016 and the award was accepted on 4 May 2016. On 19 July 2016, Elite Appeal has submitted the Kebenaran Merancang for the Machang PPR Project and is pending for approval. As at the LPD, the Letter of Acceptance from Elite Appeal to engage Vizione Construction to undertake the sub-contract works for the Machang PPR Project is pending to be issued, subject to the final price negotiation between both parties. The Machang PPR Project shall be completed within a period of 36 months from the date of site possession. Barring unforeseen circumstances, the project shall commence by 1st half of 2017. The appointment of Vizione Construction as the sub-contractor for the Machang PPR Project does not require the approval of JPN.

Corporate information on Elite Appeal

Elite Appeal was incorporated in Malaysia on 4 April 2005 under the Act as a private limited company. Elite Appeal is principally involved in construction and housing development. Elite Appeal is a Bumiputera contractor registered with Ministry of Works and MOF.

As at the LPD, Elite Appeal has an authorized share capital of RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each ("Elite Appeal Shares"), of which 1,050,000 Elite Appeal Shares have been issued and fully paid-up.

The directors of Elite Appeal are Mohd Irwan Nizar Bin Md Jamil, Wan Razali Bin Wan Mustapha and Mohd Hakimi Ikmal Bin Mohammad Rahim. The shareholders of Elite Appeal together with their shareholdings of Elite Appeal are set out below:

Shareholders	No. of Elite Appeal Shares held	%
Mohd Irwan Nizar Bin Md Jamil	735,000	70.0
Wan Razali Bin Wan Mustapha	315,000	30.0
Total	**1,050,000**	**100.0**

2. LAHAD DATU PPR PROJECT

Project details		
Main contractor	:	PRSB
Owner of the project	:	JPN
Location of the project	:	NT 113005655, Jalan Manau, Lahad Datu, Sabah
Nature of sub-contract and scope of work	:	Construction of 500 units of 5-storey medium low cost apartments
Land size	:	15.77 acres
Current usage	:	Plantation (privately owned and presently unoccupied)
Estimated contract sum	:	RM60.0 million
Duration of the contract	:	36 months
Method of awarding the contract	:	Direct negotiation
Status of the project	:	On 9 June 2015, PRSB received the letter of intent from KPKT. On 21 July 2015, Vizione Construction had submitted a proposal to PRSB, the main contractor for the Lahad Datu PPR Project. On 31 March 2016, KPKT and PRSB undertook negotiations on the final price for the award of the project. The LOA between PRSB and KPKT was issued and the award was accepted on 15 April 2016. On 22 June 2016, PRSB has submitted the Kebenaran Merancang for the Lahad Datu PPR Project. As at the LPD, the Letter of Acceptance from PRSB to engage Vizione Construction to undertake the sub-contract works for the Lahad Datu PPR Project is pending to be issued subject to the final price negotiation between both parties.

Status of the project *(cont'd)*	:	The Lahad Datu PPR Project shall be completed within a period of 36 months from the date of site possession. Barring unforeseen circumstances, the project shall commence by 1st half of 2017. The appointment of Vizione Construction as the sub-contractor for the Lahad Datu PPR Project does not require the approval of JPN.

Corporate information on PRSB

PRSB was incorporated in Malaysia on 4 May 1998 under the Act as a private limited company. PRSB is principally engaged in building and civil engineering as well as construction. PRSB is a Class A Bumiputera Contractor with PKK and Grade G7 contractor with CIDB.

As at the LPD, PRSB's authorized share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each ("PRSB Shares"), of which 750,000 PRSB Shares have been issued and fully paid-up.

