



ANZO HOLDINGS BERHAD  
安 卓 控 股 有 限 公 司

SEIZING **NEW** OPPORTUNITIES



Annual Report  
2017

# vision & mission

## VISION

To be recognised as the premier integrated Contractors and Timber Service Provider in Malaysia and to successfully diversify our current scope of business.

## MISSION

Through a culture of Teamwork and Innovation, we shall strive to provide customers with quality services in a timely manner, generating wealth to our employees and shareholders.





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# Corporate Information

## BOARD OF DIRECTORS

### Independent Non-Executive Chairman

Dato' Seri Abdul Azim Bin Mohd Zabidi

### Managing Director

Datuk Chai Woon Chet

### Executive Directors

Mazlan Bin Mohamad

Abdul Jaliludin Bin Jamalludin

### Senior Independent Non-Executive Director

Dato' Sri Ti Lian Ker

### Independent Non-Executive Directors

Aimi Aizal Bin Nasharuddin

Chong Khing Chung

## AUDIT COMMITTEE

Aimi Aizal Bin Nasharuddin (**Chairman**)

Dato' Seri Abdul Azim Bin Mohd Zabidi

Dato' Sri Ti Lian Ker

## NOMINATION AND REMUNERATION COMMITTEE

Dato' Sri Ti Lian Ker (**Chairman**)

Dato' Seri Abdul Azim Bin Mohd Zabidi

Aimi Aizal Bin Nasharuddin

## SHARE ISSUANCE SCHEME COMMITTEE

Datuk Chai Woon Chet (**Chairman**)

Aimi Aizal Bin Nasharuddin

Low Son Heng

Freiya Chong Fui Fui

## COMPANY SECRETARIES

Tan Tong Lang (MAICSA 7045482)

Chong Voon Wah (MAICSA 7055003)

## PRINCIPAL PLACE OF BUSINESS

Suite 11.1 Level 11

Menara Sapurakencana Petroleum

No.1 Jalan Dutamas 1

50480 Kuala Lumpur

Tel No. : (603) 6143 8899

Fax No. : (603) 6211 6330

Website : [www.anzo.com.my](http://www.anzo.com.my)

## REGISTERED OFFICE

Suite 10.03, Level 10

The Gardens South Tower

Mid Valley City, Lingkaran Syed Putra

59200 Kuala Lumpur

Tel No. : (603) 6143 8899

Fax No. : (603) 6211 6330

## SHARE REGISTRAR

Shareworks Sdn Bhd

No. 2-1, Jalan Sri Hartamas 8, Sri

Hartamas

50480 Kuala Lumpur

Tel No. : (603) 6201 1120

Fax No. : (603) 6201 3121

## PRINCIPAL BANKERS

Hong Leong Bank Berhad

Malayan Banking Berhad

CIMB Bank Berhad

Public Bank Berhad

## AUDITORS

Messrs Morison Anuarul Azizan Chew  
(AF001977)

18 Jalan Pinggir 1/64, Jalan Kolam Air

Off Jalan Sultan Azlan Shah

(Jalan Ipoh)

51200 Kuala Lumpur

## SOLICITORS

Messrs Thomas Wong & Co

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad

Stock Name : ANZO

Stock Code : 9342

Warrant A : ANZO-WA

Stock Code : 9342WA

Warrant B : ANZO-WB

Stock Code : 9342WB

Warrant C : ANZO-WC

Stock Code : 9342WC

## INVESTOR RELATIONS

Email : [anzoholdings@gmail.com](mailto:anzoholdings@gmail.com)

Tel No. : (603) 6143 8899

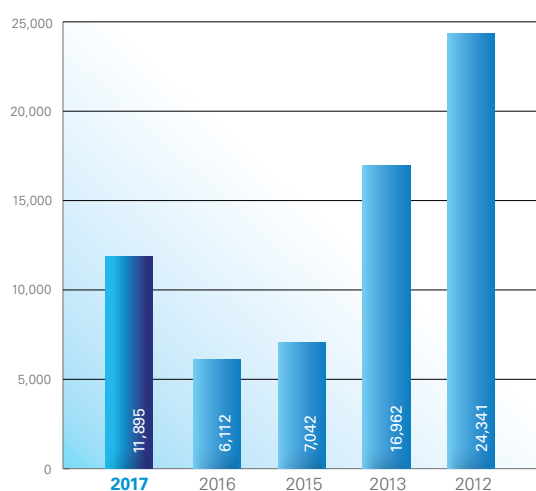
# Five Years Group Financial Highlights

	Financial Year Ended				
	31-Mar-17	31-Mar-16	31-Mar-15	31-Dec-13	31-Dec-12
Turnover (RM'000)	<b>11,895</b>	6,112	7,042	16,962	24,341
Loss before tax (RM'000)	<b>(4,849)</b>	(10,957)	(9,727)	(3,667)	59
Tax (RM'000)	<b>125</b>	106	508	(52)	81
Loss after tax (RM'000)	<b>(4,724)</b>	(10,851)	(9,219)	(3,719)	140
Share Capital (RM'000)	<b>31,049</b>	74,003	70,209	66,357	49,768
Net Assets per shares (sen)	<b>14.04</b>	14.72	16.76	19.55	19.50
Net Earning Per shares (sen)	<b>(1.58)</b>	(3.85)	(3.35)	(1.68)	0.09

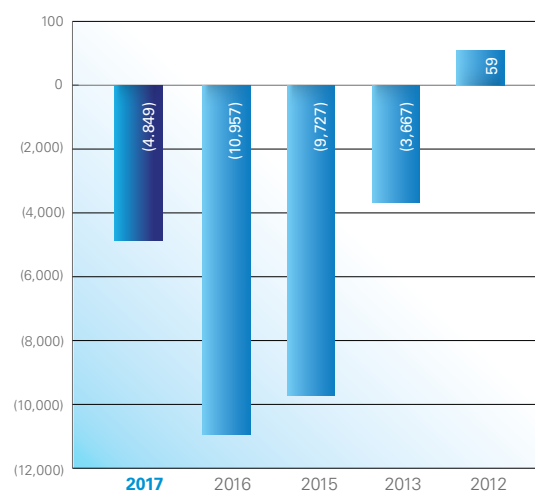
## Note:

- The Company has implemented capital reduction during FY 2017 by reducing the par value of ordinary share from RM0.25 per share to RM0.10 per share. As a result, the issued and paid up share capital was reduced from RM74.04 million to RM29.62 million. The resulting credit arising from the capital reduction was used to reduce the Company's accumulated losses by RM37.70 million.

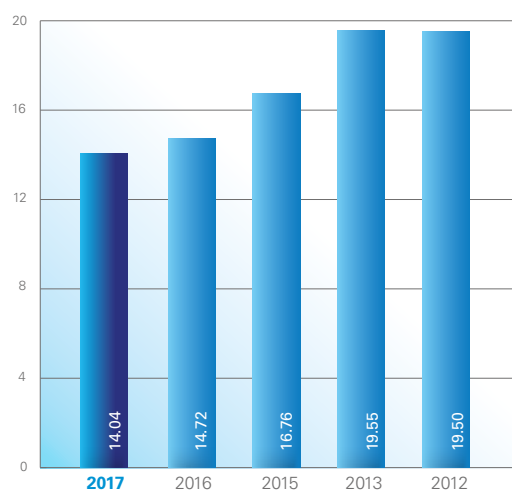
## REVENUE (RM'000)



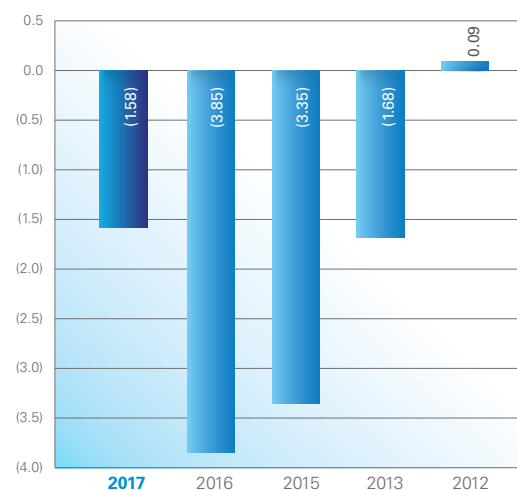
## LOSS BEFORE TAXATION (RM'000)



## NET ASSETS PER SHARE (Sen)



## NET EARNING PER SHARE (Sen)



1

2

3

4



# Board of Directors

From left to right:

**1**  
**Chong Khing Chung**  
Independent Non-Executive  
Director

**2**  
**Aimi Aizal Bin Nasharuddin**  
Independent Non-Executive  
Director

**3**  
**Dato' Seri Abdul Azim Bin Mohd Zabidi**  
Independent Non-Executive Chairman

**4**  
**Abdul Jaliludin Bin Jamalludin**  
Executive Director



5

6

7



5  
**Datuk Chai Woon Chet**  
Managing Director

6  
**Mazlan Bin Mohamad**  
Executive Director

7  
**Dato' Sri Ti Lian Ker**  
Senior Independent Non-Executive  
Director

# Directors' Profiles

## **DATO' SERI ABDUL AZIM BIN MOHD ZABIDI** **Independent Non-Executive Chairman**

Dato' Seri Abdul Azim Bin Mohd Zabidi, a Malaysian male, aged 58, joined the Board as Independent Non-Executive Director on 22 May 2015 and re-designated as the Chairman of Anzo Holdings Berhad ("Anzo") since 2 October 2015. He graduated with a Master of Arts in Business Law from the London Metropolitan University, United Kingdom in 1983. He is also a Fellow of The Chartered Institute of Secretaries, United Kingdom.

Dato' Seri Azim started his career in banking in 1984 and rose quickly through the ranks when in 1990 he was appointed Group Head of the Bank's Corporate Banking Department. He was then seconded to Commerce Property Trust Managers (now known as Amanah Property Trust Managers) and initiated the establishment of Commerce BT Fund Managers (today known as CIMB-Principal Asset Management). His association with the fund management industry saw him elected as President of the Federation of Malaysian Unit Trust Managers (now known as Federation of Investment Managers Malaysia) from 1998-2003. During this period, he was appointed to the Board of the International Investment Funds Association and was Chairman of its Audit Committee. He held the position of Chairman of Bank Simpanan Nasional from 1999 to 2009 and the bank has seen a steady improvement in operating profits during his tenure. He was also actively involved with the World Savings Banks Institute ("WSBI"). In 2000, he was appointed President (Asia Pacific) for WSBI and in 2003, he was elevated to its Board of Directors. Dato' Seri Azim was elected as Vice President and Treasurer of WSBI in September 2006, a position he relinquished in April 2009. He now sits on numerous local and foreign Boards of Companies, both public and private, amongst which are XOX Bhd, Timberwell Berhad, Asia Bioenergy Technologies Berhad and Plastrade Technology Berhad.

Dato' Seri Azim is presently a member of Audit Committee and Nomination and Remuneration Committee of Anzo.

He has no relationship with any other Directors or Major Shareholder of the Company, no conflict of interest with the Company and has not been convicted for any offences within the past five (5) years other than traffic offence, if any.

## **DATUK CHAI WOON CHET** **Managing Director**

Datuk Chai Woon Chet, a Malaysian male, aged 39, was appointed to the Board of Anzo on 22 May 2015 as Managing Director of the Company. He graduated with a Diploma in Business Economics (KDU). Presently he is the Chairman of the Share Issuance Scheme ("SIS") Committee of Anzo.

Datuk Chai was a Marketing Manager of Sanbumi Sawmill Sdn. Bhd. (a wholly-owned subsidiary of Sanbumi Holdings Berhad which is listed on the Main Board of Bursa Malaysia Securities Berhad). He had been involved in the timber business industry with buyers from Japan, Europe, South Africa and Korea for the past 8 years. He also has extensive experience in property development, construction and the automotive sector.

Datuk Chai was formerly the Managing Director of Lintasan Mayang Development Sdn Bhd, which is the developer for Sabah's biggest integrated township, Alamesra, an innovative 265 acre mixed development with gross development value of RM1.3 billion. Datuk Chai was also the former managing director of Maxims Circle Development Sdn Bhd, which carried out property development projects at Kuala Lumpur with gross development value of RM23 million in Taman Permata, Melawati and RM66 million in Segambut.

At present, Datuk Chai also sits on the board of directors of XOX Bhd and various other private companies. He is the Executive Director of KL Northgate Sdn Bhd, a prime developer for 18 acres shopping mall and mixed development project at Selayang with a gross development value of RM1.6 billion.

Datuk Chai is a major shareholder of the Company through his interest held in Zenith City Investments Limited, a major shareholder of the Company, pursuant to Section 8 of the Companies Act, 2016. He has no relation with any director and/or other major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.



# Directors' Profiles (cont'd)

## **MAZLAN BIN MOHAMED**

### **Executive Director**

En. Mazlan Bin Mohamed, a Malaysian male, aged 53, was appointed to the Board of Anzo as Executive Director on 23 June 2014. En. Mazlan obtained Degree in Accounting from Northern University of Malaysia. He is also a member of Malaysian Institute of Accountant and Institute of Association Port and Harbour.

En. Mazlan is a Business Development Director of Anzo. He also holds position in Kawalan Keselamatan Ikhlas Sdn Bhd as managing director and Ramajuta (KL) Empire Development Sdn Bhd as deputy chief executive officer.

En. Mazlan does not hold directorships in any other public companies. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

## **DATO' SRITI LIAN KER**

### **Senior Independent Non-Executive Director**

Dato' Sri Ti Lian Ker, a Malaysian male, aged 54, was appointed as an Independent Non-Executive Director on 19 June 2015 and re-designated as the Senior Independent Non-Executive Director on 19 May 2016. He graduated with a Bachelor of Laws (Honours).

Dato' SriTi Lian Ker is a Senior Partner of Messrs Wong, Law & Ti. He also sits on the board of IKIP International College, Kuantan Port Authority and various other private companies. Dato' Sri Ti is a Malaysian Chinese Association (MCA) Committee Member and Chairman of MCA Kuantan Division since year 2004. He was the Pahang State Assemblyman from year 1995 to 2008.

Dato' Sri Ti is presently the Chairman of Nomination and Remuneration Committee and a member of Audit Committee of Anzo.

Dato' Sri Ti does not hold directorships in any other public companies. He has no relationship with any other Directors or Major Shareholder of the Company, no conflict of interest with the Company and has not been convicted for any offences within the past five (5) years other than traffic offence, if any.

## **ABDUL JALILUDIN BIN JAMALLUDIN**

### **Executive Director**

En. Abdul Jaliludin Bin Jamalludin, a Malaysian male, aged 66, was appointed to the Board of Anzo as Executive Director on 19 May 2015. He graduated with a Diploma in Business Studies (ITM) and a member of Associate Securities Institute of Australia.

He has more than 30 years of experience in banking and financial industry. Throughout the banking career, he had resumed various job functions, from branch to head office operations. He started his career as trainee officer of United Malayan Banking Corporation. Thereafter, he joined Bank of Commerce ("BOC") as Accounting and Statistic Officer in Accounts Department. In year 1986, he was promoted as Assistant Manager and later as Branch Manager of BOC in 1990. With the merger between BOC and United Asian Bank, he was appointed as the Vice President / Branch Manager in 1995. In 1999, he was elevated to Hub Manager after the merger of BOC and Bank Bumiputra Malaysia Berhad. In 2002, he was appointed as District Manager who responsible of supervising 25 branches with total deposits and loans of RM4.0 billion and RM3.5 billion respectively. Prior to his retirement in year 2006, he was the Advisor to Regional Directors of Retail Banking Department of CIMB Bank Berhad.

En. Abdul Jaliludin does not hold directorships in any other public companies. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

# Directors' Profiles (cont'd)

## **AIMI AIZAL BIN NASHARUDIN** **Independent Non-Executive Director**

En. Aimi Aizal Bin Nasharuddin, a Malaysian male, aged 50, was appointed as an Independent Non-Executive Director on 25 May 2015. He graduated with a Bachelor of Business in Accounting from Bendigo College of Advanced Education, Victoria, Australia (currently known as La Trobe University). He is also a member of Certified Practising Accountants ("CPA") Australia and Malaysia Institute of Accountants.

En. Aimi started his career in Arthur Andersen & Co. in 1989 as an auditor and business advisor then carved further expertise in the corporate world at CIMB Bank. In 1995, he joined ACIF Resources Sdn Bhd and involved in developing the concept of Multimedia Corridor through a proposed development UPM Multimedia City submitted to the Economic Planning Unit of the Prime Minister Department in 1995. Equipped with diverse experience, he then ventured into becoming an entrepreneur including the creation of the most renowned player in web integration & application development company in the nation, the Skali Group. Throughout his engagement in Skali, he was responsible for guiding SKALIs business strategy, including business development and strategic thrust. He assumed the position of the Executive Director of Skali Group in 1997 and later President of Skali Group in 2007. He was appointed as the Chairman of Skali Group in 2012.

En. Aimi is presently the Chairman of Audit Committee and a member of Nomination and Remuneration Committee of Anzo.

En. Aimi does not hold directorships in any other public companies. He has no relationship with any other Directors or Major Shareholder of the Company, no conflict of interest with the Company and has not been convicted for any offences within the past five (5) years other than traffic offence, if any.

## **CHONG KHING CHUNG** **Independent Non-Executive Director**

Mr Chong Khing Chung, a Malaysian male, aged 50, was appointed as an Independent Non-Executive Director on 19 July 2017. He graduated with a Bachelor of Commerce degree from University of Western Australia, Perth. He is a Fellow Member of CPA Australia ("FCPA") and Chartered Member of Malaysian Institute of Accountants ("CA").

Mr Chong spent the early part of his career in the accountancy profession. He later worked in the capital market industry holding various positions, including as the Executive Director of a stockbroking company in Sabah. He has also worked as Executive Director, Finance Director and Chief Financial Officer of numerous public listed companies in Malaysia, Singapore, Hong Kong and the United Kingdom. He is currently a director of Wullersdorf Resources Sdn Bhd, a wholly-owned subsidiary of Borneo Aqua Harvest Berhad, and he also sits on the board of Scan Associates Berhad.

He has no relationship with any other Directors or Major Shareholder of the Company, no conflict of interest with the Company and has not been convicted for any offences within the past five (5) years other than traffic offence, if any.

# Chairman's Statement

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report of Anzo Holdings Berhad ("Anzo" or "the Company") for the financial year ended 31 March 2017.



## MALAYSIA'S OUTLOOK

Malaysia's economy continues to be resilient despite pressures on oil prices and the decline in the value of the Ringgit. The country recorded a first quarter (Q1 2017) gross domestic product (GDP) growth of 5.6 per cent exceeding most economists' projections, with continued momentum going into the remaining year. Analysts have a consensus view that this optimistic outlook will be driven by primary commodities sectors and construction activities.

## CONSTRUCTION INDUSTRY

The Construction Industry Development Board (CIDB) has projected the construction sector to grow by 8 per cent to RM170 billion this year, up from 7.4 percent last year, boosted by the numerous mega infrastructure projects in the country.