The directors of PRSB are Siti Salasiah Binti Mohd Yunus, Hafizi Bin Che Hamzah and Nuraini Binti Awang Besar. The shareholders of PRSB are set out below:

Shareholders	**No. of PRSB Shares held**	**%**
Siti Salasiah Binti Mohd Yunus	412,500	55.0
Hafizi Bin Che Hamzah	337,500	45.0
Total	**750,000**	**100.0**

3. SEMPORNA PPR PROJECT

Project details		
Main contractor	:	Kuasa Lumpadang
Owner of the project	:	JPN
Location of the project	:	Kampung Bugaya, Daerah Semporna, Sabah
Nature of sub-contract and scope of work	:	Construction of 1,000 units of medium low cost townhouse
Land size	:	32.29 acres
Current usage	:	Plantation (privately owned and presently unoccupied)
Estimated contract sum	:	RM100.0 million
Duration of the contract	:	36 months
Method of awarding the contract	:	Direct negotiation
Status of the project	:	On 5 January 2016, Vizione Construction submitted a proposal to Kuasa Lumpadang, the main contractor for the Semporna PPR Project. Main contractor is directly negotiating with KPKT, but Kuasa Lumpadang has not secured the project to-date. The site visit to the proposed area/land at Semporna, Sabah was conducted on 17 December 2016. As at the LPD, Semporna PPR Project is pending the issuance of letter of intent from KPKT to Kuasa Lumpadang.

Project details		
Status of the project	:	The Letter of Acceptance from Kuasa Lumpadang to engage Vizione Construction to undertake the sub-contract works for the Semporna PPR Project is pending to be issued subject to the issuance of the LOA between Kuasa Lumpadang and KPKT, and the final price negotiation between Vizione Construction and Kuasa Lumpadang. The Semporna PPR Project shall be completed within a period of 36 months from the date of site possession. Barring unforeseen circumstances, the project shall be secured by the 2nd Quarter 2017. The appointment of Vizione Construction as the sub-contractor for the Semporna PPR Project does not require the approval of JPN.

Corporate information on Kuasa Lumpadang

Kuasa Lumpadang was incorporated in Malaysia on 13 June 2011 under the Companies Act 1965 of Malaysia as a private limited company with an authorised share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each ("Kuasa Lumpadang Shares"), of which 775,000 ordinary Kuasa Lumpadang Shares have been issued and fully paid-up. Kuasa Lumpadang is engaged in the business of general contractor, land and housing developer, interior design and other construction works. It is registered with Kementerian Pembangunan Sumber dan Kemajuan Teknologi Maklumat with bumiputera status and is a registered Grade G7 contractor with CIDB.

The Directors of Kuasa Lumpadang are Ahmad Farduain Bin Ismail and Richa Sipaina Jusilie. The shareholders of Kuasa Lumpadang are as follows:

Shareholders	**No. of Kuasa Lumpadang Shares held**	**%**
Ahmad Farduain Bin Ismail	53,475	6.90
Roney Julius	395,250	51.00
Richa Sipaina Jusilie	326,275	42.10
Total	**775,000**	**100.0**

4. KUALA NERUS PPR PROJECT

Project details		
Main contractor	:	Tulangis Maju
Owner of the project	:	JPN
Location of the project	:	Bukit Berangan, Kuala Nerus, Terengganu
Nature of sub-contract and scope of work	:	Construction of 1,000 units of single-storey medium low cost terrace houses
Land size	:	17.52 acres
Current usage	:	Plantation (privately owned and presently unoccupied)
Estimated contract sum	:	RM90.0 million

Project details		
Duration of the contract	:	36 months
Method of awarding the contract	:	Direct negotiation
Status of the project	:	On 16 October 2015, Vizione Construction had submitted a proposal to Tulangis Maju, the main contractor for the Kuala Nerus PPR Project. Tulangis Maju is directly negotiating with KPKT, but Tulangis Maju has not secured the project to-date. As at LPD, the Kuala Nerus PPR Project is pending the finalisation of field work. On 14 January 2016, KPKT went for a site visit with Tulangis Maju's representative to the proposed area/land at Kuala Nerus, Terengganu. Tulangis Maju is awaiting KPKT to accept the proposed land and conceptual design prior to the issue of the Letter of Intent to Tulangis Maju. The Letter of Acceptance from Tulangis Maju to engage Vizione Construction to undertake the sub-contract works for the Kuala Nerus PPR Project is pending to be issued subject to the issuance of the LOA between Tulangis Maju and KPKT, and the final price negotiation between Vizione Construction and Tulangis Maju. The Kuala Nerus PPR Project shall be completed within a period of 36 months from the date of execution of contract with KPKT. Barring unforeseen circumstances, the project shall be secured by 1st half of 2017. The appointment of Vizione Construction as the sub-contractor for the Kuala Nerus PPR Project does not require the approval of JPN.