Government-led infrastructure developments, especially in road, rail, port networks and upgrades to Kuala Lumpur's mass transit network, will in turn increase private investments in industrial and commercial construction.

## ANZO'S PIVOTAL YEAR

In line with the positive outlook for the nation's economy and the construction industry, fiscal 2017 has been a pivotal year of transformational change for the Anzo Group from a timber door manufacturer to a growing construction group, Anzo has created a foundation for sustained profitability.

In May 2017, the Company announced its return to the black after 16 consecutive loss-making quarters.

The Group achieved revenue of RM11.90 million the financial year ended 31 March 2017 (FY 2017), compared to revenue of RM6.11 million for the financial year ended 31 March 2016 (FY 2016). The Group recorded a loss before tax of RM4.85 million for FY 2017 versus a loss before tax of RM10.96 million in FY 2016.

# Chairman's Statement (cont'd)



The increase in revenue by 195% is substantial while the reduction in loss before tax by 56% is significant. The changes in the Group's fortunes were mainly due to the contribution from its construction division.

We believe this division will continue to drive our performance and profitability in the years ahead.

## PROSPECTS

We strongly believe that Anzo has benefited from its strategic shift to the construction sector over the past few years, and is poised to capitalize on this move in the future.

In March 2017, Anzo was appointed as the main contractor for Phase 2 of the 216-room Porto De Melaka Hotel and Resort development in Malacca by Tinta Anggun Engineering Sdn Bhd, a contract worth RM109.3 million. This is on top of the RM153 million contract won under Phase 1 to build 120 service suite units and 24 spa villas of the same development.

In April 2017, Harvest Court Construction Sdn Bhd, an Anzo's subsidiary together with MCC Overseas (M) Sdn Bhd, received a letter of intent from KL Northgate Sdn Bhd to undertake part of the proposed mixed development of Paragon@KL Northgate, a project worth RM1.21 billion.

To-date, Anzo's current total construction order-book stands at a robust RM311 million, which will help to sustain the Group's profitability in the next few years.

## DYNAMIC TEAM

I would like to take this opportunity to thank Anzo's dedicated board of directors, management team and staff, who have shown fortitude and exemplary professionalism in the face of significant headwinds in our journey thus far.

Since we began our turnaround, I believe they have focused on the right priorities and made good decisions as we continue to rebuild and strengthen the business, with a focus on building and growing shareholders' value.

Our dynamic management team, ably led by Anzo's Managing Director Datuk Eddie Chai Woon Chet, is confident of securing more construction contracts from the public and private sectors in the coming years. This should keep us well on the path of profitability and augurs well for our long-term sustainability.

On behalf of the Board, I wish to welcome Mr Chong Khing Chung on his appointment to the Board as Independent Non-Executive Director. We also wish to acknowledge the services of Encik Rahmad Bin Tohak who has stepped down as Independent Non-Executive Director and to thank him for his contributions during his tenure in office.

Moving forward, Anzo remains committed to all our stakeholders and partners. We hope you will continue your support as we soar to greater heights.

**Dato' Seri Abdul Azim Bin Mohd Zabidi**  
Independent Non-Executive Chairman



# Management Discussion and Analysis

## Group Business and Operations

Anzo Group is an integrated contractor and established timber service provider in Malaysia for over 30 years. The Company timber service plant is strategically located at Pandamaran Industrial Area, Port Klang, Malaysia to take advantage of the excellent logistic support from Port Klang. The plant provides kiln dry and machining services to various local customers. The Group started venture into construction industry in year 2012 and has gradually expand itself as an integrated contractor locally.

## Strategies in Creating Values

The Group has benefited from its strategic shift to the construction industry over the past few years and its poised to capitalize on this move in the future.

We strive to adopt organic growth strategies in both timber and construction segments, maximising profitability, increasing returns on shareholders' equity and enhancing market shares despite the challenging economic environment.

## Review of Financial Results and Operating Activities

We had an encouraging year with achievement in significant milestones in the construction projects awarded. During the year, we have successfully been awarded:

- a) RM109.3 million of the Melaka Phase 2 project, this is in addition to the RM153 million Melaka Phase 1 contract that the Group has won in FY 2016; and
- b) RM10.17 million of Hot Spring, Selayang project.

The Board is pleased to announce that the Group has achieved an increase in revenue by 195% to RM11.9 million (FY 2016 : RM6.1 million) and reduced in loss after tax by 56% to RM4.7 million (FY 2016: RM10.8 million).

The improvement in the above financial results is mainly due to construction billings for commencement of Melaka Phase 1 project and lower one off expenses in current year.

The Company has implemented par value reduction during the financial year to change the par value of ordinary shares from RM0.25 to RM0.10 pursuant to Section 64 of the Companies Act, 1965. Subsequent to the par value reduction exercise, the issued and paid up share capital of the Company has reduced from RM74.04 million to RM29.62 million. The resulting credit arising from the capital reduction was used to reduce the Company's accumulated losses by RM37.70 million.

Apart from the above capital reduction, the changes in FY 2017 financial position is in line with those increase in operating activities.

## Review of Operating Segments

Our Group has two segments that drive the operations:

- a) Timber division –The primary focus of the division is to provide kiln dry and machining services to local customers. Operating results from the division has been consistent with previous year with revenue of RM5.5 million (FY 2016: RM6.1 million) with segment loss of RM0.6 million (FY 2016: RM1.9 million). The reduction in segment loss is mainly due to no inventories write down in the current financial year.
- b) Construction division – the division has been revived to contribute revenue of RM6.3 million (FY 2016 : RM Nil), which represents 53% of the Group's revenue this year. This is principally due to commencement of construction work for Melaka Phase 1 project.

# Management Discussion and Analysis (cont'd)

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Both divisions experienced challenging operating environment throughout the year with shortage of skilled labour and increase in operating costs while the operating margin remain thin. Albeit as such, the management will continue to steer through the challenges and create positive values to the Group.

## **Risks and Its Measures**

The key risks prevalent to the Group's business are competition and execution risks.

Both the timber service and construction sectors that the Group engaged in are highly competitive with many players. The Group will strive to maintain its market share with proper cost control and improve operation efficiency, while focus on delivering high quality services to meet customers' requirements.

There is always execution risk on construction work due to unforeseen circumstances that cause the delay in construction progress beyond the Group's control. Nevertheless, the Group will closely monitor the construction work progress with various preventive measures to ensure the work would not be disrupted due to such incidents.

## **Forward Looking Statement**

FY 2017 has been a very encouraging and progressive year for Anzo. Prospect from construction section division remain positive driven by ongoing private investment and the Tenth Malaysia Plan (10MP) projects. This will augur well for the Group as it will provide us with the opportunity to participate in these projects

With construction order book of RM311 million winning to date, the short and medium term prospect of Anzo Group remains positive.

## **Acknowledgement and Appreciation**

We would like to thanks our team for having shown great resilience by staying the course over the challenging year and continuing to achieve encouraging results. We also thank our valued customers, business associates and suppliers who have given us continuous support all this while.

Lastly, we would also like to thank our shareholders for your unrelenting support over years, which has inspired and encouraged us to achieve all that we have thus far.

# Corporate Sustainability Statement

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## **Our Commitment**

We perceived corporate sustainability as our commitment to create long term value for our shareholders, environment and society through innovation and overall operational excellence. We understand our choices today have an impact on our customers and suppliers and the success of their businesses in the future. Our business imperative is to carry out our activities responsibly and with integrity. Our people are expected to behave in an honest and ethical manner in accordance with our policies, business rules and guidelines.

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

## **Our Corporate Sustainability Commitment**

Within this context, we have defined our commitment to Corporate Sustainability across five impact areas:

### **Work Environment**

As employees are viewed as internal customers, Anzo ensures that the workplace remains conducive, which helps to balance the needs and desires of each employee with the needs and capacity of the business. We continue to place high emphasis on health and safety issues at our work sites. Necessary tools and protective gears are provided to our employees to ensure that they are adequately protected. We also enforce stringent compliance requirements so that health and safety issues are not compromise.

### **Training and Development**

Anzo also ensures that all staffs are well trained and that is a continuously learning organisation. The Group strives to bring out the best of its employees by providing growth and progression opportunities for employees through comprehensive trainings, health and safety programmes.

### **Marketplace**

Anzo is committed to maintain a proper framework to ensure that the business is run in an efficient and transparent manner in the interest of all its stakeholders. Ensuring that the business is conducted in a fair, transparent, sustainable and professional manner, Anzo is focused on delivering products of quality and being customer focused.

### **Environmental**

Anzo has taken steps to manage its environmental impact, the Group is work very closely with environment enforcement agency with periodic consultation arrangements and visits so that our manufacturing activities are always in line with environmental standards and legislation.

We continuously encourage employees to recycle and/or reduce wastage on the consumption of raw materials so that waste disposals are kept to the minimum. We also incorporate changes to our manufacturing process to allow the usage of environmental friendly materials.

### **Community**

As an organisation with its business deeply rooted in the community that it serves, Anzo has been consistently aware of its social obligations to the community and remains fully committed to this cause. Anzo feels privileged to have been able to support communities in need and make a difference in their lives.

### **Moving Forward**

We are committed to promote good corporate governance standards and building sustainability.

# Corporate Governance Statement

(cont'd)

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## COMPANY'S CORPORATE GOVERNANCE INITIATIVE

The Board is committed to ensure that a high standard of corporate governance is practised throughout the Company and its subsidiaries ("the Group") in discharging its responsibilities with integrity, transparency and professionalism, to protect and enhance shareholders' value and the financial position of the Group.

The Board recognises the importance of good corporate governance and fully supports the principles and best practices promulgated in the Malaysian Code on Corporate Governance ("MCCG") to enhance business prosperity and maximize shareholders' value. The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company.

Below is a statement and description in general on how the Group has applied the principles and complied with the best practice provisions as laid out in MCCG throughout the financial year ended 31 March 2017 pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

### A. DIRECTORS

#### 1. Clear Function Reserved for Board and Delegation to Management

The respective roles and responsibilities of the Board and management are clearly set out and understood by both parties to ensure accountability.

The Board is responsible for the oversight and overall management of the Group including assessing and agreeing with the Group's corporate objectives, and the goals and targets to be met by management.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

The management, including the Executive Directors of the Company, is responsible for managing the day-to-day running of the business activities in accordance with the direction and delegation of the Board. The management meets regularly to discuss and resolve operational issues. The Managing Director briefs the Board on business performance and operations as well as the management initiatives during quarterly Board's meetings.

#### 2. Board Balance

The present Board consists of seven (7) members, comprising an Independent Non-Executive Chairman, a Managing Director, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The Company is in compliance with Paragraph 15.02 of the Listing Requirements whereby more than one third (1/3) of its Board members are independent directors. The profile of each Director is presented separately in page 6 to 8 of the Annual Report 2017.

The current Board composition are persons of high calibre, experienced and are professionals in their respective fields. Together, this bring a wide range of mix of industry specific knowledge, broad based business and commercial experience that are vital to the Board's successful stewardship of the Group.



# Corporate Governance Statement

(cont'd)

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## A. DIRECTORS (CONT'D)

### 3. Boardroom Diversity

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. However, the Group does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the workforce. The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. The Group is an equal opportunity employer and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation. Nevertheless, for any new proposed appointment of directors of the Company in future, the Board will evaluate and match the criteria of the potential candidate to the Board as well considering the boardroom diversity. Currently, the Board does not comprise of any female director.

### 4. Board Responsibilities

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group's affairs. Hence, to develop corporate objectives and position descriptions including the limits to management's responsibilities, which the management are aware and are responsible for meeting.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long term viability of the Group.

The principal roles and responsibility assumed by the Board are as follows:

- Review and Adopt Strategic Plan of the Group

The Board plays an active role in the development of the Group's overall corporate strategy, marketing plan and financial plan. The Board is presented with the short and long term strategy of the Group together with its proposed business plans for the forthcoming year. The Board also monitor budgetary exercise which supports the Group's business plan and budget plan.

- Implementation of Internal Compliance Controls and Justify Measure to Address Principle Risks

The Board is fully alert of the responsibilities to maintain a proper internal control system. The Board's responsibilities for the Group's system of internal controls including financial condition of the business, operational, regulatory compliance as well as risk management matters.

- To Formulate and Have in Place an Appropriate Succession Plan

The Board is responsible to formulate and have in place an appropriate succession plan encompassing the appointment, training, and determination of compensation for senior management of the Group, as well as assessing the performance of Directors and Committee members and, where appropriate, retiring and appointing new members of the Board and Executive Directors.

# Corporate Governance Statement (cont'd)

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## A. DIRECTORS (CONT'D)

### 4. Board Responsibilities (Cont'd)

- Developing and Implementing an Investor Relations Program or Shareholder Communications Policy For The Group

The Board recognises that shareholder and other stakeholder are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, The Company website is the primary medium in providing information to all shareholders and stakeholders.

The roles and responsibilities of the Board are clearly defined in the Board Charter, which is available on the Company's website at [www.anzo.com.my](http://www.anzo.com.my).

The Board will normally hold meetings at least four (4) times in each financial year to consider:

- relevant operational reports from the management;
- reports on the financial performance;
- specific proposals for capital expenditure and acquisitions, if any;
- major issues and opportunities for the Company, if any; and
- quarterly financial statements for announcement to authorities.

In addition, the Board will, at intervals of not more than one (1) year:

- approve annual financial statements, and other reports to shareholders;
- consider and, if appropriate, declare or recommend the payment of dividends;
- review the Board composition, structure and succession plan;
- review the Company's audit requirements;
- review the performance of, and composition of Board committees;
- undertake Board and individual Board member evaluations;
- review Board remuneration; and
- review risk assessment policies and controls and compliance with legal and regulatory requirements.

The roles and responsibilities of the Independent Non-Executive Directors and Executive Directors are clearly defined and properly segregated. All the Independent Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations.

The Executive Directors are responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the senior management personnel of the Group in managing the business activities of the Group in the manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

The Managing Director holds the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company's goals and objectives, as well as all significant corporate matters, corporate restructuring plans, business extension plans and proposals. The Managing Director, assisted by other Executive Directors, is also responsible for proposing, developing and implementing applicable and relevant new policies and procedures.

# Corporate Governance Statement (cont'd)

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## A. DIRECTORS (CONT'D)

### 4. Board Responsibilities (Cont'd)

- [Developing and Implementing an Investor Relations Program or Shareholder Communications Policy For The Group \(Cont'd\)](#)

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

In discharging its fiduciary duties, the Board has delegated specific tasks to three (3) Board Committees namely the Audit Committee, Nomination and Remuneration Committee and Share Issuance Scheme Committee. All the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as lay out in the terms of reference and to report to the Board with the necessary recommendation.

### 5. Separation of Positions of Chairman and Managing Director

During the financial year under review, the Company has complied with the recommendation of the MCCG where the positions of the Chairman and the Managing Director are held by different individuals, and that the Chairman is a non-executive member of the Board.

The roles of the Chairman and the Managing Director are clearly defined and segregated, to ensure appropriate balance of power and authority, increased accountability and enhanced capacity of the Board for independent decision-making. The Chairman are not related to the Managing Director, and are responsible in leading the Board in the oversight and supervision of the Group's management; whilst the Managing Director is responsible for the day-to-day operations of the Group, making strategic business decision and implementing the Board's policies and decisions.

### 6. Independent Chairman

During the financial year under review, the Board is chaired by an Independent Non-Executive Director and more than one-third (1/3) of the Board consists of Independent Non-Executive Directors.

The Chairman being an Independent Non-Executive Director, is not involved in the day-to-day management of the Group's business and has no relationship that could materially interfere with his judgment.

The Board therefore believes that balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objectively.

### 7. Code of Conduct and Ethics

A Code of Conducts and Ethics, setting out the standards of conduct expected from Directors and all employees of the Group has been formalised. The Code of Conduct and Ethics summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur and also provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Conduct and Ethics are available for reference at the Company's website at [www.anzo.com.my](http://www.anzo.com.my).

# Corporate Governance Statement (cont'd)

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## A. DIRECTORS (CONT'D)

### 8. Board Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board will periodically review the Board Charter and make any changes whenever necessary.

The Board Charter is available on the Company's website at [www.anzo.com.my](http://www.anzo.com.my).

### 9. Promote Sustainability

The Board ensures that the Company's strategies promote sustainability with attention given particularly to environmental, social and governance ("ESG") aspects of business which underpin sustainability in line with Company's ESG policy. The Board understands that balancing ESG aspects with the interests of various stakeholders is essential to enhancing investor perception and public trust. Disclosures on corporate responsibility are presented under "Corporate Sustainability Statement" of this Annual Report.

### 10. Whistle-Blowing Policy

The Board has formalised a Whistle-Blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

The main objectives of the policy are:

- i) Be committed to the Company's business ethics of Honesty, Integrity and Transparency;
- ii) To provide a transparent and confidential process for all parties to give information on non-compliances to the Code of Conduct and Ethics, or any misconduct regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions; and
- iii) To uphold the moral duty being a Company by protecting the interest of all its stakeholders.

The details of the Whistle-Blowing Policy are available for reference at the Company's website at [www.anzo.com.my](http://www.anzo.com.my).

### 11. Access to information and Advice

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board paper and seek for any clarification as and when they may need advisers or further explanation from management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

The Board has access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.



# Corporate Governance Statement (cont'd)

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## A. DIRECTORS (CONT'D)

### 11. Access to information and Advice (Cont'd)

In addition, all Directors have direct access to the advice and services of the Company Secretaries who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulatory advice are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior management team from different business units will also be invited to participate in the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the Board Committees, namely, the Audit Committee, Nomination and Remuneration Committee and Share Issuance Scheme Committee briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

### 12. Qualified and Competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's Memorandum and Articles of Association, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

The Company Secretaries attend all Board and all Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

### 13. Time Commitment and Directorship in Other Public Listed Companies

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). The notification would include an indication of time that will be spent on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Paragraph 15.06 of the Listing Requirements.

Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out in the section below.

# Corporate Governance Statement (cont'd)

## A. DIRECTORS (CONT'D)

### 14. Board Meetings

There were four (4) Board of Directors' meetings held during the financial year ended 31 March 2017. Details of the attendance of the Directors at the Board of Directors' meetings are as follow:

<u>Name of Directors</u>	<u>Attendance</u>
(a) Dato' Seri Abdul Azim Bin Mohd Zabidi	4/4
(b) Datuk Chai Woon Chet	4/4
(c) Mazlan Bin Mohamad	4/4
(d) Abdul Jaliludin Bin Jamalludin	4/4
(e) Dato' Sri Ti Lian Ker	4/4
(f) Aimi Aizal Bin Nasharuddin	2/4
(h) Rahmad Bin Tohak ( <i>Resigned on 4.07.2017</i> )	2/3
(i) Chong Khing Chung ( <i>Appointed on 19.07.2017</i> )	N/A

All the Directors complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 March 2017.