Corporate information on Tulangis Maju

Tulangis Maju was incorporated in Malaysia on 24 October 2000 under the Act as a private limited company. Tulangis Maju is principally involved in carrying the business of building and property contractor. Tulangis Maju is a Bumiputera contractor registered with Ministry of Works and MOF, Class A Bumiputera Contractor with PKK and Grade G7 contractor with CIDB.

As at the LPD, Tulangis Maju has an authorized share capital of RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each ("Tulangis Maju Shares"), of which 1,250,100 Tulangis Maju Shares have been issued and fully paid-up.

The directors of Tulangis Maju are Liew Che Shiong@ Sisiong Bin Minsuin and Mohd Habiel Ikram Bin Mohamed Rahim. The shareholders of Tulangis Maju together with their shareholdings of Tulangis Maju are set out below:

Shareholders	**No. of Tulangis Maju Shares**	**%**
Mohd Sharzali Bin Lasiman	225,030	18.0
Liew Che Shiong @ Sisiong Bin Minsuin	525,070	42.0
Mohd Habiel Ikram Bin Mohamed Rahim	500,000	40.0
Total	**1,250,100**	**100.0**

5. BALING PPR PROJECT

Project details		
Main contractor	:	Inspirasi Perkasa
Owner of the project	:	JPN
Location of the project	:	Kampung Gua Rebam, Daerah Baling, Kedah
Land size	:	87.64 acres
Current usage	:	Plantation (privately owned and presently unoccupied)
Nature of sub-contract and scope of work	:	Construction of 1,000 units of single-storey medium low cost terrace houses
Estimated contract sum	:	RM120.0 million
Duration of the contract	:	36 months
Method of awarding the contract	:	Direct negotiation
Status of the project	:	On 4 September 2015, Vizione Construction had submitted a proposal to Inspirasi Perkasa, the main contractor for the Baling PPR Project. Inspirasi Perkasa is directly negotiating with KPKT, but Inspirasi Perkasa has not secured the project to-date. As at LPD, the Baling PPR Project is pending the finalisation of field work. On 1 October 2015, KPKT and Inspirasi Perkasa went for a site visit to the proposed area/land at Baling, Kedah. Inspirasi Perkasa is awaiting KPKT to accept the proposed land and conceptual design to issue the Letter of Intent to Inspirasi Perkasa. The Letter of Acceptance from Inspirasi Perkasa to engage Vizione Construction to undertake the sub-contract works for the Baling PPR Project is pending to be issued subject to the issuance of the LOA between Inspirasi Perkasa and KPKT, and the final price negotiation between Vizione Construction and Inspirasi Perkasa. The Baling PPR Project shall be completed within a period of 36 months from the date of execution of contract with KPKT. Barring unforeseen circumstances, the project shall be secured by 1st half of 2017. The appointment of Vizione Construction as the sub-contractor for the Baling PPR Project does not require the approval of JPN.

Corporate information on Inspirasi Perkasa

Inspirasa Perkasa was incorporated in Malaysia on 23 September 1993 under the Act as a private limited company. Inspirasa Perkasa is principally involved in project management and construction work. Inspirasa Perkasa is a Bumiputera contractor registered with Ministry of Works and MOF.

As at the LPD, Inspirasa Perkasa has an authorized share capital of RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each ("Inspirasa Perkasa Shares"), of which 1,500,002 Inspirasi Perkasa Shares have been issued and fully paid-up.