The Board meets on a quarterly basis, with amongst others, review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings maybe convened by the Company Secretaries, after consultation with the Chairman. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

The tentative dates for Board and Board Committee meetings for the year will be circulated by the Company Secretaries well in advance towards the end of the previous year to ensure that each of the Directors is able to attend the planned Board and/or Board Committee meetings including that of the Annual General Meeting. At the end of each Board and Audit Committee meetings, the date of the next meetings is to be re-confirmed.

### 15. Continuing Education Programs

All Directors appointed to the Board have undergone the Mandatory Accreditation Program ("MAP") prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"). The Directors are encouraged to attend continuous education programmes/seminars/conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

The Board has undertaken an assessment of the training needs of each of each Director and ensured that all the Directors undergo the necessary training programme to enable them to effectively discharge their duties.

# Corporate Governance Statement (cont'd)

## A. DIRECTORS (CONT'D)

### 15. Continuing Education Programs (Cont'd)

The following Board members have attended the relevant seminars/conferences/training programmes during the financial year as detailed below:

<b>Name of Director</b>	<b>Seminars/Conferences/Training Programmes Attended</b>
Dato' Seri Abdul Azim Bin Mohd Zabidi	Sejauh Mana Anda Memahami Hudud Global Business Insights Series: Embracing Paradoxes The Revitalisation of Lasallian Schools – The Journey Forward
Datuk Chai Woon Chet	Financial Insights & Reporting for Public Listed Company Highlights of the Companies Act 2016 & Malaysian Code on Corporate Governance 2012
Rahmad Bin Tohak	Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies

*Note:*

*Chong Khing Chung was appointed to the Board after the financial year ended 31 March 2017*

Save as disclosed above, Mazlan Bin Mohamad, Abdul Jaliludin Bin Jamalludin, Dato' Sri Ti Lian Ker and Aimi Aizal Bin Nasharuddin did not attend any training during the financial year due to their busy schedule. They are aware of the duties and responsibilities and will continue to undergo other relevant training programmes to keep abreast with the new regulatory developments and requirements in compliance with the Listing Requirements on continuing education.

The Board will on continuing basis evaluate and determine the training needs of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

In addition to the above, Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, Company Secretary and the Internal Auditors during the Board and Committee meetings.

### 16. Nomination and Remuneration Committee

As recommended by MCCG, the Nomination and Remuneration Committee ("NRC") of the Company comprises exclusively of Non-Executive Directors. The primary objectives of the NRC are:

- i) to establish a documented, formal and transparent procedure to support and advise the Board of Directors ("Board") in fulfilling their responsibilities to shareholders in ensuring the Board are comprised of individuals with an optimal mix of qualifications, skills and experience; and
- ii) to establish a documented, formal and transparent procedure for assessing and reviewing the remuneration packages of Executive Directors, Non-Executive Director and Principal Officers that link rewards to corporate and individual performance.

# Corporate Governance Statement (cont'd)

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## A. DIRECTORS (CONT'D)

### 16. Nomination and Remuneration Committee (Cont'd)

The present members of the NRC are:

#### Chairman

Dato' SriTi Lian Ker - Senior Independent Non-Executive Director

#### Members

Dato' Seri Abdul Azim Bin Mohd Zabidi - Independent Non-Executive Chairman

Aimi Aizal Bin Nasharuddin - Independent Non-Executive Director

The NRC shall meet at least once a year unless otherwise determine by the NRC. The quorum for meeting and/or for the sanction and endorsement of approvals in writing shall be at least two (2) members, of which at least one (1) shall be an independent director.

The Board has stipulated specific Terms of Reference for the NRC and a copy of the terms of reference is available for reference at the Company's website at [www.anzo.com.my](http://www.anzo.com.my).

The summary activities undertaken by the NRC during the financial year ended 31 March 2017 included the following:

- i) Reviewed and recommended the payment of Directors' Fees for Independent Non-Executive Directors;
- ii) Reviewed the composition of the Board and makes recommendations to the Board accordingly, with a view to meeting current and future requirements of the Group;
- iii) Reviewed and recommended to the Board concerning the re-election by shareholders of any director under the "retirement by rotation" provisions in the Company's Article of Association;
- iv) Reviewed the qualification of Director to be appointed and made recommendation to the Board for appointment of Director.

### 17. Criteria for Recruitment

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the NRC. As a whole, the Company maintains a very lean number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NRC. The NRC will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The NRC will help assess and recommend to the Board, the candidature of directors, appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

In assessing suitability of candidates, consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of the Business, the Markets and the Industry in which the Group operates and the accounting, finance and legal matters.



# Corporate Governance Statement (cont'd)

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## A. DIRECTORS (CONT'D)

### 17. Criteria for Recruitment (Cont'd)

In general, the process for the appointment of director to the Board is as follows:

- i) The NRC reviews the Board's composition through Board assessment/evaluation;
- ii) The NRC determines skills matrix;
- iii) The NRC evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
- iv) The NRC recommends to the Board for appointment; and
- v) The Board approves the appointment of the candidates.

Factors considered by the NRC when recommending a person for appointment as a director include:

- i) the merits and time commitment required for a Director to effectively discharge his or her duties to the Company;
- ii) the outside commitments of a candidate to be appointed or elected as a Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and
- iii) the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

### 18. Criteria for Board Assessment

The NRC would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a combination of self and peer assessment approach on an annually basis. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting, with a view to meeting current and future requirements of the Group.

The criteria used by the NRC in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. The Board did not engage any external party to undertake an independent assessment of the Directors.

Based on the assessment conducted for the financial year ended 31 March 2017, the Board and the NRC is satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board members and the independence of its Independent Non-Executive Directors.

### 19. Annual Assessment of Independence

Annual assessments will be conducted by NC on annually basis and the criteria for assessment covers areas such as contributions to interaction, roles and responsibilities and quality of input to enhance the Board's effectiveness. The independence of Independent Directors was assessed based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgment at all times and based on the criteria set out in the Listing Requirements of Bursa Securities.

Based on the assessment carried out during the financial year ended 31 March 2017, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during the financial year under review, and that each of them continues to fulfill the definition of independence as set out in the Listing Requirements of Bursa Securities.

# Corporate Governance Statement (cont'd)

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## A. DIRECTORS (CONT'D)

### 20. Re-election

The procedure on re-election of directors by rotation is set out in Articles No. 97 and 103 of the Company's Articles of Association ("the Articles"). Pursuant to the Articles, all Directors who are appointed by the Board during the year are subject to re-election by shareholders at the first meeting after their appointment. The Articles also provide that at least one third (1/3) of the remaining Directors are subject to re-election by rotation at each Annual General Meeting and retiring directors can offer themselves for re-election. All Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election.

Upon the recommendation of the NRC and the Board, the Directors who are standing for re-election and re-appointment at the forthcoming Annual General Meeting of the Company to be held in 2017 are as stated in the Notice of Annual General Meeting.

### 21. Tenure of Independent Directors

Currently, the Board does not have a policy on the tenure for Independent Directors as the Board is of the view that a term of more than nine (9) years may not necessarily impair independence and judgement of an Independent Director and therefore the Board does not deem it appropriate to impose a fixed term limit for Independent Directors at this juncture.

However, as recommended by the MCCG, the tenure of an independent director should not exceed cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting, normally the annual general meeting of the Company.

As at the date of this statement, none of the independent directors had served the Company for more than nine (9) years as per the recommendations of MCCG.

## B. DIRECTORS' REMUNERATION

### 1. Procedures

The remunerations of the Executive Directors were determined fairly based on the performance and the profitability of the Group as a whole. The Directors' remuneration is at the discretion of the Board, taking into account the comparative market rates that commensurate with the level of contribution, experience and participation of each Director. The overriding principle adopted in setting the remuneration packages for the Executive Directors by the NRC is to ensure that the Company attracts and retains the appropriate Directors of the caliber needed to run the Group successfully.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees are to be approved by shareholders at the Annual General Meeting based on recommendations of the Board.

# Corporate Governance Statement (cont'd)

## B. DIRECTORS' REMUNERATION

### 2. Disclosure

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) and categorised into appropriate components for the financial year ended 31 March 2017 are as follows:

#### i) Aggregate Directors' Remuneration

Director	Company		Group	
	Fees (RM)	Salaries and other emoluments (RM)	Fees (RM)	Salaries and other emoluments (RM)
Executive Directors	-	365,400	-	365,400
Non-Executive Directors	-	10,350	-	10,350
<b>Total</b>	-	375,750	-	375,750

#### ii) Analysis of Directors' Remuneration

The number of Directors whose remuneration falls into the following bands is as follows:

Range of Remuneration	Number of Directors			
	Company		Group	
	Executive	Non-Executive	Executive	Non-Executive
Below RM50,000	2	4	2	4
RM350,001 to RM400,000	1	-	1	-

Details of the individual Director's remuneration are not disclosed in this report as the Board is of the view that the above remuneration disclosure by band and analysis between Executive and Non-Executive Directors satisfies the accountability and transparency aspects of the MCCG.

## C. COMMUNICATION BETWEEN THE COMPANY AND ITS SHAREHOLDERS AND INVESTORS

### 1. Corporate disclosure policies and procedures

The Board recognises the importance of keeping the shareholders informed and updated of development concerning the Group. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities. The Group practices open communication with its investors.

In order to maintain its commitment of effective communication with shareholders, the Group embrace the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The practice of disclosure of information is to adopt the best practices recommended in the MCCG with regard to strengthening engagement and communication with shareholders, it is not only established just to comply with the Listing Requirements of Bursa Securities.

The Group also endeavour to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

# Corporate Governance Statement (cont'd)

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## **C. COMMUNICATION BETWEEN THE COMPANY AND ITS SHAREHOLDERS AND INVESTORS (CONT'D)**

### **1. Corporate disclosure policies and procedures (Cont'd)**

Besides the above, the Company's Annual Report, circulars and financial results are dispatched on annually basis to the shareholders to provide an overview of the Group's business activities and performances. The Share Registrar is available to attend to administrative matters relating to shareholder interests. The Company Strive to provide a high level of transparency reporting in order to provide value for users.

### **2. Leverage on Information Technology for Effective Dissemination of Information**

The Company's website at [www.anzo.com.my](http://www.anzo.com.my) incorporates an Investor section which provides all relevant information on the Company accessible to the public. This section enhances the investor relations function by including all announcements made by the Company and its annual reports.

The quarterly financial results are announced to Bursa Securities after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

Shareholders and investors may also forward their queries to the Company via email to [anzoholdings@gmail.com](mailto:anzoholdings@gmail.com).

### **3. Dialogue with Shareholders**

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board is of the view that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

The Chairman or the Managing Director of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought at the general meeting.

Whilst the Company aims to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

### **4. Annual General Meeting**

The Annual General Meeting ("AGM") is the principal forum for dialogue with the shareholders. The shareholders will be notified of the meeting together with a copy of the Company's Annual Report at least twenty one (21) days before the meeting. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution. At the AGM, the shareholders and/or proxy appointed by the shareholders are encouraged to participate in the questions and answers session there at, where they will be given the opportunity to raise questions or seek more information during the AGM. Informal discussions between the Directors, senior management staff, the shareholders and investors are always active before and after the general meetings.

Apart from contacts at general meetings, currently there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement has been satisfactory.

In line with Paragraph 8.29A of the Listing Requirements, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

# Corporate Governance Statement (cont'd)

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## C. COMMUNICATION BETWEEN THE COMPANY AND ITS SHAREHOLDERS AND INVESTORS (CONT'D)

### 5. Effective Communication and Proactive Engagement

The Group maintains its effective communication with shareholders by adopting timely, comprehensive, and continuing disclosures of information to its shareholders as well as the general investing public and adopts the best practices recommended by the MCCG with regards to strengthening engagement and communication with shareholders.

To this end, the Group relies on the following channels for effective communication with the shareholders and stakeholders:

- i) Interim financial reports to provide updates on the Group's operations and business developments on a quarterly basis;
- ii) Annual audited financial statements and annual report to provide an overview of the Group's state of governance, state of affairs, financial performance and cash flows for the relevant financial year;
- iii) Corporate announcements to Bursa Securities on material developments of the Group, as and when necessary and mandated by the Listing Requirements; and
- iv) Annual General Meetings.

Shareholders and stakeholders may raise their concerns and queries by contacting the Registered Office of the Group, the details of which as provided under the "Corporate Information" section of this Annual Report. The Share Registrar is also available to attend to administrative matters relating to shareholder interests. As recommended by the MCCG, the Company has appointed a Senior Independent Non-Executive Director to whom queries and concerns regarding the Group may be conveyed.

## D. ACCOUNTABILITY AND AUDIT

### 1. Compliance with Applicable Financial Reporting Standards

The Board strives to provide shareholders with a balanced and meaningful evaluation of the Group's financial performance, financial position and prospects through the annual audited financial statements, interim financial reports, annual report and announcements to Bursa Securities.

The interim financial reports, annual audited financial statements and annual report of the Group for the financial year ended 31 March 2017 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act, 2016. The Board is assisted by the Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting.

The statement by the Board pursuant to Paragraph 15.26(a) of the Listing Requirements on its responsibilities in preparing the financial statements is set out in Section E of this Annual Report.

### 2. Risk Management and Internal Controls

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to access current and emerging risks, respond appropriate to risks of the Group.



# Corporate Governance Statement (cont'd)

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## **D. ACCOUNTABILITY AND AUDIT (CONT'D)**

### **2. Risk Management and Internal Controls (Cont'd)**

As an effort to enhance the system of internal control, the Board together with the assistance of Internal Auditors adopted on-going monitoring and review to the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

The information on the Group's internal control is further elaborated in page 33 on the Statement on Risk Management and Internal Control of this Annual Report.

### **3. Assessment of Suitability and Independence of External Auditors**

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention.

The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.

In assess or determine the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of the following:

- i) the adequacy of the experience and resources of the External Auditors;
- ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
- iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the Annual General Meeting on the recommendation of the Board. The External Auditors are being invited to attend the Annual General Meeting of the Company to response and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

Where necessary, the Audit Committee will meet with the External Auditors without the presence of Executive Director and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the Audit Committee are duly recorded by the Company Secretaries.

# Corporate Governance Statement (cont'd)

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## **D. ACCOUNTABILITY AND AUDIT (CONT'D)**

### **3. Assessment of Suitability and Independence of External Auditors (Cont'd)**

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 March 2017.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs Morison Anuarul Azizan Chew as the External Auditors of the Company for the financial year ending 31 March 2018.

## **E. STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS**

The Directors are responsible for the preparation of financial statements prepared for each financial year to give a true and accurate view of the state of the Group and the Company of the results and cash flows of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have observed the following criteria:

- i) Overseeing the overall conduct of the Company's business and that of the Group;
- ii) Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;
- iii) Reviewing the adequacy and integrity of Internal Controls System and Management Information System in the Company and within the Group;
- iv) Adopting suitable accounting policies and apply them consistently;
- v) Making judgments and estimates that are reasonable and prudent; and
- vi) Ensuring compliance with application Approved Accounting Standards in Malaysia.

The Directors are responsible for ensuring that proper accounting and other records which are closed with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements comply with the Listing Requirements, the provisions of the Companies Act, 2016 and applicable Approved Accounting Standards in Malaysia. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 March 2017, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

# Corporate Governance Statement

(cont'd)

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## **F. SHARE ISSUANCE SCHEME ("SIS") COMMITTEE**

The SIS Committee was established on 25 September 2015 comprising the following members:

### **Chairman**

Datuk Chai Woon Chet

### **Members**

Aimi Aizal Bin Nasharuddin

Low Son Heng

Freiya Chong Fui Fui

The main responsibility of SIS Committee is to oversee the administration as well as to ensure proper implementation of the SIS according to the By-Laws of the SIS. The SIS Committee deliberates, neither physically nor via circular resolutions, whenever necessary.

## **G. COMPLIANCE STATEMENT**

Saved as disclosed above, the Board is of the view that The Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices of MCCG and all other applicable laws, where applicable.

# Audit Committee Report

## 1. COMPOSITION

### Chairman

Aimi Aizal Bin Nasharuddin - Independent Non-Executive Director

### Members

Dato' Seri Abdul Azim Bin Mohd Zabidi - Independent Non-Executive Chairman

Dato' Sri Ti Lian Ker - Senior Independent Non-Executive Director

## 2. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee has been made available on the Company's website at [www.anzo.com.my](http://www.anzo.com.my).

## 3. ATTENDANCE OF MEETINGS

During the financial year ended 31 March 2017, the audit committee held four (4) meetings.

Details of the attendance of committee members are as follow:

	<u>Attendance</u>
Encik Aimi Aizal Bin Nasharuddin (Chairman)	2/4
YBhg Dato' Seri Abdul Azim Bin Mohd Zabidi	4/4
YBhg Dato' Sri Ti Lian Ker	4/4

## 4. SUMMARY ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

The activities of the Audit Committee during the financial year ended 31 March 2017 include the following:

- review the quarterly results and year end financial statements
- review the adequacy of the audit scope and plan of the external auditors
- review reports of the internal and external auditors
- review related party transactions
- review the SIS offered and exercised
- review the Statement of Risk Management and Internal Control
- review the audited Financial Statements of the Group and the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited Financial Statements were drawn up in accordance with the provision of the Companies Act, 2016 and the applicable accounting standards approved by the Malaysian Accounting Standard Board ("MASB")
- evaluated the performance of the external auditors for the financial year ended 31 March 2017 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors
- review the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group
- review the related party transactions and conflict of interest situation that may arise within the Company or the Group
- Review the Group compliance with prevailing laws, regulations and accounting standards and matters related to corporate governance in compliance with the revamped Listing Requirements of Bursa Securities

# Audit Committee Report (cont'd)

## 5. INTERNAL AUDIT FUNCTIONS

The Group has appointed an established external professional Internal Audit firm, which reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

Internal audit provides independent assessment on the effectiveness and efficiency of internal controls utilising a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the Audit Committee.

The Audit Committee approves the internal audit plan during the first Audit Committee meeting each year. Any subsequent changes to the internal audit plan are approved by the Audit Committee. The scope of internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement.

The costs incurred for the Internal Audit function for the financial year ended 31 March 2017 is RM10,000.00.

During the financial year, the following activities were carried out by the internal auditors in discharge of its responsibilities:

- i) To review the Group policies and procedures for contract management;
- ii) To determine an in depth study was conducted prior to formulation of contract and acceptance of contract;
- iii) To determine all related/relevant parties was involved in formulation of contract;
- iv) To ensure approval/acceptance of contract is accordance to delegation of financial authority limit; and
- v) The Group internal control on preparing progress payment/billings.

The Audit Committee and the Board agree that the internal audit review was done in accordance with the audit plan and the coverage is adequate.

## 6. STATEMENT ON SHARE ISSUANCE SCHEME

The SIS approved by the shareholders of the Company at the Company's Extraordinary General Meeting held on 14 September 2015, is the only share scheme in existence during the financial year. The said SIS scheme would be in force for a period of five (5) years from the date of implementation and expired on 24 September 2020.

The total number of SIS options granted, exercised and outstanding under the SIS since its commencement up to 31 March 2017 are set out in table below:

Category of Employees	No. of SIS options			
	Granted and vested	Exercised	Lapsed	Outstanding
Directors	9,800,000	8,800,000	-	1,000,000
Other Employees	39,717,300	7,112,400	14,685,000	17,919,900
<b>Total</b>	<b>49,517,300</b>	<b>15,912,400</b>	<b>14,685,000</b>	<b>18,919,900</b>

There is no options offered to and exercised by Non-Executive Directors pursuant to the SIS during the financial year ended 31 March 2017.

The aggregate maximum allocation of the SIS options applicable to the Directors and senior management pursuant to the By-Laws is not more than 50% and the actual granted to the Directors and senior management since the commencement of the SIS is 44%.

The Audit Committee has verified and was satisfied that the allocation of SIS Options to the eligible Directors and employees of the Anzo Group during the financial year ended 31 March 2017, were in accordance with the criteria of allocation of share options set out in the SIS By-Laws.



# Statement on Risk Management and Internal Control

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## INTRODUCTION

This Statement on Risk Management and Internal Control is made in accordance with MCCG and Paragraph 15.26(b) of the Listing Requirements, which require Malaysian public listed companies to make a statement in their annual report about their state of internal control, as a Group.

In view of this, the Board of Directors of Anzo is pleased to provide the following statement on the state of the internal control of the Group as a whole for the financial year ended 31 March 2017, which has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by Bursa Malaysia Securities Berhad.

## BOARD RESPONSIBILITY

The Board is committed to ensuring the existence of an appropriate risk management framework and sound, efficient and effective system of internal control that cover the financial reporting, compliance and operations of the Group to safeguard shareholders' investment and the Group's assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's risk management and internal control framework is an ongoing process, and has been in place for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group. The process is regularly reviewed by the Board.

The implementation of the risk management and internal control system within the Group inclusive of design, operation, identification, assessment, mitigation and control of risks, are operated with the assistance of the management throughout the period. The Board has received assurance from the Managing Director that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

The Board is of the view that the Group's risk management and internal control framework and systems is in place for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group. The key features of the internal control systems which are operated with the assistance of the management are described under the following headings:-

## RISK MANAGEMENT FRAMEWORK

The Group has an embedded process for the identification, evaluation, reporting, treatment, monitoring and reviewing of the major strategic, business and operation risks within the Group, covering both wholly and partially owned subsidiaries. Both the Audit Committee and Board of Directors review the effectiveness of the risk management function and deliberate on the risk management and internal control frameworks, functions, processes and reports on a regular basis.

For the period under review, the Audit Committee is assisted by the internal control division and the operation staff from various divisions to effectively embed risk management and control into the corporate culture, processes and structures within the Group. The framework is continually monitored to ensure it is responsive to the changes in the business environment and clearly communicated to all levels.

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

## INTERNAL CONTROL STRUCTURE

The Group has an established internal control structure and is committed to evaluating, enhancing and maintaining the structure to ensure effective control over the Group's business operations and to safeguard the value and security of the Group's assets. There is a clearly defined operating structure with lines of responsibilities and delegated authority in place to assist the Board to maintain a proper control environment. The key elements of the Group's internal control system include:

- (a) A clear and defined organisation structure that is aligned to the business and operational requirements of the core businesses of the Group which limits the respective levels of authority, accountability and responsibility of their job functions and specifications;
- (b) Documentation of standard operating procedures and ensuring that internal policies, processes and procedures are drawn-up, reviewed and revised as and when required and necessary;
- (c) Regular operational and financial reporting to the senior management and/or the Board, highlighting their progress and variances from budgets. The Audit Committee and the Board review quarterly operational as well as financial results and reports;
- (d) Regular group management meetings are held as and when necessary to raise issues, discuss, review and monitor the business development and resolve operational and management issues and review financial performances against the business plans, the targets and the budgets, if any, for each operating unit and regular visits by the senior personnel or management team to each operating unit as and when necessary;
- (e) Board and Audit Committee meetings are scheduled regularly, that is at least four (4) times in a year and the respective meeting papers are distributed on a timely basis to enable members to have access to all relevant information for reviews and queries to be raised;
- (f) Audit Committee prepares the Audit Committee Report and also reviews the quarterly financial results and yearly Audited Financial Statements prior to the approval of the Board;
- (g) Management ensures that safety working regulations within the Group are being considered, implemented and adhered to accordingly;
- (h) As and when necessary, staff training and development programs may be provided to equip staff with the appropriate knowledge and skills to enable staff to carry out their job functions productively and effectively; and
- (i) Adequate insurance of major assets to ensure that assets of the Group are sufficiently covered against mishap that may result in material losses to the Group.

The Group has also put in place a policy on whistle-blowing to facilitate the reporting of activities or practices which are in violation of the Group's work rules. The Group encourages employees or any other parties with whom the Group has a business relationship to report unlawful, unethical or fraudulent activities or practices. All whistle-blowing reports are submitted to the Internal Auditors or Chairman of the Audit Committee so that independent investigation and appropriate follow-up action can be taken. The Audit Committee has the responsibility of overseeing this policy, which is administered with the assistance of the Internal Auditors.

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

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## **REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 March 2017 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

## **CONCLUSION**

For the financial period under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual Report. The Board is of the view that the existing system of the internal control and risk management is adequate to achieve the Group's objectives. Nevertheless, the Board recognises that the system of internal control must continuously improve in line with the Group's business environment. Therefore, the Board would put in place adequate plans, where necessary, to continuously improve the Group's system of internal control.

# Other Disclosure Requirements

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad

## 1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

There were no proceeds raised by the Company from any corporate proposals during the financial year ended 31 March 2017.

## 2. AUDIT AND NON-AUDIT FEES

During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 March 2017 were as follows:

	Company (RM)	Group (RM)
<b>Audit Services Rendered</b>	34,020	70,744
<b>Non-Audit Services Rendered</b>		
- Review of Statement on Risk Management and Internal Control	3,180	3,180
- Reporting Accounting Services for Right Issue	21,571	21,571

## 3. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

There were no contracts relating to loan and material contracts of the Company and its subsidiaries involving the Directors and substantial shareholders since the end of the previous financial year.

## 4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT")

The details of RRPTs of a trading or revenue nature of the Group for the financial year ended 31 March 2017 are as follows:

Related Party	Anzo Group - Transacting Party	Nature of Transaction with Anzo Group	Value of Transaction (RM)	Nature of relationship between Anzo Group and the Related Party
XOX Bhd ("XOX") and its subsidiaries companies ("XOX Group")	Anzo Group	<p>Receipt of construction work from XOX Group</p> <p>Provision and/or receipt of project management and development, property development to and/or from XOX Group</p> <p>Supply and/or purchase of construction and building materials to and/or from XOX Group</p> <p>Supply of timber and timber products to XOX Group</p>	NIL	<p>Datuk Chai Woon Chet is the Managing Director of XOX and a shareholder of XOX with a shareholding of 1.64%. He is also the Managing Director and a major shareholder of Anzo.</p> <p>Dato' Seri Abdul Azim Bin Mohd Zabidi is the Non-Independent Non-Executive Chairman of XOX and a shareholder of XOX with a shareholding of 0.05%. He is also the Independent Non-Executive Chairman of Anzo.</p>

# Other Disclosure Requirements

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

## 4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	Anzo Group - Transacting Party	Nature of Transaction with Anzo Group	Value of Transaction (RM)	Nature of relationship between Anzo Group and the Related Party
Vizione Holdings Berhad (Formerly known as Astral Supreme Berhad) ("Vizione") and its subsidiaries companies ("Vizione Group")	Anzo Group	<p>Provision and/or receipt of construction work to and/or from Vizione Group</p> <p>Provision and/or receipt of project management and development, property development to and/or from Vizione Group</p> <p>Supply and/or purchase of construction and building materials to and/or from Vizione Group</p> <p>Supply of timber and timber products to Vizione Group</p> <p>Hire of equipment to and/or from Vizione Group</p>	NIL	Datuk Chai Woon Chet was an Executive Director of Vizione and resigned on 14 March 2017. He is also a Managing Director and a major shareholder of Anzo.
LCL M&E Engineering Sdn. Bhd. ("LCL")	Anzo Group	<p>Provision and/or receipt of construction work to and/or from LCL</p> <p>Provision and/or receipt of project management and development, property development to and/or from LCL</p> <p>Supply and/or purchase of construction and building materials to and/or from LCL</p> <p>Supply of timber and timber products to LCL</p> <p>Hire of equipment to and/or from LCL</p>	NIL	Datuk Chai Woon Chet was a Managing Director and a major shareholder of LCL with a shareholding of 50%. He was subsequently resigned as a director on 26 August 2016 and disposed his shareholdings on 30 January 2017. He is also a Managing Director and a major shareholder of Anzo.



# Other Disclosure Requirements

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

## 4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	Anzo Group - Transacting Party	Nature of Transaction with Anzo Group	Value of Transaction (RM)	Nature of relationship between Anzo Group and the Related Party
Freestyle Development Sdn. Bhd. ("FDSB")	Anzo Group	<p>Receipt of construction work from FDSB</p> <p>Receipt of project management and development, property development to and/or from FDSB</p> <p>Supply and/or purchase of construction and building materials to and/or from FDSB</p> <p>Supply of timber and timber products to FDSB</p> <p>Leasing / renting / letting of land and/or office premises to and/or from FDSB</p>	NIL	Datuk Chai Woon Chet was a Managing Director and a major shareholder of FDSB with a shareholding of 25%. He was subsequently resigned as a director and disposed shareholdings on 26 August 2016 and 30 January 2017 respectively. He is also a Managing Director and a major shareholder of Anzo.
Signahill Sdn. Bhd. ("SSB")	Anzo Group	<p>Provision and/or receipt of construction work to and/or from SSB</p> <p>Provision and/or receipt of project management and development, property development to and/or from SSB</p> <p>Supply and/or purchase of construction and building materials to and/or from SSB</p> <p>Supply of timber and timber products to SSB</p>	NIL	Datuk Chai Woon Chet is the Managing Director and a major shareholder of SSB with a shareholding of 50%. He is also the Managing Director and a major shareholder of Anzo.

# Other Disclosure Requirements

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

## 4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	Anzo Group - Transacting Party	Nature of Transaction with Anzo Group	Value of Transaction (RM)	Nature of relationship between Anzo Group and the Related Party
KL Northgate Sdn. Bhd. ("KNSB")	Anzo Group	<p>Receipt of construction work from KNSB</p> <p>Receipt of project management and development, property development to and/or from KNSB</p> <p>Provide marketing services to KNSB</p> <p>Supply and/or purchase of construction and building materials to and/or from KNSB</p> <p>Supply of timber and timber products to KNSB</p> <p>Leasing / renting / letting of office premises to and/or from KNSB</p> <p>Hire of equipment to and/or from KNSB</p>	NIL	Datuk Chai Woon Chet is an Executive Director and a major shareholder of KNSB with a shareholding of 24.5%. He is also the Managing Director and a major shareholder of Anzo.
Ocean Milestone Sdn. Bhd. ("OMSB")	Anzo Group	<p>Receipt of construction work from OMSB</p> <p>Receipt of project management and development, property development to and/or from OMSB</p> <p>Supply and/or purchase of construction and building materials to and/or from OMSB</p> <p>Supply of timber and timber products to OMSB</p>	NIL	Datuk Chai Woon Chet is the Managing Director and a major shareholder of OMSB with a shareholding of 99%. He is also the Managing Director and a major shareholder of Anzo.

# Group's Landed Properties

Location		Description	Tenure	Area sq. m.	Approximate Age (Years)	Net Book Value as at 31.03.2017	Date of Acquisition	Existing use
1.	Lot 450, 451 & 452, Jalan Papan Pandamaran Industrial Area 42000 Port Klang Selangor Darul Ehsan	- Main Office - 4 factory buildings - 6 storage yards - 1 packing area - Boiler houses & workshop	Leasehold	32,375	1-31	14,403,834	2009	Factory and Office
2.	Lot 10568, Jalan Papan Pandamaran Industrial Area 42000 Port Klang	- KD Plant and warehouse	Leasehold	5,970	1-27	11,457,222	2009	KD Chambers

# Analysis of Shareholdings

(Based on Register of Depositors as at 30 June 2017)

## SHARE CAPITAL

Total Number of Issued Shares	:	803,335,960
Issued Share Capital	:	RM130,715,608.70
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

## DISTRIBUTION OF SHAREHOLDINGS

(Based on Register of Depositors as at 30 June 2017)

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	NO. OF ORDINARY SHARES	%
LESS THAN 100	128	4,316	0.00
100 TO 1,000	598	529,846	0.07
1,001 TO 10,000	1,816	11,104,111	1.38
10,001 TO 100,000	3,366	143,766,442	17.90
100,001 TO LESS THAN 5% OF ISSUED SHARES	1,171	587,190,620	73.09
5% AND ABOVE OF ISSUED SHARES	1	60,740,625	7.56
<b>TOTAL</b>	<b>7,080</b>	<b>803,335,960</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS

(Based on Register of Directors' Shareholdings as at 30 June 2017)

No.	Names	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Dato' Seri Abdul Azim Bin Mohd Zabidi	-	-	1,000,000 <sup>(1)</sup>	0.12
2.	Datuk Chai Woon Chet	8,350,000	1.04	59,100,000 <sup>(2)</sup>	7.36
3.	Abdul Jaliludin Bin Jamalludin	-	-	-	-
4.	Mazlan Bin Mohamad	-	-	-	-
5.	Dato' Sri Ti Lian Ker	-	-	-	-
6.	Aimi Aizal Bin Nasharuddin	-	-	-	-

### Notes:

- (1) Deemed interested by virtue of his interest in Syawaras Sdn Bhd pursuant to Section 8 of the Companies Act, 2016
- (2) Deemed interested by virtue of his interest in Zenith City Investments Limited and Ocean Milestone Sdn Bhd pursuant to Section 8 of the Companies Act, 2016

## LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

(Based on Register of Depositors as at 30 June 2017)

No.	Names	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Cartaban Nominees (Asing) Sdn Bhd Exempt An For KGI Asia Ltd	60,740,625	7.56	-	-

# Analysis of Shareholdings (cont'd)

(Based on Register of Depositors as at 30 June 2017)

## LIST OF TOP 30 SHAREHOLDERS/ DEPOSITORS

(Based on Register of Depositors as at 30 June 2017)

No.	Name	No. of Shares Held	Percentage
1.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR KGI ASIA LTD	60,740,625	7.56
2.	WBW GLOBAL SDN BHD	18,857,500	2.35
3.	TOH EAN HAI	12,000,000	1.49
4.	WONG BOON MING	10,973,700	1.37
5.	AXD SYSTEM GLOBAL SDN BHD	8,705,300	1.08
6.	NG WAI YUAN	8,173,200	1.02
7.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG KAM CHEE (002)	8,000,000	1.00
8.	NG KOK HENG	7,400,000	0.92
9.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NG WAI YUAN (MY0867)	7,270,500	0.91
10.	WAI CHOO	6,131,500	0.76
11.	TEE YEN CHONG	6,125,000	0.76
12.	LEE CHEE HOON	6,000,000	0.75
13.	NG AUN HOOI	5,878,000	0.73
14.	CHENG MAYYOONG	5,486,800	0.68
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POH THIAM SEONG (7003558)	5,365,800	0.67
16.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATUK CHAI WOON CHET (MARGIN)	5,200,000	0.65
17.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LIAN HONG (8092237)	5,000,000	0.62
18.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LEE SOI GEK (PB)	4,992,900	0.62
19.	KHOO AI LIAN	4,130,600	0.51
20.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING HENG SEEK (8120306)	4,000,000	0.50
21.	LOH KWEE LIAN	3,944,900	0.49
22.	KONG CHEE SENG	3,700,000	0.46
23.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATUK CHAI WOON CHET	3,150,000	0.39
24.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW WENG CHOY	3,100,000	0.39
25.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MARY TAN @ TAN HUI NGOH (MARGIN)	3,050,000	0.38
26.	KUEH BAK POH	3,000,000	0.37
27.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG AUN HOOI	3,000,000	0.37
28.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JEGA DEVAN A/L M NADCHATIRAM	2,970,000	0.37
29.	LIEW CHUN KEONG	2,884,100	0.36
30.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR H'NG SIEW TUAN (STF)	2,800,000	0.35
<b>Total</b>		<b>232,030,425</b>	<b>28.88</b>



# Analysis of Warrant A Holdings

(Based on Register of Depositors as at 30 June 2017)

NO. OF OUTSTANDING WARRANTS : 78,563,798 WARRANTS A 2009/2019  
NO. OF WARRANT HOLDERS : 1,572

## ANALYSIS BY SIZE OF WARRANT A HOLDINGS

(Based on Register of Depositors as at 30 June 2017)

SIZE OF WARRANT HOLDINGS	No. of Warrant Holders	No. of Warrants Held	%
LESS THAN 100	189	7,889	0.01
100 TO 1,000	54	20,778	0.03
1,001 TO 10,000	398	2,116,619	2.69
10,001 TO 100,000	781	29,743,544	37.86
100,001 TO LESS THAN 5% OF ISSUED SHARES	149	40,599,168	51.68
5% AND ABOVE OF ISSUED SHARES	1	6,075,800	7.73
<b>TOTAL</b>	<b>1,572</b>	<b>78,563,798</b>	<b>100.00</b>

## DIRECTORS' WARRANT HOLDINGS AS PER REGISTER OF DIRECTORS' WARRANT HOLDINGS

(Based on Register of Directors' Warrant Holdings as at 30 June 2017)

Based on the Register of Directors' Warrant Holdings as at 30 June 2017, none of the Directors have any interest/ holdings in Warrants A.