The directors of Inspirasi Perkasa are Nor Azlina Binti Mohd Arabee, Mohd Zulhisham Bin Mohd Razi and Puteri Hafida Ifliani Binti M. Rahim. The shareholders of Inspirasi Perkasa are set out below:

Shareholders	**No. of Inspirasi Perkasa Shares held**	**%**
Norasmah Binti Mohamed Hashim	560,000	37.33
Roslan Bin Mohd Nor	490,002	32.67
Mohamed Hasnan Bin Che Hussin	450,000	30.00
Total	**1,500,002**	**100.00**

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Further details on the HOA and the Sri Kembangan Project are as follows:

1. Information on Vizione Development and Paragon Residencia

(a) Vizione Development

Vizione Development was incorporated in Malaysia as a private limited company under the Act on 6 January 2012. The authorised share capital of Vizione Development as at to date is RM100,000 divided into 100,000 ordinary shares of RM1.00 each ("Vizione Development Shares"). The issued and paid-up share capital of Vizione Development is RM2 comprising of two (2) Vizione Development Shares. Vizione Development is principally a property project and development company.

Vizione Development is a wholly-owned subsidiary of Vizione. The directors of Vizione Development are Dato' Ng Aun Hooi and Wong Kwai Wah.

(b) Paragon Residencia

Paragon Residencia was incorporated in Malaysia as a private limited company under the Act on 18 December 2013. The authorised share capital of Paragon Residencia as at 27 June 2016 is 400,000 ordinary shares of RM1.00 each ("Paragon Residencia Shares"). The issued and paid-up share capital of Paragon Residencia is RM2 comprising of two (2) Paragon Residencia Shares. The company is presently dormant and the intended business activity is property development.

The sole shareholder of Paragon Residencia is Paragon Mastery Sdn Bhd. The directors of the company are Wan Nasir Bin Wan Mustafha, Wan Norhayati Binti Wan Mustafha and Gregory Amos Yoon Peng Sum.

2. Information on the Sri Kembangan Project

Joint venture project details		
Parties	:	Paragon Residencia and Vizione Development
Location of the project	:	P.T. 50606, Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan
Land area	:	Approximately 3.2 acres
Land tenure	:	Leasehold
Existing usage	:	Agriculture[(i)]
Encumbrances	:	Nil
Nature of development	:	Proposed development of 256 units of 28 storey apartments consisting of: (i) 21 storeys of apartments; (ii) 1 storey of facility (comprising among other gym facilities, children playground, facilities for sports activities); and (iii) 6 storeys of lobby and podium car parks (comprising of 1 storey for lobby and 5 storeys of podium car parks).
Status of the project	:	Vizione Development had on 16 June 2016 issued a Letter of Intent to Paragon Residencia to express its intention to commence discussion and negotiation for participation in the proposed development of the Sri Kembangan Project. On 1 July 2016, Vizione Development and Paragon Residencia entered into a HOA to express the parties' intentions to undertake the Joint Venture.

Joint venture project details	
	The Sri Kembangan Project is currently at the initial conceptual planning stage which shall include feasibility and market studies (e.g. types of developments, costing and pricing of the units as well as operational considerations) to be carried out. The Sri Kembangan Project is expected to commence in the first quarter of 2017 and shall be completed within five (5) years. Paragon Residencia will be acquiring the Sri Kembangan Land from its holding company, namely, Paragon Mastery Sdn Bhd. Paragon Residencia shall receive approximately 20% of the GDV (approximately RM30.45 million) for its entitlement as the Landowner of the Sri Kembangan Land, under the Joint Venture.

Note:

(i) *The landowner will only convert the land status from "agriculture" to "residential" and/or "commercial" after the Joint Venture agreement has been executed as it involves the payment of a conversion premium to the land office.*

The estimated GDV and GDC (inclusive of land cost) for the Sri Kembangan Project is RM152.22 million and RM123.99 million respectively, yielding an estimated GP of RM28.23 million. The actual GDV and total costs will depend on the final architectural design and the progressive development of the project. This amount covers, inter-alia, the construction costs, marketing and administrative expenses, consultant fees, other statutory charges/ authority fees and contingency cost.