## LIST OF TOP 30 WARRANT A HOLDERS

(Based on Register of Depositors as at 30 June 2017)

No.	Name	No. of Warrants A Held	Percentage
1.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOW THIAM HOOI (E-KLG)	6,075,800	7.73
2.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEAH CHONG HEAN	1,421,700	1.81
3.	ANUAL BIN HASSAN	1,398,000	1.78
4.	MOHAMAD KAHAR BIN AB WAHAB	1,337,600	1.70
5.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KUA AH PENG (E-SPI)	1,040,000	1.32
6.	YAP POW ON	977,000	1.24
7.	PER CHAI KENG	850,050	1.08
8.	WONG POH HUAT	809,300	1.03
9.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIN SING (KLUANG-CL)	760,100	0.97
10.	JASWANT SINGH A/L GURDIAL SINGH	749,300	0.95
11.	YONG MAN CHAI	747,400	0.95
12.	LIM CHONG YAW	702,456	0.89

# Analysis of Warrant A Holdings (cont'd)

(Based on Register of Depositors as at 30 June 2017)

## LIST OF TOP 30 WARRANT A HOLDERS (CONT'D)

(Based on Register of Depositors as at 30 June 2017)

No.	Name	No. of Warrants A Held	Percentage
13.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CH'NG CHOOI HOON (E-BMM)	622,000	0.79
14.	CHEW KOK HIAN	600,000	0.76
15.	WEE KIM MENG	600,000	0.76
16.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH CHIN SEONG (E-BMM)	600,000	0.76
17.	TANG CHEK MEN	503,000	0.64
18.	TANG CHOCKTSANN	500,000	0.64
19.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEN THAU MIN (471370)	500,000	0.64
20.	LIEW KHIM SHIN	500,000	0.64
21.	AMUNULHAZDHIHIL BIN AGGUS SALIM HALMEE	500,000	0.64
22.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG MENG HIANG (E-BMM)	457,000	0.58
23.	KAF TRUSTEE BERHAD KIFB FOR TMF TRUSTEES MALAYSIA BERHAD (FOR SUSANNAH FAMILY TRUST)	450,200	0.57
24.	TING CHUO KIEW	415,720	0.53
25.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOONG KAT LONG	400,000	0.51
26.	GAM TONG KEONG	400,000	0.51
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NG CHOON FATT	400,000	0.51
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHENG LOOI (E-BMM)	336,000	0.43
29.	QUAH SEIK LEE	330,000	0.42
30.	LEE BOON SIONG	329,300	0.42
<b>Total</b>		<b>25,311,926</b>	<b>32.22</b>

# Analysis of Warrant B Holdings

(Based on Register of Depositors as at 30 June 2017)

NO. OF OUTSTANDING WARRANTS : 32,991,025 WARRANTS B 2013/2023  
NO. OF WARRANT HOLDERS : 1,250

## ANALYSIS BY SIZE OF WARRANT B HOLDINGS

(Based on Register of Depositors as at 30 June 2017)

SIZE OF WARRANT HOLDINGS	No. of Warrant Holders	No. of Warrant Held	%
LESS THAN 100	145	6,469	0.02
100 TO 1,000	210	117,278	0.35
1,001 TO 10,000	439	2,001,519	6.07
10,001 TO 100,000	397	16,789,668	50.89
100,001 TO LESS THAN 5% OF ISSUED SHARES	59	14,076,091	42.67
5% AND ABOVE OF ISSUED SHARES	-	-	-
<b>TOTAL</b>	<b>1,250</b>	<b>32,991,025</b>	<b>100.00</b>

## DIRECTORS' WARRANT HOLDINGS AS PER REGISTER OF DIRECTORS' WARRANT HOLDINGS

(Based on Register of Directors' Warrant Holdings as at 30 June 2017)

Based on the Register of Directors' Warrant Holdings as at 30 June 2017, none of the Directors have any interest/ holdings in Warrants B.

## LIST OF TOP 30 WARRANT B HOLDERS

(Based on Register of Depositors as at 30 June 2017)

No.	Name	No. of Warrants B Held	Percentage
1.	ABDUL HANIFF BIN SULAIMAN	1,321,000	4.00
2.	KOON CHING CHAI @ JIMMY	600,600	1.82
3.	TEOH HOCK SOON	539,000	1.63
4.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIENG KOK TUNG (C06 MARGIN)	400,000	1.21
5.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW TECK HAUR (E-TSA)	400,000	1.21
6.	WONG YORK NGOH	383,400	1.16
7.	GOH THIAM SENG	350,000	1.06
8.	ONG BENG CHENG	316,100	0.96
9.	LOW CHENG KUNG	307,500	0.93
10.	KONG JYH CHAU	300,000	0.91
11.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEN THAU MIN (471370)	300,000	0.91
12.	WONG KON WAH	300,000	0.91

# Analysis of Warrant B Holdings (cont'd)

(Based on Register of Depositors as at 30 June 2017)

## LIST OF TOP 30 WARRANT B HOLDERS (CONT'D)

(Based on Register of Depositors as at 30 June 2017)

No.	Name	No. of Warrants B Held	Percentage
13.	KOW JI MANG	300,000	0.91
14.	ABDUL RAHMAN BIN ABDUL KARIM	300,000	0.91
15.	SHOURMYLA BINTI SHAMSUDDIN	300,000	0.91
16.	MING YONG LAI	300,000	0.91
17.	KOAY JOO TIN	298,000	0.90
18.	ABD MAJID BIN OMAR	283,100	0.87
19.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG SEW KIN (E-SPG)	280,000	0.85
20.	CHAN SENG CHAP	250,000	0.76
21.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG MENG HIANG (E-BMM)	240,000	0.73
22.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOW THIAM HOOI (E-KLG)	229,900	0.70
23.	MOHAMED ARIF BIN MOHAMED SHAHARUDDIN	210,000	0.64
24.	TEH TEK SOON	200,000	0.61
25.	WONG LOCK SENG	200,000	0.61
26.	WONG KATHERINE KA YIN BAU	200,000	0.61
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD FAIZAL BIN AHMAD	200,000	0.61
28.	NG YUN RU	200,000	0.61
29.	YAP MUN HUAT	200,000	0.61
30.	CHIN LIM SHU	200,000	0.61
<b>TOTAL</b>		<b>9,908,600</b>	<b>30.03</b>

# Analysis of Warrant C Holdings

(Based on Register of Depositors as at 30 June 2017)

NO. OF OUTSTANDING WARRANTS : 241,000,736 WARRANTS C 2017/2020  
NO. OF WARRANT HOLDERS : 2,146

## ANALYSIS BY SIZE OF WARRANT C HOLDINGS

(Based on Register of Depositors as at 30 June 2017)

SIZE OF WARRANT HOLDINGS	No. of Warrant Holders	No. of Warrants Held	%
LESS THAN 100	18	832	0.00
100 TO 1,000	48	32,871	0.01
1,001 TO 10,000	521	2,940,262	1.22
10,001 TO 100,000	1,233	44,655,184	18.53
100,001 TO LESS THAN 5% OF ISSUED SHARES	325	163,001,275	67.64
5% AND ABOVE OF ISSUED SHARES	1	30,370,312	12.60
<b>TOTAL</b>	<b>2,146</b>	<b>241,000,736</b>	<b>100</b>

## DIRECTORS' WARRANT HOLDINGS AS PER REGISTER OF DIRECTORS' WARRANT HOLDINGS

(Based on Register of Directors' Warrant Holdings as at 30 June 2017)

Based on the Register of Directors' Warrant Holdings as at 30 June 2017, none of the Directors have any interest/ holdings in Warrants C.

## LIST OF TOP 30 WARRANT C HOLDERS

(Based on Register of Depositors as at 30 June 2017)

No.	Name	No. of Warrants C Held	Percentage
1.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR KGI ASIA LTD	30,370,312	12.60
2.	TOH EAN HAI	10,000,000	4.15
3.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG KAM CHEE (002)	6,000,000	2.49
4.	AFFIN HWANG INVESTMENT BANK BERHAD IVT (JRY)	5,631,200	2.34
5.	WONG BOON MING	5,486,850	2.28
6.	LOH KWEE LIAN	4,068,550	1.69
7.	NG WAI YUAN	3,575,750	1.48
8.	NG AUN HOOI	2,939,000	1.22
9.	CHENG MAY YOONG	2,743,400	1.14
10.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LIAN HONG (8092237)	2,500,000	1.04
11.	TAN YU YEY	2,500,000	1.04
12.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LEE SOI GEK (PB)	2,496,450	1.04

# Analysis of Warrant C Holdings (cont'd)

(Based on Register of Depositors as at 30 June 2017)

## LIST OF TOP 30 WARRANT C HOLDERS (CONT'D)

(Based on Register of Depositors as at 30 June 2017)

No.	Name	No. of Warrants C Held	Percentage
13.	NG KOK HENG	2,200,000	0.91
14.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NG WAI YUAN (MY 0867)	2,125,000	0.88
15.	WAI CHOO	2,000,250	0.83
16.	TEE YEN CHONG	1,837,500	0.76
17.	CHAP KAR KAR	1,670,000	0.69
18.	KUEH BAK POH	1,500,000	0.62
19.	WEE JUI JONG	1,500,000	0.62
20.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG AUN HOOI	1,500,000	0.62
21.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MARY TAN @ TAN HUI NGOH (MARGIN)	1,500,000	0.62
22.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR H"NG SIEW TUAN (STF)	1,400,000	0.58
23.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG WAI YUAN (T CHERAS-CL)	1,325,000	0.55
24.	CHUA CHUNG BAN	1,265,000	0.52
25.	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KENG CHEW HAR (SMT)	1,250,000	0.52
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD KOH HENG FAI	1,100,000	0.46
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DEXTER LEE TEIK OUI	1,075,000	0.45
28.	TAN ENG TEEK	1,050,000	0.44
29.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH PENG LIP (KLANG LAMA-CL)	1,002,250	0.42
30.	YAU SIEW FUN	1,001,000	0.42
<b>TOTAL</b>		<b>104,612,512</b>	<b>43.41</b>



# Financial statements



# Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and provision of management service.

The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

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

## FINANCIAL RESULTS

	Group RM	Company RM
Net loss for the financial year	4,724,827	2,975,319

## DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial period. The Board of Directors does not recommend any dividend in respect of the financial year under review.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

During the financial year the issued and paid-up share capital of the Company was increased from RM74,003,531 to RM74,041,031 by way of the issuance of 150,000 new ordinary shares of RM0.25 each pursuant to the Company's Share Issuance Scheme.

Subsequent to the shareholders' approval in the Extraordinary General Meeting of the Company on 29 March 2016, the Company implemented par value reduction of its issued and paid up share capital of RM74,041,031 comprising 296,164,123 ordinary shares of RM0.25 each to RM29,616,412 comprising 296,164,123 ordinary shares of RM0.10 each pursuant to Section 64 of the Companies Act, 1965. The resulting credit arising from the capital reduction was used to reduce the Company's accumulated losses by RM37,699,029.

The Company has changed its par value from RM0.25 per share to RM0.10 per share following the capital reduction exercise pursuant to Section 64 of the Companies Act, 1965. There were no changes in the amount of the authorised share capital of the Company.

# Directors' Report (cont'd)

## ISSUE OF SHARES AND DEBENTURES (CONT'D)

Subsequent to the capital reduction, the issued and paid-up capital of the Company was increased from RM29,616,412 to RM30,467,527 by way of the issuance of 6,962,000 new ordinary shares of RM0.10 each pursuant to the Company's Share Issuance Scheme.

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

There were no issuance of debentures during the financial year under review.

## WARRANTS

The Company has two types of warrants: Warrants A (2009/2019) and Warrants B (2013/2023).

The main features of the Warrants are as follows:

- Each Warrant carries the entitlement to subscribe for one (1) Company's share at the Exercise Price at any time during the Exercise Period, subject to adjustments in accordance with the provisions of the Deed Poll.
- Subject to the adjustments in accordance with the Deed Poll, the exercise price of the Warrants has been fixed at RM0.25 each, being the par value of the Company's shares price.
- The Warrants can be exercised at any time during the period commencing from and including the date of issue of the Warrants and up to and including the Expiry Date.
- Warrants A and Warrants B shall expire at 5.00 p.m. on 19.11.2019 and 25.8.2023 respectively. Any warrants which have not been exercised will lapse and cease thereafter to be valid for any purpose.

During the financial year, no Warrants were exercised. The movement of the Warrant A and B are as follows:

	Number of Warrants			
	At 1.4.2016	Granted	Exercise	At 31.3.2017
Warrant A	80,666,898	-	-	80,666,898
Warrant B	33,178,025	-	-	33,178,025

## SHARES ISSUANCE SCHEME ("SIS")

The Company's SIS was approved by shareholders at the Extraordinary General Meeting on 14 September 2015 and became effective on 25 September 2015 for a period of 5 years, which will lapse on 24 September 2020.

The salient features and other terms of the SIS are disclosed in Note 24 to the financial statements.

The movement of options granted under SIS during the financial year are disclosed in Note 24 to the financial statements.

Details of the options granted to Directors are disclosed in the section on Directors' Interests of this report.

# Directors' Report (cont'd)

## DIRECTORS

The Directors in office during the financial year end and during the period from the end of the financial year to the date of this report are:

Mazlan Bin Mohamad  
Abdul Jaliludin Bin Jamalludin  
Dato' Seri Abdul Azim Bin Mohd Zabidi  
Datuk Chai Woon Chet  
Aimi Aizal Bin Nasharuddin  
Dato' Seri Ti Lian Ker  
Chong Khing Chung (Appointed on 19.7.2017)  
Rahmad Bin Tohak (Resigned on 4.7.2017)

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interest of Directors who held office at the end of the financial year in shares or debentures in the Company or its subsidiaries during the financial year are as follows:

	No. of ordinary shares			At 31.3.2017
	At 1.4.2016	Bought	Sold	
<b>Anzo Holdings Berhad</b>				
Direct interest:				
Abdul Jaliludin Bin Jamalludin	4,800,000	-	(4,800,000)	-
Datuk Chai Woon Chet	8,350,000	-	-	8,350,000
Indirect interest:				
Datuk Chai Woon Chet <sup>(1)</sup>	58,500,000	600,000	-	59,100,000
Dato' Seri Abdul Azim Bin Mohd Zabidi <sup>(2)</sup>	1,000,000	-	-	1,000,000

	No. of SIS over ordinary shares			At 31.3.2017
	At 1.4.2016	Granted	Exercised	
<b>Anzo Holdings Berhad</b>				
Direct interest:				
Abdul Jaliludin Bin Jamalludin	-	500,000	-	500,000
Mazlan Bin Mohamad	-	500,000	-	500,000

(1) Deemed interest by virtue of his interests in Zenith City Investments Limited pursuant to Section 8 of the Companies Act, 2016 in Malaysia.

(2) Deemed interest by virtue of his interests in Syawaras Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 in Malaysia.

By virtue of their interests in the shares of the Company, Datuk Chai Woon Chet and Dato' Seri Abdul Azim Bin Mohd Zabidi are also deemed to have interest in the shares of all the subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, according to the register of Directors' shareholdings, none of the other Directors holding office at the end of the financial year had any interest in shares or debentures in the Company or its subsidiaries during the financial year under review.

# Directors' Report (cont'd)

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## **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remunerations received by Directors as shown in Note 21 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or its subsidiary companies a party to any arrangement the object of which is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than those arising from the share options granted under the Company's SIS.

## **OTHER STATUTORY INFORMATION**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
  - (iv) any amount stated in the financial statements of the Group and of the Company misleading.
- (c) No contingent liability or other liability of any company in the Group has become enforceable or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.
- (d) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
  - (ii) any contingent liability in respect of the Group and the Company which has arisen since the end of the financial year.

# Directors' Report (cont'd)

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## OTHER STATUTORY INFORMATION (CONT'D)

(e) In the opinion of the Directors:

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

## SUBSEQUENT EVENTS

The subsequent events to the financial year end are disclosed in Note 27 to the financial statements.

## AUDITORS

The auditors, Messrs. Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 21 to the financial statements.

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



**MAZLAN BIN MOHAMAD**

Kuala Lumpur Wilayah Persekutuan

21 JUL 2017



**DATUK CHAI WOON CHET**



# Statements by Directors

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

We, MAZLAN BIN MOHAMAD and DATUK CHAI WOON CHET, two of the Directors of ANZO HOLDINGS BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 61 to 105 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2017 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 106 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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



**MAZLAN BIN MOHAMAD**

21 JUL 2017



**DATUK CHAI WOON CHET**

# Statutory Declaration

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

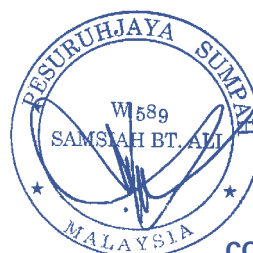
I, MAZLAN BIN MOHAMAD, being the Director primarily responsible for the financial management of ANZO HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 61 to 105 and the supplementary information set out on page 106 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed )  
MAZLAN BIN MOHAMAD )  
at Kuala Lumpur Wilayah Persekutuan )  
on this date of 21 July 2017 )



**MAZLAN BIN MOHAMAD**

Before me,



**COMMISSIONER FOR OATHS**

SAMSAH BINTI ALI (No. W 589)  
PESURUHJAYA SUMPAH  
NO. 142B, TKT BAWAH,  
BGN. UMNO SELANGOR  
JALAN IPOH, 51200  
KUALA LUMPUR W.P.

# Independent Auditors' Report

To the Members of Anzo Holdings Berhad (Company No.: 36998-T)  
(Incorporated in Malaysia)

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## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Anzo Holdings Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 105.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

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

# Independent Auditors' Report (cont'd)

To the Members of Anzo Holdings Berhad (Company No.: 36998-T)  
(Incorporated in Malaysia)

## Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
<p><b>Plant and machinery (Refer to Note 4 to the financial statements)</b></p> <p>During the financial year, the carrying amount of plant and machinery is RM2,006,678 which contributed from the manufacturing division. However, the Group's manufacturing business had been on a declining trends over the years.</p> <p>The recoverable amount of plant and machinery was determined based on value-in-use which involves significant judgement on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates and gross profit margin.</p>	<p>Our audit procedures are included, among others:</p> <ul style="list-style-type: none"> <li>• comparing the cash flow projections to the available business plan for manufacturing division;</li> <li>• comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;</li> <li>• comparing the Group's assumptions to externally derived data as well as our assessments in relation to key assumptions such as discount rates, forecast growth rates and gross profit margin;</li> <li>• testing the mathematical accuracy of the impairment assessment and;</li> <li>• performing a sensitivity analysis on the key assumptions.</li> </ul>
<p><b>Trade and other receivables (Note 6 and 7 to the financial statements)</b></p> <p>As at 31 March 2017, the trade and other receivables are amounted to RM19,092,622, which are significant to the Group's total current assets.</p> <p>We focused on this area because it involves judgements made by directors over both the events or changes in circumstances as regard to the impairment of trade and other receivables and the estimation of the size of any such impairment.</p> <p>The trade and other receivables are monitored individually by management and therefore the impairment is assessed based on knowledge of each individual receivable.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• evaluating the design and assessing the implementation of controls associated with monitoring and impairment assessment of receivables that were either in default or significantly overdue as at 31 March 2017;</li> <li>• developing an understanding of significant credit exposures which are significantly overdue or deemed to be in default through analysis of ageing reports and other collection or legal reports prepared by management;</li> <li>• obtaining confirmation of balances from selected receivables;</li> <li>• reviewing subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significant past due balances; and</li> <li>• assessing the reasonableness of impairment charges for identified credit exposures.</li> </ul>

# Independent Auditors' Report (cont'd)

To the Members of Anzo Holdings Berhad (Company No.: 36998-T)  
(Incorporated in Malaysia)

## Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition for construction business</b></p> <p>During the financial year, the Group had diversified its focus from manufacturing to construction. This new segment of business had commenced in the fourth quarter of the financial year ended. It recorded RM6,372,237 which represents 54% of the total Group's revenue.</p> <p>We focused on this area because the contract revenue contribute significantly to the Group's performance and its computation requires the directors to apply significant judgement.</p> <p>The revenue is recognised based on stage of completion method. The stage of completion method is determined by reference to costs incurred for work performed to the estimated total costs for each project. The estimated costs are affected by uncertainties that depend on the outcome of future events.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• evaluating the controls over the Group's process in preparing project budget, recording project costs and calculating the stage of completion;</li> <li>• challenging the Group's major assumptions by comparing to contractual terms;</li> <li>• discussing the progress of the projects and expected outcome with respective project directors to obtain an understanding of the basis on which the estimates are made;</li> <li>• assessing the reasonableness of computed stage of completion for identified projects against architect certificate or progress report and the physical completion; and</li> <li>• testing the mathematical computation of the recognised revenue and expenses during the financial year.</li> </ul>

## Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

## Responsibilities of the Directors for the Financial Statements

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

# Independent Auditors' Report (cont'd)

To the Members of Anzo Holdings Berhad (Company No.: 36998-T)  
(Incorporated in Malaysia)

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## Responsibilities of the Directors for the Financial Statements (Cont'd)

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

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

# Independent Auditors' Report (cont'd)

To the Members of Anzo Holdings Berhad (Company No.: 36998-T)  
(Incorporated in Malaysia)

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

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

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

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report on the following:

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act, 2016 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 2016 in Malaysia.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 266(3) of the Companies Act, 2016 in Malaysia.

## Other Reporting Responsibilities

The supplementary information set out in page 106 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 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**MORISON ANUARUL AZIZAN CHEW**

Firm Number: AF 001977  
Chartered Accountants



**SATHIEA SEELEAN A/L MANICKAM**

Approved Number: 1729/05/18 (J/PH)  
Chartered Accountant

Kuala Lumpur  
21 July 2017



# Statements of Financial Position

As at 31 March 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
<b>Non-Current Assets</b>					
Property, plant and equipment	4	<b>30,375,797</b>	31,493,830	<b>7,191,385</b>	7,687,153
Investment in subsidiary companies	5	-	-	<b>7,947,548</b>	7,947,548
		<b>30,375,797</b>	31,493,830	<b>15,138,933</b>	15,634,701
<b>Current Assets</b>					
Trade receivables	6	<b>8,433,774</b>	3,712,867	-	-
Other receivables	7	<b>10,658,848</b>	10,573,914	<b>6,134</b>	580,835
Amount owing by subsidiary companies	8	-	-	<b>25,061,013</b>	32,470,946
Short-term deposits with licensed banks	9	<b>4,263,311</b>	3,579,555	<b>3,873,311</b>	3,189,555
Cash and bank balances		<b>1,737,218</b>	1,661,523	<b>1,138,509</b>	1,335,296
		<b>25,093,151</b>	19,527,859	<b>30,078,967</b>	37,576,632
<b>Total Assets</b>		<b>55,468,948</b>	51,021,689	<b>45,217,900</b>	53,211,333
<b>Equity attributable to owners of the Company</b>					
Share capital	10	<b>31,049,329</b>	74,003,531	<b>31,049,329</b>	74,003,531
Other reserves	11	<b>11,560,267</b>	5,326,771	<b>11,560,267</b>	5,326,771
Accumulated losses		<b>(618,380)</b>	(35,751,236)	<b>(725,847)</b>	(37,608,211)
<b>Total Equity</b>		<b>41,991,216</b>	43,579,066	<b>41,883,749</b>	41,722,091
<b>Non-Current Liabilities</b>					
Finance lease liabilities	12	<b>1,378,154</b>	1,275,203	-	-
Deferred tax liabilities	13	<b>1,755,708</b>	1,909,918	<b>828,555</b>	922,447
		<b>3,133,862</b>	3,185,121	<b>828,555</b>	922,447
<b>Current Liabilities</b>					
Trade payables	14	<b>6,286,644</b>	1,096,200	-	-
Other payables	15	<b>1,614,753</b>	1,625,070	<b>739,591</b>	687,185
Amount owing to contract customer	16	<b>93,963</b>	-	-	-
Amounts owing to subsidiary companies	8	-	-	-	8,710,615
Amount owing to a director	17	<b>1,766,005</b>	1,168,995	<b>1,766,005</b>	1,168,995
Finance lease liabilities	12	<b>582,505</b>	367,237	-	-
		<b>10,343,870</b>	4,257,502	<b>2,505,596</b>	10,566,795
<b>Total Liabilities</b>		<b>13,477,732</b>	7,442,623	<b>3,334,151</b>	11,489,242
<b>Total Equity and Liabilities</b>		<b>55,468,948</b>	51,021,689	<b>45,217,900</b>	53,211,333

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

# Statements of Comprehensive Income

For the financial year ended 31 March 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	18	<b>11,895,226</b>	6,112,121	<b>435,000</b>	350,000
Cost of sales	19	<b>(11,094,762)</b>	(7,530,582)	-	-
Gross profit/(loss)		<b>800,464</b>	(1,418,461)	<b>435,000</b>	350,000
Other income		<b>163,554</b>	225,373	<b>163,554</b>	180,516
Administrative expenses		<b>(5,580,914)</b>	(9,730,169)	<b>(3,549,440)</b>	(13,511,710)
Other expenses		<b>(118,325)</b>	-	<b>(118,325)</b>	-
Finance costs	20	<b>(114,170)</b>	(34,008)	-	-
Loss before taxation	21	<b>(4,849,391)</b>	(10,957,265)	<b>(3,069,211)</b>	(12,981,194)
Taxation	22	<b>124,564</b>	105,782	<b>93,892</b>	59,368
<b>Loss for the financial year, representing total comprehensive loss for the financial year attributable to owners of the Company</b>		<b>(4,724,827)</b>	(10,851,483)	<b>(2,975,319)</b>	(12,921,826)
Loss per share attributable to owners of the Company (sen):					
Basic	23	<b>(1.58)</b>	(3.85)		
Diluted	23	<b>(1.56)</b>	(3.85)		

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

# Statements of Changes in Equity

For the financial year ended 31 March 2017

Group	Non-Distributable						Total equity RM
	Share capital RM	Share premium RM	Capital reserve RM	SIS reserve RM	Warrant reserve RM	Discount on equity RM	
<b>2017</b>							
At 1 April 2016	74,003,531	-	-	2,771,671	5,225,539	(2,670,439)	43,579,066
Loss/total comprehensive loss for the financial year	-	-	-	-	-	-	(4,724,827)
Share option granted under SIS	-	-	-	3,024,528	-	-	3,024,528
Issuance of shares pursuant to SIS	888,615	581,802	-	(867,663)	-	-	1,470,417
SIS expired	-	-	-	(2,648,959)	-	-	(1,357,968)
Capital reduction	(44,424,619)	-	6,725,590	-	-	-	37,699,029
Transfer pursuant to Section 618(2) of the Companies Act, 2016	581,802	(581,802)	-	-	-	-	-
At 31 March 2017	<b>31,049,329</b>	-	<b>6,725,590</b>	<b>2,279,577</b>	<b>5,225,539</b>	<b>(2,670,439)</b>	<b>41,991,216</b>
Group	Non-Distributable						Total equity RM
	Share capital RM	Share premium RM	Capital reserve RM	SIS reserve RM	Warrant reserve RM	Discount on equity RM	
<b>2016</b>							
At 1 April 2015	70,208,531	-	-	-	5,225,539	(2,670,439)	47,074,518
Loss/total comprehensive loss for the financial year	-	-	-	-	-	-	(10,851,483)
Share option granted under SIS	-	-	-	3,561,031	-	-	3,561,031
Issuance of shares pursuant to SIS	3,795,000	-	-	(789,360)	-	-	789,360
At 31 March 2016	74,003,531	-	6,725,590	2,771,671	5,225,539	(2,670,439)	43,579,066

# Statements of Changes in Equity (cont'd)

For the financial year ended 31 March 2017

Company	2017						2016					
	Share capital RM	Share premium RM	Capital reserve RM	SIS reserve RM	Warrant reserve RM	Discount on equity RM	Share capital RM	SIS reserve RM	Warrant reserve RM	Discount on equity RM	Accumulated losses RM	Total equity RM
At 1 April 2016	74,003,531	-	-	2,771,671	5,225,539	(2,670,439)	70,208,531	-	5,225,539	(2,670,439)	(25,475,745)	47,287,886
Loss/total comprehensive loss for the financial year	-	-	-	-	-	-	-	-	-	-	(2,975,319)	(2,975,319)
Share option granted under SIS	-	-	-	3,024,528	-	-	-	-	-	-	-	3,024,528
Issuance of shares pursuant to SIS	888,615	581,802	-	(867,663)	-	-	-	-	-	-	867,663	1,470,417
SIS expired	-	-	-	(2,648,959)	-	-	-	-	-	-	1,290,991	(1,357,968)
Capital reduction	(44,424,619)	-	6,725,590	-	-	-	-	-	-	-	37,699,029	-
Transfer pursuant to Section 618(2) of the Companies Act, 2016	581,802	(581,802)	-	-	-	-	-	-	-	-	-	-
At 31 March 2017	<b>31,049,329</b>	<b>-</b>	<b>6,725,590</b>	<b>2,279,577</b>	<b>5,225,539</b>	<b>(2,670,439)</b>	<b>67,049,329</b>	<b>2,279,577</b>	<b>5,225,539</b>	<b>(2,670,439)</b>	<b>(725,847)</b>	<b>41,883,749</b>
Company	2017						2016					
At 1 April 2015							74,003,531		5,225,539	(2,670,439)	(25,475,745)	47,287,886
Loss/total comprehensive loss for the financial year							-	-	-	-	(12,921,826)	(12,921,826)
Share option granted under SIS				3,561,031			-	3,561,031				3,561,031
Issuance of shares pursuant to SIS				(789,360)			3,795,000	(789,360)			789,360	3,795,000
At 31 March 2016				2,771,671	5,225,539	(2,670,439)	74,003,531	2,771,671	5,225,539	(2,670,439)	(37,608,211)	41,722,091

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

# Statements of Cash Flows

For the financial year ended 31 March 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Cash Flows From Operating Activities</b>				
Loss before taxation	<b>(4,849,391)</b>	(10,957,265)	<b>(3,069,211)</b>	(12,981,194)
Adjustments for:				
Allowance for impairment loss on trade receivables	<b>1,045,668</b>	22,737	-	-
Allowance for impairment loss on other receivables	-	747,983	-	747,983
Bad debts written off	-	9,858	-	-
Depreciation of property, plant and equipment	<b>1,957,548</b>	1,550,131	<b>495,768</b>	495,644
Deposits written off	-	1,125,000	-	1,125,000
Gain on disposal of property, plant and equipment	-	(38,000)	-	-
Interest expenses	<b>114,170</b>	34,008	-	-
Inventory written off	-	1,138,891	-	-
Property, plant and equipment written off	-	12,892	-	12,892
Provision for impairment loss on amount owing by subsidiary	-	-	-	9,136
Provision for impairment loss on investment in subsidiary company	-	-	-	6,444,000
Provision for product compensation no longer required	<b>(457,737)</b>	-	-	-
Share options granted under SIS	<b>1,666,560</b>	3,561,031	<b>1,524,528</b>	1,951,878
Interest income	<b>(163,554)</b>	(167,516)	<b>(163,554)</b>	(167,516)
Operating loss before working capital changes	<b>(686,736)</b>	(2,960,250)	<b>(1,212,469)</b>	(2,362,177)
<b>Changes in working capital</b>				
Inventories	-	343,274	-	-
Trade and other receivables	<b>(5,851,509)</b>	(2,360,965)	<b>574,701</b>	1,152,700
Trade and other payables	<b>5,637,864</b>	205,781	<b>52,406</b>	(290,208)
Amounts owing by subsidiary companies	-	-	<b>(1,158,650)</b>	(4,469,213)
Amounts owing to contract customers	<b>93,963</b>	-	-	-
Amounts owing to a Director	<b>597,010</b>	1,168,995	<b>597,010</b>	1,168,995
	<b>477,328</b>	(642,915)	<b>65,467</b>	(2,437,726)
Cash used in operating activities	<b>(209,408)</b>	(3,603,165)	<b>(1,147,002)</b>	(4,799,903)
Interest received	<b>163,554</b>	167,516	<b>163,554</b>	167,516
Interest paid	<b>(114,170)</b>	(34,008)	-	-
Tax refunded	-	4,250	-	-
Tax paid	<b>(29,646)</b>	-	-	-
	<b>19,738</b>	137,758	<b>163,554</b>	167,516
Net cash used in operating activities	<b>(189,670)</b>	(3,465,407)	<b>(983,448)</b>	(4,632,387)

# Statements of Cash Flows (cont'd)

For the financial year ended 31 March 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Cash Flows From Investing Activities</b>				
Purchase of property, plant and equipment	(147,515)	(931,621)	-	(14,751)
Proceeds from disposal of property, plant and equipment	-	38,000	-	-
Net cash used in investing activities	(147,515)	(893,621)	-	(14,751)
<b>Cash Flows From Financing Activities</b>				
Proceeds from issuance of shares	1,470,417	3,795,000	1,470,417	3,795,000
Repayment of hire purchase payable	(373,781)	(131,964)	-	-
Net cash generated from financing activities	1,096,636	3,663,036	1,470,417	3,795,000
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>759,451</b>	<b>(695,992)</b>	<b>486,969</b>	<b>(852,138)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>5,241,078</b>	<b>5,937,070</b>	<b>4,524,851</b>	<b>5,376,989</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>6,000,529</b>	<b>5,241,078</b>	<b>5,011,820</b>	<b>4,524,851</b>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>				
Cash and bank balances	1,737,218	1,661,523	1,138,509	1,335,296
Short term deposits with a licensed bank	4,263,311	3,579,555	3,873,311	3,189,555
	<b>6,000,529</b>	<b>5,241,078</b>	<b>5,011,820</b>	<b>4,524,851</b>

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

# Notes to the Financial Statements

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## 1. CORPORATE INFORMATION

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated in Malaysia under the Companies Act, 2016 and domiciled in Malaysia, and is listed on Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur and the principal place of business of the Company is located at Lot 450, Jalan Papan, Pandamaran Industrial Area, 42000 Port Klang, Selangor Darul Ehsan.

## 2. BASIS OF PREPARATION

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

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount 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 2(c).

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 2017***

#### *Amendments to MFRS 107 Disclosure Initiative*

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 Recognition of Deferred Tax Assets for Unrealised Losses*

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.



# Notes to the Financial Statements (cont'd)

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

### *Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Cont'd)*

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.

### **Annual periods beginning on/after 1 January 2018**

### *Amendments to MFRS 2 Classification and Measurement of Share-Based Payment Transactions*

The Amendments provides specific guidance on how to account for the following situations:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

### 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.

# Notes to the Financial Statements (cont'd)

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

### MFRS 9 Financial Instruments (Cont'd)

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.

### 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.

### ***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.

### ***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.

# Notes to the Financial Statements (cont'd)

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

### Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures (Cont'd)

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.

#### (b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and Company's functional currency and all values has been rounded to the nearest RM except when otherwise stated.

#### (c) Significant Accounting Estimates and Judgements

The summary of accounting policies as described in Note 3 are essential to understand the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Company's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company'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 period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

#### (i) Useful lives of property, plant and equipment

The costs of property, plant and equipment of the Group and of the Company are depreciated on a straight-line basis over the useful lives of the assets. Management estimates the useful lives of the property, plant and equipment as disclosed in Note 3(b)(iii). These are common life expectancies applied in the industry. Changes in the expected level of usage could impact the useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (ii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. When such indicators exist, the non-financial assets are impaired by evaluating the extent to which the recoverable amount of these assets are less than their cost. Methods used to determine the recoverable amount includes evaluation of valuation reports and discounted cash flows. Significant judgement is required in the estimation of present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's test for impairment of assets.

# Notes to the Financial Statements (cont'd)

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

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

#### (iii) Impairment of investments in subsidiary companies

The carrying amount of investment in subsidiary companies are reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

#### (iv) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

#### (v) Income taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is involved especially in determining tax base allowances and deductibility of certain expenses in determining the Group-wide and the Company-wide provision for income taxes. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### (vi) Share Issuance Scheme ("SIS")

The fair value of share options granted during the financial year was estimated by the management using the Black-Scholes-Merton model, taking into accounts the terms and conditions upon which the options were granted. The fair value of share options was measured at Grant Date.

#### (vii) Construction contracts

The Group recognises construction contracts based on stage of completion method. Revenue recognised from construction contracts reflects management's best estimate about each contract's outcome and stage of completion. The Group assesses the profitability of on-going construction contracts and the order backlog at least monthly, using project management procedures. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

# Notes to the Financial Statements (cont'd)

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## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of consolidation

#### (i) Subsidiaries

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

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

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

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

#### (ii) Business Combination

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

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

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

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

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

#### (iii) Loss of control

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

# Notes to the Financial Statements (cont'd)

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

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

#### (iv) Non-controlling interest

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

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

#### (v) Transaction eliminated on consolidation

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

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

### (b) Property, plant and equipment

#### (i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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

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

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

#### (ii) Subsequent costs

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

# Notes to the Financial Statements (cont'd)

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

### (b) Property, plant and equipment (Cont'd)

#### (iii) Depreciation

Depreciation is recognised in the profit and loss on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold lands	Remaining lease periods of 14 to 34 years
Leasehold buildings	50 years
Plant and machinery	3 - 20 years
Motor vehicles	5 years
Office furniture, fittings and equipment	10 - 20 years
Electrical installation	20 years

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method of depreciation are the expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

Gains or losses on disposals are determined by comparing net disposal proceeds with carrying amount and are recognised in the statements of profit or loss and other comprehensive income.

### (c) Financial assets

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

#### (i) Classification

The Group and the Company classify their financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### 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 presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets.

#### (ii) Recognition and initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

#### (iii) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.



# Notes to the Financial Statements (cont'd)

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

### (c) Financial assets (Cont'd)

#### (iv) Impairment

The Group and the Company assess at each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

#### *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, it is written off against the related accumulated impairment losses account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the profit and loss.

#### (v) Derecognition

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

### (d) Financial liabilities

Financial liabilities are recognised on the statements of financial position when, and only when the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company classify their financial liabilities as other financial liabilities. Management determines the classification of its financial liabilities at initial recognition.

All financial liabilities are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method.

Other financial liabilities are non-derivatives financial liabilities. The Group's and the Company's other financial liabilities comprise trade and other payables and borrowings. Financial liabilities are classified as current liabilities; except for maturities more than 12 months after the reporting date, in which case they are classified as non-current liabilities.

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

# Notes to the Financial Statements (cont'd)

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

### (e) 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.

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.

### (f) Leases

Leases of property, plant and equipment where the Company 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 is depreciated over the shorter of the useful life of the asset and the lease term.

### (g) Share capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost directly attributable to the issuance of the shares is accounted for as a deduction from share premium, otherwise, it is charged to the profit and loss.

Dividends on ordinary shares, when declared or proposed by the Directors of the Company are disclosed in the notes to the financial statements. Upon approval and when paid, such dividends will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year in which the dividends are paid.

# Notes to the Financial Statements (cont'd)

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

#### (h) Cash and cash equivalents

Cash and cash equivalent consist of cash in hand, bank balances and deposits with banks which have an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalent are presented net of bank overdrafts and pledged deposits.