The estimated profits to be derived from the Sri Kembangan Project is set out below:

Details	RM'000	% of GDV
Revenue	**152,224**	
Cost of Land:		
Land and related cost	(30,445)	20.00
Other costs:		
Consultant fees	(4,545)	
Authority fee and contribution	(2,000)	
Construction cost	(76,000)	
Marketing and administrative cost	(9,000)	
Contingency cost	(2,000)	
	(93,545)	61.45
Total cost	**(123,990)**	
GP	**28,234**	18.55

3. SALIENT TERMS OF THE HOA

3.1 Vizione Development and Paragon Residencia (collectively referred to as the "Parties") are desirous to enter into the Joint Venture.

3.2 The Parties agree that the proposed joint venture agreement is subject to the approval from the shareholders of Vizione in relation to the Rights Issue with Warrants ("Shareholders' Approval") and the completion of the Rights Issue with Warrants.

3.3 After a series of negotiations, the Parties are desirous to enter into a joint venture arrangement to develop the Seri Kembangan Project subject inter alia to such terms and conditions to be mutually agreed. The parties herein agree to negotiate and finalise the terms and conditions of the Joint Venture within ninety (90) days from the date of the HOA.

3.4 The Parties herein hereby agree that the Joint Venture will inter alia contain the following salient terms and conditions:

(a) The Parties' entitlement pursuant to the Joint Venture shall be as follows:

Vizione Development - 80% of GDV
Landowner - 20% of GDV ("Landowner's Entitlement")

(b) The GDV of the Seri Kembangan Project shall be subject to such minimum value as shall be agreed by the Landowner;

(c) The payment of the Landowner's Entitlement shall be in such manner as the Landowner may determine;

(d) Vizione Development shall not be allowed to charge or mortgage the Seri Kembangan Project Land;

(e) The Landowner will grant a limited power of attorney to Vizione Development for purposes of the Joint Venture upon such terms and conditions to be mutually agreed upon;

(f) The Seri Kembangan Project shall be completed within such time frame as shall be mutually agreed upon; and

(g) Such other terms and conditions as shall be mutually agreed upon.

3.5 Vizione shall use its best endeavor to procure the Shareholders' Approval and to complete the Rights Issue with Warrants within 180 days from the date of the HOA or such further extension as may be agreed between the Parties in writing ("Conditional Date").

3.6 Conditions precedent for the execution of the joint venture agreement:

(a) The finalization and agreement of the terms and conditions of the Joint Venture by the Parties shall be within ninety (90) days from the date of the HOA.

(b) Vizione to procure the Shareholders' Approval and/or to complete the Rights Issue with Warrants before the Conditional Date or any extension mutually agreed by the Parties.

3.7 Unless mutually agreed upon in writing between the Parties, the HOA shall terminate on the Conditional Date or when the Conditions Precedent to the HOA is not fulfilled in accordance to Section 4.6 (b) herein above.

3.8 Any modification of or alteration to any part of the HOA, shall be conferred upon and determined in writing by mutual agreement of the Parties.

3.9 Each Party shall bear its solicitors costs incurred in the preparation of the HOA and the stamp duty of the HOA shall be borne by Vizione Development.

3.10 The HOA is binding upon the respective heirs, successors-in-title, trustees, liquidators, official receivers/assignees, receivers and managers, personal representatives, executors and administrators and assigns of the Parties.

Further to the above and as stated in Section 1 of this AP, Vizione Development and Paragon Residencia had entered into a Supplemental HOA where both parties have mutually agreed to extend the time period for the negotiation and finalization of the terms and conditions of the Joint Venture by 23 March 2017.

INFORMATION ON THE TAWAU PPR PROJECT

On 28 August 2015, the Board announced that Vizione Construction had received the Tawau PPR Project LOA to undertake sub-contract works for a total contract value of RM38.50 million in respect of the Tawau PPR Project. Details of the Tawau PPR Project and the salient terms of the Tawau PPR Project LOA is set out in the ensuing sections.