#### (i) Income recognition

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

##### (i) Goods sold and services rendered

Revenue from sales of goods and services is recognised when significant risk and rewards have been transferred to the buyer, if any, or on performance of services, net of sales taxes and discounts.

##### (ii) Interest income

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

##### (iii) Construction revenue

Revenue from construction contracts is accounted in accordance to the accounting policies as described in Note 3(m) to the financial statements.

#### (j) 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 and medical leave are recognised when the absences occur.

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

##### (ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit and loss in the period to which they relate.

##### (iii) Share Issuance Scheme ("SIS")

The Company's SIS is an equity-settled, share-based compensation plan. It allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

# Notes to the Financial Statements (cont'd)

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

### (j) Employee benefits (Cont'd)

#### (iii) Share Issuance Scheme ("SIS") (Cont'd)

At each reporting period, the Group revises its estimated number of options that are expected to become exercisable on vesting date. It recognised the impact of the revision of original estimates, if any, in the profit and loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option exercised, or expires, upon which it will transferred directly to retained earnings. The proceeds received, net of any directly attributable transaction costs, are credited to equity when the options are exercised.

### (k) Income taxes

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. 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.

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 where there is an intention to settle the balances on a net basis.

### (l) Operating segments

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

# Notes to the Financial Statements (cont'd)

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

(m) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as expenses in the period in which they are incurred. Irrespective of whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to contract customers.

# Notes to the Financial Statements (cont'd)

## 4. PROPERTY, PLANT AND EQUIPMENT

2017	Leasehold lands RM	Leasehold buildings RM	Plant and machinery RM	Motor vehicles RM	Office furniture, fittings and equipment RM	Electrical installation RM	Total RM
<b>Group Cost</b>							
At 1 April 2016	10,258,373	21,916,988	9,828,206	2,634,514	118,286	779,254	45,535,621
Additions	-	-	-	839,515	-	-	839,515
At 31 March 2017	<b>10,258,373</b>	<b>21,916,988</b>	<b>9,828,206</b>	<b>3,474,029</b>	<b>118,286</b>	<b>779,254</b>	<b>46,375,136</b>
<b>Accumulated Depreciation</b>							
At 1 April 2016	2,591,050	2,801,898	7,359,407	465,215	90,597	733,624	14,041,791
Charge for the financial year	493,534	427,823	331,814	685,472	8,552	10,353	1,957,548
At 31 March 2017	<b>3,084,584</b>	<b>3,229,721</b>	<b>7,691,221</b>	<b>1,150,687</b>	<b>99,149</b>	<b>743,977</b>	<b>15,999,339</b>
<b>Carrying amount</b>							
At 31 March 2017	<b>7,173,789</b>	<b>18,687,267</b>	<b>2,136,985</b>	<b>2,323,342</b>	<b>19,137</b>	<b>35,277</b>	<b>30,375,797</b>

# Notes to the Financial Statements (cont'd)

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

	Leasehold lands RM	Leasehold buildings RM	Plant and machinery RM	Motor vehicles RM	Office furniture, fittings and equipment RM	Electrical installation RM	Total RM
<b>2016</b>							
<b>Group Cost</b>							
At 1 April 2015	10,258,373	21,683,291	9,967,265	454,014	160,917	779,254	43,303,114
Additions	-	233,697	38,941	2,180,500	20,483	-	2,473,621
Disposal	-	-	(178,000)	-	-	-	(178,000)
Written-off	-	-	-	-	(63,114)	-	(63,114)
At 31 March 2016	10,258,373	21,916,988	9,828,206	2,634,514	118,286	779,254	45,535,621
<b>Accumulated Depreciation</b>							
At 1 April 2015	2,097,517	2,374,408	7,194,289	204,041	132,353	717,274	12,719,882
Charge for the financial year	493,533	427,490	343,118	261,174	8,466	16,350	1,550,131
Disposal	-	-	(178,000)	-	-	-	(178,000)
Written-off	-	-	-	-	(50,222)	-	(50,222)
At 31 March 2016	2,591,050	2,801,898	7,359,407	465,215	90,597	733,624	14,041,791
<b>Carrying amount</b>							
At 31 March 2016	7,667,323	19,115,090	2,468,799	2,169,299	27,689	45,630	31,493,830



# Notes to the Financial Statements (cont'd)

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

	Leasehold lands RM	Office furniture, fittings and equipment RM	Total RM
<b>2017</b>			
<b>Company</b>			
<b>Cost</b>			
At 1 April 2016/31 March 2017	10,258,373	28,748	10,287,121
<b>Accumulated Depreciation</b>			
At 1 April 2016	2,591,050	8,918	2,599,968
Charge for the financial year	493,534	2,234	495,768
At 31 March 2017	3,084,584	11,152	3,095,736
<b>Carrying amount</b>			
At 31 March 2017	<b>7,173,789</b>	<b>17,596</b>	<b>7,191,385</b>
<b>2016</b>			
<b>Company</b>			
<b>Cost</b>			
At 1 April 2015	10,258,373	48,216	10,306,589
Additions	-	14,751	14,751
Written-off	-	(34,219)	(34,219)
At 31 March 2016	10,258,373	28,748	10,287,121
<b>Accumulated Depreciation</b>			
At 1 April 2015	2,097,517	28,134	2,125,651
Charge for the financial year	493,533	2,111	495,644
Written-off	-	(21,327)	(21,327)
At 31 March 2016	2,591,050	8,918	2,599,968
<b>Carrying amount</b>			
At 31 March 2016	7,667,323	19,830	7,687,153

- (a) The aggregate additional cost for the property, plant and equipment of the Group and of the Company during the financial year under hire purchase financing and cash payment are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Aggregate costs	<b>839,515</b>	2,473,621	-	14,751
Less: Finance Lease	<b>(692,000)</b>	(1,542,000)	-	-
Cash payment	<b>147,515</b>	931,621	-	14,751

# Notes to the Financial Statements (cont'd)

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

- (b) The entire motor vehicles of the Group were acquired under finance lease arrangement.
- (c) The leasehold lands and leasehold buildings of the Group and of the Company have remaining lease period of 14 to 34 years.

## 5. INVESTMENTS IN SUBSIDIARY COMPANIES

- (a) Investments in subsidiary companies

	2017 RM	Group 2016 RM
<b>Unquoted share, at cost</b>		
At 1 April 2016/31 March 2017	<b>61,312,269</b>	61,312,269
<b>Less: Impairment loss</b>		
At 1 April	<b>53,364,721</b>	46,920,721
Add: Impairment loss	-	6,444,000
At 31 March	<b>53,364,721</b>	53,364,721
Carrying amount	<b>7,947,548</b>	7,947,548

- (b) All the subsidiary companies of the Company are incorporated in Malaysia. The details of the subsidiary companies and the shareholdings are as follows:

Name of companies	Effective ownership and voting interest		Principal activities
	2017 %	2016 %	
<b>Direct holding:</b>			
Harvest Court Trading Sdn. Bhd.	<b>100</b>	100	Sawmilling and marketing of sawn timber
Harvest Court Marketing Sdn. Bhd.	<b>100</b>	100	Provision of marketing services
Harvest Lumber Sdn. Bhd.	<b>100</b>	100	Manufacturing and marketing of timber doors and other related products
Harvest Court Corporation Sdn. Bhd.	<b>100</b>	100	Manufacturing and marketing of timber doors and other related products
Harvest Exporter Sdn. Bhd.	<b>100</b>	100	Construction and interior design fit up
Quantum Pro Sdn. Bhd.	<b>100</b>	100	Timber kiln drying
Harvest Court Properties Sdn. Bhd.	<b>100</b>	100	Property development

# Notes to the Financial Statements (cont'd)

## 5. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(b) All the subsidiary companies of the Company are incorporated in Malaysia. The details of the subsidiary companies and the shareholdings are as follows (Cont'd):

Name of companies	Effective ownership and voting interest		Principal activities
	2017 %	2016 %	
<b>Direct holding (Cont'd):</b>			
Harvest Rimba Sdn. Bhd.	<b>99</b>	99	Dormant
Harvest Court Management Sdn. Bhd.	<b>100</b>	100	Investment holding
Harvest Court Constructions Sdn. Bhd.	<b>100</b>	100	Construction
Harvest Nation Sdn. Bhd.	<b>100</b>	100	Dormant
Timbeck Sdn. Bhd.	<b>100</b>	100	Dormant

## 6. TRADE RECEIVABLES

	2017 RM	Group 2016 RM
Trade receivables	<b>9,502,178</b>	3,735,604
Less: Allowance for impairment loss	<b>(1,068,404)</b>	(22,737)
	<b>8,433,774</b>	3,712,867

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

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	2017 RM	Group 2016 RM
Neither past due nor impaired	<b>6,121,541</b>	618,945
Past due less than 30 days but not impaired	<b>212,586</b>	270,483
Past due for more than 30 days but not impaired	<b>2,099,647</b>	2,823,439
	<b>2,312,233</b>	3,093,922
Individually impaired	<b>1,068,404</b>	22,737
	<b>9,502,178</b>	3,735,604

# Notes to the Financial Statements (cont'd)

## 6. TRADE RECEIVABLES (CONT'D)

Movements on the allowance for impairment loss on trade receivables are as follows:

	Group	
	2017 RM	2016 RM
At 1 April	22,737	-
Provision during the financial year	1,068,404	22,737
Reversed during the financial year	(22,737)	-
At 31 March	<b>1,068,404</b>	22,737

The Group has a significant concentration of credit risk of an amount of RM5,717,370 (2016: RM2,527,958) owing by a customer which accounts for 60% (2016: 68%) of the total trade receivables of the Company.

## 7. OTHER RECEIVABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other receivables	1,298,772	893,925	754,117	752,818
Deposits	10,086,900	10,221,900	-	576,000
Prepayments	21,159	206,072	-	-
	<b>11,406,831</b>	11,321,897	<b>754,117</b>	1,328,818
Less: Accumulated impairment loss:				
Other receivables	(747,983)	(747,983)	(747,983)	(747,983)
	<b>10,658,848</b>	10,573,914	<b>6,134</b>	580,835

Movements on the allowance for impairment loss on other receivables are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 April	747,983	-	747,983	-
Provision during the financial year	-	747,983	-	747,983
At 31 March	<b>747,983</b>	747,983	<b>747,983</b>	747,983

# Notes to the Financial Statements (cont'd)

## 8. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

Amount Owing by Subsidiary Companies:

	Company	
	2017	2016
	RM	RM
Amount owing by subsidiary companies	<b>27,200,282</b>	34,610,215
Less: Provision for impairment loss	<b>(2,139,269)</b>	(2,139,269)
	<b>25,061,013</b>	32,470,946

Movements in impairment (individually assessed) during the financial year are as follows:

	Company	
	2017	2016
	RM	RM
At 1 April	<b>2,139,269</b>	2,130,133
Provision during the financial year	-	9,136
At 31 March	<b>2,139,269</b>	2,139,269

The amounts owing by subsidiary companies are unsecured, interest free and repayable on demand.

Amounts Owing to Subsidiary Companies

The amounts owing to subsidiary companies are unsecured, interest free and repayable on demand.

## 9. SHORT TERM DEPOSITS WITH LICENSED BANKS

The short term deposits with licensed banks of the Group and of the Company have interest rates with a range of 2.30% to 3.50% (2016: 2.30% to 3.08%) per annum with a maturity of 1 to 30 days (2016: 1 to 30 days).

## 10. SHARE CAPITAL

### (a) Share Capital

	Group/Company		Group/Company	
	2017	2016	2017	2016
	No. of shares	No. of shares	RM	RM
<b>Issued and fully paid</b>				
At 1 April	<b>296,014,123</b>	280,834,123	<b>74,003,531</b>	70,208,531
Issuance of shares pursuant to SIS	<b>7,112,400</b>	15,180,000	<b>888,615</b>	3,795,000
	<b>303,126,523</b>	296,014,123	<b>74,892,146</b>	74,003,531
Capital reduction of RM0.15 per share	-	-	<b>(44,424,619)</b>	-
Transfer pursuant to Section 618(2) of the Companies Act, 2016	-	-	<b>581,802</b>	-
At 31 March	<b>303,126,523</b>	296,014,123	<b>31,049,329</b>	74,003,531

# Notes to the Financial Statements (cont'd)

## 10. SHARE CAPITAL (CONT'D)

### (a) Share Capital (Cont'd)

Subsequent to the shareholders' approval in the Extraordinary General Meeting of the Company on 29 March 2016, the Company implemented par value reduction on its issued and paid up share capital of RM74,041,031 comprising 296,164,123 ordinary shares of RM0.25 each to RM29,616,412 comprising 296,164,123 ordinary shares of RM0.10 each pursuant to Section 64 of the Companies Act, 1965. The resulting credit arising from the capital reduction was used to reduce the Company's accumulated losses by RM37,699,029.

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

The new Companies Act, 2016 ("the Act") which came effective on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

### (b) Share Premium

	Group/Company	
	2017	2016
	RM	RM
At 1 April	-	-
Pursuant to exercise of SIS	<b>581,802</b>	-
Transfer pursuant to Section 618(2) of the Companies Act, 2016	<b>(581,802)</b>	-
At 31 March	-	-

In line with the abolishment of the concept of authorised share capital and par value of share capital, the amount standing to the credit of the share premium account of RM581,802 became part of the Group's and the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM581,802 for purposes as set out in Section 618(3) of the Act. There is no impact in the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

## 11. OTHER RESERVES

	Group/Company	
	2017	2016
	RM	RM
Capital reserve	<b>6,725,590</b>	-
SIS reserve	<b>2,279,577</b>	2,771,671
Warrant reserve	<b>5,225,539</b>	5,225,539
Discount on equity	<b>(2,670,439)</b>	(2,670,439)
	<b>11,560,267</b>	5,326,771

### (i) Capital Reserve

Capital reserve represents a transfer from share capital arising from capital reduction exercise as mentioned in Note 10.

# Notes to the Financial Statements (cont'd)

## 11. OTHER RESERVES (CONT'D)

### (ii) SIS Reserve

The SIS reserve represents the estimated cumulative value of services received from employees which arose from the equity-settled share option granted to the employees. The reserve is reduced by transfer to accumulated losses upon exercise or expiry of the share options.

Movements of the SIS reserve during the financial year are as follows:

	<b>Group/Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
At 1 April	<b>2,771,671</b>	-
Share option granted under SIS	<b>3,024,528</b>	3,561,031
SIS exercised during the financial year	<b>(867,663)</b>	(789,360)
SIS expired during the financial year	<b>(2,648,959)</b>	-
At 31 March	<b>2,279,577</b>	2,771,671

### (iii) Warrant Reserve

The Company has two types of warrants: Warrants A (2009/2019) and Warrants B (2013/2023).

The main features of the Warrants are as follows:

- a. Each Warrant carries the entitlement to subscribe for one (1) Company's share at the Exercise Price at any time during the Exercise Period, subject to adjustments in accordance with the provisions of the Deed Poll.
- b. Subject to the adjustments in accordance with the Deed Poll, the exercise price of the Warrants has been fixed at RM0.25.
- c. The Warrants can be exercised at any time during the period commencing from and including the date of issue of the Warrants and up to and including the Expiry Date.
- d. Warrants A and Warrant B shall expire at 5.00 p.m. on 19.11.2019 and 25.8.2023 respectively. Any warrants which have not been exercised will lapse and cease thereafter to be valid for any purpose.

During the financial year, no Warrants were exercised. The movement of the Warrant A and B are as follows:

	<b>At</b>	<b>Number of Warrants</b>		<b>At</b>
	<b>1.4.2016</b>	<b>Granted</b>	<b>Exercised</b>	<b>31.3.2017</b>
Warrant A	80,666,898	-	-	80,666,898
Warrant B	33,178,025	-	-	33,178,025

The warrants reserve is in respect of the fair value for free Warrants B issued pursuant to the Right Issue and the discount on equity is a reserve account that is created to preserve the par value of the ordinary shares.



# Notes to the Financial Statements (cont'd)

## 12. FINANCE LEASE LIABILITIES

	Group	
	2017 RM	2016 RM
Minimum finance lease payments		
Within one year	667,930	442,567
Within two to five years	1,481,542	1,395,921
	<b>2,149,472</b>	1,838,488
Less: Future finance charges	(188,813)	(196,048)
Present value of finance lease liabilities	<b>1,960,659</b>	1,642,440
Present value of finance lease liabilities		
Within one year	582,505	367,237
Within two to five years	1,378,154	1,275,203
	<b>1,960,659</b>	1,642,440
Analysed as:		
Repayable within twelve months	582,505	367,237
Repayable after twelve months	1,378,154	1,275,203
	<b>1,960,659</b>	1,642,440

The finance lease interest is charged at rates ranging from 2.39% to 2.94% per annum.

Finance lease liabilities are effectively secured against the leased assets.

## 13. DEFERRED TAX LIABILITIES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Temporary difference arises from property, plant and equipment</b>				
At 1 April	1,909,918	1,990,973	922,447	981,815
Recognised in profit or loss	(154,210)	(81,055)	(93,892)	(59,368)
At 31 March	<b>1,755,708</b>	1,909,918	<b>828,555</b>	922,447

Deferred tax assets has not been recognised based on the following items:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unabsorbed capital allowance	6,114,800	6,379,700	82,000	82,000
Unutilised tax losses	32,001,000	30,168,600	2,956,000	1,922,300
Reinvestment allowance	1,103,500	1,103,500	-	-
	<b>39,219,300</b>	37,651,800	<b>3,038,000</b>	2,004,300
Deferred tax asset not recognised at 24%	<b>9,413,000</b>	9,036,000	<b>729,000</b>	481,000

# Notes to the Financial Statements (cont'd)

## 14. TRADE PAYABLES

The Group's normal trade credit terms range from 30 to 120 days (2016: 30 to 120 days). Other credit terms are assessed and approved on a case to case basis.

## 15. OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Other payables	<b>1,244,612</b>	554,030	<b>588,622</b>	572,130
Accruals	<b>370,141</b>	1,071,040	<b>150,969</b>	115,055
	<b>1,614,753</b>	1,625,070	<b>739,591</b>	687,185

## 16. AMOUNT OWING TO CONTRACT CUSTOMER

	Group 2017 RM
Aggregate costs incurred to date	4,681,620
Add: Attributable profits	648,867
	<u>5,330,487</u>
Less: Progress billings	(5,424,450)
	<u>(93,963)</u>
Represented by:	
Amount owing to customers on contract	<u>(93,963)</u>
Retention sum included in the progress billings	<u>542,445</u>

## 17. AMOUNT OWING TO A DIRECTOR

These represent unsecured interest free advances which are repayable on demand.

# Notes to the Financial Statements (cont'd)

## 18. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Construction revenue	<b>5,330,487</b>	-	-	-
Sale of timber products	<b>5,522,989</b>	6,112,121	-	-
Marketing fees	<b>1,041,750</b>	-	-	-
Management fees	-	-	<b>435,000</b>	350,000
	<b>11,895,226</b>	6,112,121	<b>435,000</b>	350,000

## 19. COST OF SALES

	Group	
	2017 RM	2016 RM
Construction costs	<b>4,681,620</b>	-
Sale of timber products	<b>5,579,742</b>	7,530,582
Marketing costs	<b>833,400</b>	-
	<b>11,094,762</b>	7,530,582

Included in cost of sales of previous year was a write down of inventories amounted to RM1,138,891.