1. DETAILS OF THE TAWAU PPR PROJECT

Date of LOA	:	28 August 2015
Design and Built Contractor	:	Wanatuna Enterprise Sdn Bhd
Main Contractor (Building)	:	WSSB
Owner of the project	:	JPN
Location of the project	:	Lot No.105311304, Jalan Merotai, Tawau, Sabah.
Nature of sub-contract and scope of work	:	To supply materials, labour and necessary tools and equipment to carry out design, build and deliver 470 units low cost apartments and other related works at Jalan Merotai, Tawau, Sabah. Vizione Construction will undertake the main building works (except for earthwork) which includes structure, architecture and mechanical and electrical works complete with ancillary building, landscaping and infrastructural works.
Contract sum	:	RM38.50 million
Contract cost	:	Estimated RM35.27 million
Estimated GP and GP margin	:	RM3.23 million, 8.39% GP margin
Status of the Tawau PPR Project	:	As at LPD, earthworks, preliminaries and piling works were completed. The frame structure works of Blocks 1, 3, 4 and 5 are currently in progress. The frame structure works does not form part of the main building works to be undertaken by Vizione Construction. The Tawau PPR Project, which commenced in September 2015, had reached percentage of completion of approximately 39.95% as at 31 August 2016.
Duration of the contract	:	24 months
Expected commencement date and completion date of the sub-contract works for the Tawau PPR Project	:	• Commencement date: The sub-contract works for the Tawau PPR Project have commenced in the 1st quarter of 2016 • Expected completion date: 24 months from date of commencement
Major authorities approval for the project	:	**Majlis Perbandaran Tawau** Type / Date of submission: Kebenaran merancang – 28 January 2015 Pelan Bomba – 31 July 2015 Pelan kerja tanah – 27 May 2015 As at the LPD, the above documents are pending approvals from Majlis Perbandaran Tawau.
Method of awarding the contract	:	Direct negotiation and firm price

There is no major capital commitment to kick start the Tawau PPR Project under the Tawau PPR Project LOA, save for approximately RM0.90 million, which will be funded from our Group's internally generated funds as follows:

Details	Tawau PPR Project RM'000
Salaries, wages and allowance	250
Tools & equipment cum building materials	650
Total	**900**

The subsequent operational cost to undertake the Tawau PPR Project shall be funded from the billings and collections which will be made on a progressive basis as well as by suppliers' credit terms.

2. SALIENT TERMS OF THE TAWAU PPR PROJECT LOA

2.1 Contract sum

The awarded sub-contract sum shall be fixed at a lump sum of RM38.50 million. The agreed terms and conditions as stipulated in the Main Contract shall be back-to-back basis.

Based on the management's understanding and knowledge, the "back-to-back" arrangement means that the sub-contract between Vizione Construction and WSSB shall be based on the agreed terms stipulated in the Main Contract. The Main Contract stipulates the following:

(a) The Main Contract is based on firm price tender for the execution for the whole of the construction works for the Tawau PPR Project, and no adjustment will be made to the contract sum and rates for any "fluctuations", and the contractor will not be reimbursed;

(b) The DLP is 24 months from the date of practical completion; and

(c) The LAD, wherein, if the sub-contractor fails to furnish any cause of the delay and unable to complete the whole sub-contract works by the date of completion in accordance to the agreed work program or any extended date of completion thereof, the sub-contractor shall pay to WSSB at 0.0188% of the contract value or RM7,238 per day (i.e. based on back to back basis as stipulated in the Main Contract terms and condition).

In arriving at the contract value of RM38.50 million, the contract value has been assessed by Vizione Construction's team of qualified personnel comprising of Yuan Toong Kui, the Project Director, Ir Beh Kim Boon and Khor Lian Hong after procuring quotations from various suppliers in relation to the costing of the Tawau PPR Project. The contract value of RM38.50 million comprises the following:

	RM('000)
Preliminaries site expenses[(1)]	967
Piling works	4,521
Building works	26,189
Civil works[(2)]	6,823
Total contract value	**38,500**

Notes:

(1) Preliminaries site expenses includes among others, the supply of plant & machinery, site management, site storage, scaffolding, site office and equipment, electricity, water, telephone & fax, workers' accommodation, clearing and cleaning, survey, shop drawings and As-Built drawings, sample submission, Mock-up Unit, testing and commissioning and site security.

(2) Civil works consist of works on roads, carparks, pavements, fencing, drainage, sewerage, TNB sub station, landscaping.

2.2 Contract and construction period

The completion date shall be in accordance with Main Contract of WSSB. The contract is for a period of 24 months.

2.3 Insurances

Vizione Construction is required to purchase all the necessary insurances except the coverage of Contractor All Risks and Workman's Compensation which is covered under the Main Contract.

2.4 LAD

The LAD of the sub-contract shall be based on back to back basis of the Main Contract terms and conditions contained thereof.

2.5 DLP

The DLP of the sub-contract shall be based on back to back basis of the Main Contract terms and conditions contained thereof.

2.6 Withdrawal of sub-contract

WSSB reserves the right to withdraw the whole or part of the sub-contract works should the progress of the work is not satisfactory in accordance to its requirement i.e. in terms of the timing of completion progress works which is to be completed within a stipulated time frame, by giving notice to that effect and requesting to remedy the same within the period specified therein.

2.7 Registration with CIDB

The sub-contractor shall ensure all the workers are registered and accredited with CIDB Green Card.

3. INFORMATION ON WSSB

WSSB was incorporated in Malaysia on 2 September 1996 under the Act as a private limited company. WSSB has an authorised share capital of RM5,000,000 comprising 5,000,000 WSSB Shares of which 2,500,000 WSSB Shares have been issued and fully paid-up.

WSSB is principally engaged in building and civil engineering as well as construction. WSSB is a Grade G7 contractor with CIDB and registered with Master Builders Association Malaysia. It was accredited with MS ISO 9001: 2008 registered under the scope of building and civil engineering contractor excluding design by AJA EQS Certification (M) Sdn Bhd on 18 February 2006. From the period from 1997 to date, WSSB had completed numerous construction projects with contract value exceeding RM1.0 billion. The directors of WSSB as well as their shareholdings in WSSB are set out below:

Directors and shareholders of WSSB	No. of WSSB Shares held	%
Dato' Ng Aun Hooi	800,000	51.00
Bee Jian Ming	1,275,000	32.00
Goon Mong Yee	425,000	17.00
Total	**2,500,000**	**100.0**

INFORMATION ON THE KOTA BELUD PPR PROJECT

On 3 November 2015, Vizione Construction has received a LOA from Kuasa Lumpadang to undertake sub-contract works for a total contract value of approximately RM80.53 million for Kota Belud PPR Project. Vizione Construction will not enter into any definitive contracts or agreements with Kuasa Lumpadang as the LOA is comprehensive and legally binding.

Details of the Kota Belud PPR Project and the salient terms of the Kota Belud PPR Project LOA is set out in the ensuing sections.

1. DETAILS OF THE KOTA BELUD PPR PROJECT

Date of LOA	:	3 November 2015
Main contractor	:	Kuasa Lumpadang
Owner of the project	:	JPN
Location of the project	:	Lot Nos. 2545, 2546, 2547 and 3145, Kota Belud-Ranau Bypass.
Nature of sub-contract and scope of work	:	To supply material, labour, necessary tools and equipment to carry out design, build and deliver 900 units single-storey terrace house and other related works at Ulu Perasan, Kota Belud, Sabah. Vizione Construction will undertake the main building works (except for earthwork) which includes structure, architecture and mechanical and electrical works complete with ancillary building, landscaping and infrastructural works.
Contract sum	:	RM80.53 million
Contract cost	:	Estimated RM75.05 million
Estimate GP and GP margin	:	RM5.48 million, 6.80% GP margin
Status of the project	:	As at the LPD, earthwork and sub-structure works such as footing, pilecap and other preliminary works are ongoing. Notwithstanding that, part of the earthwork and sub-structure works has been completed and main structure works have commenced. The Kota Belud PPR Project, which commenced in early November 2015, had reached percentage of completion of approximately 16.65% as at 31 August 2016.
Expected completion date of works	:	24 months from commencement
Major authorities' approval for the project	:	Majlis Daerah Kota Belud

Type	Date of submission
Kebenaran Merancang	17 October 2014
Pelan Kerja Tanah	7 October 2014
Permohonan Pertukaran Zon	3 March 2015

As at the LPD, the above documents are pending approvals from Majlis Daerah Kota Belud.

Method of awarding the Contract	:	Direct negotiation

There is no major capital commitment to kick start the Kota Belud PPR Project under the Kota Belud PPR Project LOA, save for approximately RM1.90 million, which will be funded from our Group's internally generated funds as follows:

Details	Kota Belud PPR Project RM'000
Salaries, wages and allowance	500
Tools & equipment cum building materials	1,400
Total	**1,900**

The subsequent operational cost to undertake the Kota Belud PPR Project shall be funded from the billings and collections which will be made on a progressive basis as well as by suppliers' credit terms.

2. SALIENT TERMS OF THE KOTA BELUD PPR PROJECT LOA

2.1 Contract sum

The awarded sub-contract sum shall be fixed at a lump sum of approximately RM80.53 million. The agreed terms and conditions as stipulated in the main contract of the Kota Belud PPR Project ("Main Contract") shall be on back-to-back basis.

The "back-to-back" arrangement shall mean that the sub-contract between Vizione Construction and Kuasa Lumpadang shall be based on the agreed terms stipulated in the Main Contract, as follow:

(a) The Main Contract is based on firm price tender for the execution for the whole of the construction works for the Kota Belud PPR Project, and no adjustment will be made to the contract sum and rates for any "fluctuations", and the contractor will not be reimbursed;

(b) The DLP is 24 months from the date of practical completion; and

(c) The LAD, wherein, if the sub-contractor fails to furnish any cause of the delay and is unable to complete the whole sub-contract works by the date of completion in accordance to the agreed work program or any extended date of completion thereof, the sub-contractor shall pay at a rate of 0.018% of the total contract value per day.

In arriving at the contract value of approximately RM80.53 million, the contract value has been assessed by Vizione Construction's team of qualified personnel comprising Yuan Toong Kui, the Project Director, Ir Beh Kim Boon and Khor Lian Hong after procuring quotations from various suppliers in relation to the costing of the Kota Belud PPR Project LOA.

The total contract value of approximately RM80.53 million for the Kota Belud PPR Project LOA, comprises the following:

	RM('000)
Preliminaries site expenses[(1)]	4,210
Main Building works	47,782
Electrical works	4,536
Mechanical services	4,721
Civil works[(2)]	16,832
Piling works and provisional sum	2,444
Total contract value	**80,525**

Notes:

(1) Preliminaries site expenses include, amongst others, the supply of plant and machinery, site management, site storage, scaffolding, site office and equipment, electricity, water, telephone and fax, workers' accommodation, clearing and cleaning, survey, shop drawings and as-built drawings, sample submission, mock-up unit, testing and commissioning and site security.

(2) Civil works consist of works on roads, carparks, pavements, fencing, drainage, sewerage, TNB sub station and landscaping.

2.2 Contract and construction period

The completion date shall be in accordance with Main Contract of Kuasa Lumpadang. The sub-contract is for a period of 24 months.

2.3 Insurances

Vizione Construction is required to purchase all the necessary insurances except the coverage of Contractor All Risks and Workman's Compensation which is covered under the Main Contract.

2.4 LAD

The LAD of the sub-contract shall be based on back-to-back basis of the Main Contract terms and conditions contained thereof. If the sub-contractor fails to furnish any cause of the delay and is unable to complete the whole sub-contract works by the date of completion in accordance to the agreed work program or any extended date of completion thereof, the sub-contractor shall pay to Kuasa Lumpadang at a rate of 0.018% of the total contract value or approximately RM14,495 per day.

2.5 DLP

The DLP of the sub-contract shall be based on back-to-back basis of the Main Contract terms and conditions contained thereof.

2.6 Withdrawal of sub-contract

Kuasa Lumpadang reserves the right to withdraw the whole or part of the sub-contract works should the progress of the work is not satisfactory in accordance to its requirement.

3. INFORMATION ON KUASA LUMPADANG

Please refer to Section 3 of **Appendix XIII** for information on Kuasa Lumpadang, which is also the main contractor for the Semporna PPR Project.

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