## 20. FINANCE COST

	Group	
	2017 RM	2016 RM
Interest expenses on:		
Finance lease liabilities	<b>114,170</b>	34,008

# Notes to the Financial Statements (cont'd)

## 21. LOSS BEFORE TAXATION

Loss before taxation is derived at after charging/(crediting):

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Auditor's remuneration				
- Current year	<b>60,900</b>	40,400	<b>23,500</b>	15,000
- Under/(over) provision in prior years	<b>13,024</b>	8,574	<b>13,700</b>	(3,799)
Allowance for impairment loss on trade receivables	<b>1,045,668</b>	22,737	-	-
Allowance for impairment loss on other receivables	-	747,983	-	747,983
Bad debt written off	-	9,858	-	-
Directors' remuneration				
- Salaries and other emoluments	<b>370,750</b>	527,758	<b>370,750</b>	488,450
- EPF	<b>49,500</b>	55,800	<b>49,500</b>	55,800
- Share options granted under SIS	<b>120,000</b>	457,600	<b>120,000</b>	457,600
Depreciation of property, plant and equipment	<b>1,957,548</b>	1,550,131	<b>495,768</b>	495,644
Deposits written off	-	1,125,000	-	1,125,000
Expenses on corporate exercise	<b>118,325</b>	456,816	<b>118,325</b>	456,816
Office rental	<b>162,000</b>	135,000	-	-
Property, plant and equipment written off	-	12,892	-	12,892
Provision for product compensation no longer required	<b>(457,737)</b>	-	-	-
Provision for impairment loss on amount owing by subsidiary companies	-	-	-	9,136
Provision for impairment loss on investment in subsidiary companies	-	-	-	6,444,000
Share options granted under SIS	<b>1,546,560</b>	3,103,431	<b>1,404,528</b>	1,494,278
Gain on disposal of property, plant and equipment	-	(38,000)	-	-
Interest income	<b>(163,554)</b>	(167,516)	<b>(163,554)</b>	(167,516)

## 22. TAXATION

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Income tax:				
- Prior year	<b>29,646</b>	(24,727)	-	-
Deferred tax (Note 14):				
- Current year	<b>(154,210)</b>	(81,055)	<b>(93,892)</b>	(59,368)
Tax saving	<b>(124,564)</b>	(105,782)	<b>(93,892)</b>	(59,368)

Income tax is calculated at the statutory tax rate of 24% of the estimated assessable loss for the financial year.

# Notes to the Financial Statements (cont'd)

## 22. TAXATION (CONT'D)

A reconciliation of income tax applicable to loss before taxation at the statutory income tax rate to income tax at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Loss before tax	<b>(4,849,391)</b>	(10,957,265)	<b>(3,069,211)</b>	(12,981,194)
Tax at statutory tax rate of 24% (2016: 24%)	<b>(1,163,854)</b>	(2,629,744)	<b>(736,611)</b>	(3,115,487)
Expenses not deductible for tax purposes	<b>826,224</b>	2,423,003	<b>527,644</b>	3,094,133
Deferred tax assets not recognised	<b>298,889</b>	165,300	<b>191,028</b>	1,600
Income not subject to tax	<b>(39,253)</b>	(39,614)	<b>(39,253)</b>	(39,614)
Under/(over) provision of income taxation in prior year	<b>29,646</b>	(24,727)	-	-
Adjustment due to change in tax rate	<b>(76,216)</b>	-	<b>(36,700)</b>	-
Tax saving	<b>(124,564)</b>	(105,782)	<b>(93,892)</b>	(59,368)

## 23. LOSS PER SHARE

### (a) Basic loss per share

The loss per share has been calculated based on the consolidated loss after taxation for the financial year attributable to owners of the company for the Group and the adjusted weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2017 RM	2016 RM
Net loss for the financial year attributable to the owners of the Company	<b>(4,724,827)</b>	(10,851,483)
Weighted number of ordinary shares in issue	<b>299,068,447</b>	281,539,697
Adjustment for assumed exercise of SIS/warrants	<b>3,281,736</b>	-
Adjusted weighted average number of ordinary shares issuable	<b>302,350,183</b>	281,539,697
Basic loss per share (sen)	<b>(1.58)</b>	(3.85)
Diluted loss per share (sen)	<b>(1.56)</b>	(3.85)

# Notes to the Financial Statements (cont'd)

## 24. SHARE OPTIONS

### Share Issuance Scheme ("SIS")

The Company's SIS was approved by shareholders at the EGM on 14 September 2015 and became effective on 25 September 2015 for a period of 5 years which will lapse on 24 September 2020.

The salient features of the SIS are as follows:

- (a) the SIS Committee appointed by the Board of Directors to administer the SIS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares in the Company;
- (b) the eligibility of a Director or employee of the Group to participate in the SIS shall be at the discretion of the SIS Committee, who shall take into consideration factors such as year of service and performance track record;
- (c) the total number of shares to be issued under SIS shall not exceed in aggregate 15% of the issued share capital of the Company at any point of time during the tenure of the SIS and out of which not more than 50% of the shares shall be allocated, in aggregate, to Directors and senior management. In addition, not more than 10% of the shares available under the SIS shall be allocated to any individual Director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company;
- (d) the option price for each share shall be weighted average of the market price as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of which the option is granted less, if the SIS Committee shall so determine at their discretion from time to time, a discount of not more than 10%;
- (e) the number of outstanding options to subscribe for shares or the option price or both may be adjusted following any issue of additional shares by way of right issues, bonus issues or other capitalisation issue carried out by the Company while an option remain unexercised; and
- (f) the new shares allotted upon any exercise of the option shall rank pari passu in all respects with the existing ordinary shares of the Company except that the new shares so issued will not rank for any rights, dividends, allotment and or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares.

Details of share options outstanding at end of the financial year are as follows:

<b>Share Options</b>	<b>Exercise Price RM</b>	<b>Exercise Period</b>
2015 Grant	0.25	05.10.2015 - 24.09.2020
2016 1 <sup>st</sup> Grant	0.26	21.03.2016 - 24.09.2020
2016 2 <sup>nd</sup> Grant	0.205	09.06.2016 - 24.09.2020

# Notes to the Financial Statements (cont'd)

## 24. SHARE OPTIONS (CONT'D)

Movements in the number of share options outstanding and their related weighted average exercise prices ("WAEP") are as follows:

	← No. of SIS options →					
	← Outstanding at 1 April	← Movement during the financial year →			Outstanding at 31 March	Exercisable at 31 March
	Granted	Exercised	Lapsed			
<b>2017</b>						
2015 Grant	512,900	-	-	(293,100)	219,800	219,800
2016 1 <sup>st</sup> Grant	15,000,000	-	(225,000)	(14,391,900)	383,100	383,100
2016 2 <sup>nd</sup> Grant	-	25,204,400	(6,887,400)	-	18,317,000	18,317,000
	<b>15,512,900</b>	<b>25,204,400</b>	<b>(7,112,400)</b>	<b>(14,685,000)</b>	<b>18,919,900</b>	<b>18,919,900</b>
WAEP	0.25	0.205	0.207	0.25	0.207	0.207
<b>2016</b>						
2015 Grant	-	15,692,900	(15,180,000)	-	512,900	512,900
2016 1 <sup>st</sup> Grant	-	15,000,000	-	-	15,000,000	15,000,000
	-	30,692,900	(15,180,000)	-	15,512,900	15,512,900
WAEP	-	0.25	0.25	-	0.25	0.25

Directors of the Group and of the Company have been granted the following number of options under the SIS:

	← No. of SIS options →					
	← Outstanding at 1 April	← Movement during the financial year →			Outstanding at 31 March	Exercisable at 31 March
	Granted	Exercised	Lapsed			
<b>2017</b>						
2016 2 <sup>nd</sup> Grant	-	1,000,000	-	-	1,000,000	1,000,000
WAEP	-	0.205	-	-	0.205	0.205
<b>2016</b>						
2015 Grant	-	8,800,000	(8,800,000)	-	-	-
WAEP	-	0.25	0.25	-	-	-



# Notes to the Financial Statements (cont'd)

## 24. SHARE OPTIONS (CONT'D)

The fair value of the share options granted was estimated by the management using Black-Scholes-Merton model, taking into account the terms and conditions upon which options were granted. The fair value of share options were measured at Grant Date and the assumptions are as follows:

Grant date	9.6.2016	21.3.2016
Fair value of share options (RM)	0.12	0.183
Weighted average share price (RM)	0.22	0.312
Weighted average exercise price (RM)	0.205	0.26
Expected volatility	64	64
Expected option life (years)	4	4.5
Risk free interest rate, per annum	3.66	3.72
Expected dividend yield (%)	0	0

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur in the future. The expected volatility is based on the historical volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of the fair value.

## 25. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, wages and others	937,329	1,469,695	774,583	1,046,837
Contribution to defined contribution plan	96,773	131,460	84,880	96,231
Share option granted under SIS	1,546,561	3,103,431	1,404,528	1,494,278
Employee benefits expenses (excluding Directors)	2,580,663	4,704,586	2,263,991	2,637,346

## 26. SEGMENTAL REPORTING

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business unit, the Group's Chief Executive Officer reviews internal management reports on at least quarterly basis.

The following summary describes the main business segments and respective business activity of each segment of the Group's reportable segments:

Business segment	Business activities
Timber product manufacturing	Kiln drying, sawmilling, manufacturing of timber doors and related products
Construction and property development	Contractors in construction and interior design fit up works and related maintenance services, development of residential and commercial properties
Investment holding and others	Investments in shares and securities and the provision of marketing and management service

# Notes to the Financial Statements (cont'd)

## 26. SEGMENTAL REPORTING (CONT'D)

Performance is measured based on segment (loss)/profit before taxation, interest and depreciation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker.

Segment (loss)/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.

### Segment assets

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

Segment total asset is used to measure the return of assets of each segment.

### Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer. Hence no disclosure is made on segment liability.

	Timber product manufacturing RM	Construction and property development RM	Investment holding and others RM	Elimination RM	Consolidated RM
<b>2017</b>					
<b>Revenue</b>					
External sales - Malaysia	5,522,989	6,372,237	-	-	11,895,226
Inter-segment sales	-	-	435,000	(435,000)	-
Total revenue	5,522,989	6,372,237	435,000	(435,000)	11,895,226
<b>Results</b>					
Segment results	(633,302)	(1,025,642)	(3,239,831)	-	(4,898,775)
Interest income	-	-	163,554	-	163,554
Interest expenses	(114,170)	-	-	-	(114,170)
Loss before taxation	(747,472)	(1,025,642)	(3,076,277)	-	(4,849,391)
Taxation	30,672	-	93,892	-	124,564
Net loss for the financial year	(716,800)	(1,025,642)	(2,982,385)	-	(4,724,827)
Additions to non-current assets	839,515	-	-	-	839,515
Segment assets	31,978,331	19,896,968	45,247,215	(41,653,566)	55,468,948
<b>Non-Cash Items</b>					
Allowance for impairment loss on trade receivables	131,411	914,257	-	-	1,045,668
Depreciation of property, plant and equipment	1,461,464	316	495,768	-	1,957,548

# Notes to the Financial Statements (cont'd)

## 26. SEGMENTAL REPORTING (CONT'D)

### Segment liabilities (Cont'd)

	Timber product manufacturing RM	Construction and property development RM	Investment holding and others RM	Elimination RM	Consolidated RM
<b>2016</b>					
<b>Revenue</b>					
External sales - Malaysia	6,112,121	-	-	-	6,112,121
Inter-segment sales	-	-	350,000	(350,000)	-
Total revenue	6,112,121	-	350,000	(350,000)	6,112,121
<b>Results</b>					
Segment results	(1,938,108)	(2,106,929)	(13,156,546)	6,110,810	(11,090,773)
Interest income	-	-	167,516	-	167,516
Interest expenses	(34,008)	-	-	-	(34,008)
Loss before taxation	(1,972,116)	(2,106,929)	(12,989,030)	6,110,810	(10,957,265)
Taxation	24,281	22,133	59,368	-	105,782
Net loss for the financial period	(1,947,835)	(2,084,796)	(12,929,662)	6,110,810	(10,851,483)
Additions to non-current assets	2,455,706	3,164	14,751	-	2,473,621
Segment assets	34,106,730	12,750,018	44,535,234	(40,420,293)	51,021,689
<b>Non-Cash Items</b>					
Allowance for impairment loss on trade receivables	22,737	-	-	-	22,737
Allowance for impairment loss on other receivables	-	-	747,983	-	747,983
Bad debts written off	-	9,858	-	-	9,858
Depreciation of property, plant and equipment	1,054,277	211	495,643	-	1,550,131
Deposits written off	-	-	1,125,000	-	1,125,000
Inventory written off	1,138,891	-	-	-	1,138,891
Property, plant and equipment written off	-	-	12,892	-	12,892
Gain on disposal of property, plant and equipment	(38,000)	-	-	-	(38,000)

# Notes to the Financial Statements (cont'd)

## 27. SUBSEQUENT EVENTS

The Group, had on, 9 May 2017, announced the issuance of the renounceable rights issue at an issue price of RM0.20 per rights share of up to 655,206,219 new ordinary shares of the Company together with up to 327,603,109 free detachable Warrants on the basis of 6 rights shares together with 3 free Warrants C for every four existing shares held by entitled shareholders of the Company on 25 May 2017. The above rights issue was completed on 23 June 2017.

## 28. RELATED PARTY DISCLOSURES

### (a) Identifying related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and of the Company.

The Group has related party relationships with companies where a Director of the Company has substantial financial interest, subsidiary companies, associate company and key management personnel.

### (b) Related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Transactions with subsidiary companies</b>				
Management fee	<b>435,000</b>	350,000	<b>435,000</b>	350,000

- (c) The remuneration of key management personnel is same with the Directors' remuneration as disclosed in Note 21 to the financial statements. The Group and the Company have no other members of key management personnel apart from the Board of Directors.

# Notes to the Financial Statements (cont'd)

## 29. FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
<b>Group</b>			
<b>2017</b>			
<b>Financial Assets</b>			
Trade and other receivables	19,071,463	-	19,071,463
Short term deposits with licensed banks	4,263,311	-	4,263,311
Cash and bank balances	1,737,218	-	1,737,218
Total financial assets	<u>25,071,992</u>	-	<u>25,071,992</u>
<b>Financial Liabilities</b>			
Trade and other payables	-	7,531,256	7,531,256
Amount owing to a Director	-	1,766,005	1,766,005
Finance leases liabilities	-	1,960,659	1,960,659
Amount owing to contract customer	-	93,963	93,963
Total financial liabilities	-	<u>11,351,883</u>	<u>11,351,883</u>
<b>2016</b>			
<b>Financial Assets</b>			
Trade and other receivables	14,080,709	-	14,080,709
Short term deposits with licensed banks	3,579,555	-	3,579,555
Cash and bank balances	1,661,523	-	1,661,523
Total financial assets	<u>19,321,787</u>	-	<u>19,321,787</u>
<b>Financial Liabilities</b>			
Trade and other payables	-	1,650,230	1,650,230
Amount owing to a Director	-	1,168,995	1,168,995
Finance lease liabilities	-	1,642,440	1,642,440
Total financial liabilities	-	<u>4,461,665</u>	<u>4,461,665</u>

# Notes to the Financial Statements (cont'd)

## 29. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
<b>Company</b>			
<b>2017</b>			
<b>Financial Assets</b>			
Other receivables	4,835	-	4,835
Amounts owing by subsidiary companies	25,061,013	-	25,061,013
Short term deposits with licensed banks	3,873,311	-	3,873,311
Cash and bank balances	1,138,509	-	1,138,509
Total financial assets	<b>30,077,668</b>	-	<b>30,077,668</b>
<b>Financial Liabilities</b>			
Other payables	-	588,623	588,623
Amount owing to a Director	-	1,766,005	1,766,005
Total financial liabilities	-	<b>2,354,628</b>	<b>2,354,628</b>
<b>2016</b>			
<b>Financial Assets</b>			
Other receivables	580,835	-	580,835
Amounts owing by subsidiary companies	32,470,946	-	32,470,946
Short term deposits with licensed banks	3,189,555	-	3,189,555
Cash and bank balances	1,335,296	-	1,335,296
Total financial assets	<b>37,576,632</b>	-	<b>37,576,632</b>
<b>Financial Liabilities</b>			
Other payables		572,130	572,130
Amounts owing to subsidiary companies	-	8,710,615	8,710,615
Amount owing to a Director	-	1,168,995	1,168,995
Total financial liabilities	-	<b>10,451,740</b>	<b>10,451,740</b>

### (b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and the Company's operations whilst managing its financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flow risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policies are not to engage in speculative transactions.

# Notes to the Financial Statements (cont'd)

## 29. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Credit risk

Short term deposits with licensed banks, cash and bank balances are placed with a credit worthy financial institutions.

Credit risk arises mainly from the inability of its customers to make payments when due. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on an ongoing basis via the Group's and the Company's management reporting procedures and action will be taken for long outstanding debts. The Company only provided loans and advances to subsidiary companies and the results of the subsidiary companies are monitored regularly.

At the reporting date, there were no significant concentrations of credit risk other than disclosed in Note 6 to the financial statements. The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and the Company's maximum exposure to credit risk in relation to financial assets.

### (d) Liquidity risk

The Group's and the Company's funding requirements and liquidity risks are managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitor their cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	Carrying amount RM	Contractual interest rate %	Total contractual cash flows RM	On demand or within 1 year RM	Within 1 to 5 years RM
<b>Group</b>					
<b>2017</b>					
Trade and other payables	7,531,256	-	7,531,256	7,531,256	-
Amount owing to Director	1,766,005	-	1,766,005	1,766,005	-
Amount owing to contract customer	93,963		93,963	93,963	-
Finance lease liabilities	1,960,659	2.39 - 2.94	2,149,472	667,930	1,481,542
	<b>11,351,883</b>		<b>11,540,696</b>	<b>10,059,154</b>	<b>1,481,542</b>
<b>2016</b>					
Trade and other payables	1,650,230	-	1,650,230	1,650,230	-
Amount owing to Director	1,168,995	-	1,168,995	1,168,995	-
Finance lease liabilities	1,642,440	2.39 - 2.94	1,838,488	442,567	1,395,921
	<b>4,461,665</b>		<b>4,657,713</b>	<b>3,261,792</b>	<b>1,395,921</b>

# Notes to the Financial Statements (cont'd)

## 29. FINANCIAL INSTRUMENTS (CONT'D)

### (d) Liquidity risk (Cont'd)

	Carrying Amount RM	Contractual interest rate %	Total contractual cash flow RM	On demand or within 1 year RM
<b>Company</b>				
<b>2017</b>				
Other payables	588,623	-	588,623	588,623
Amount owing to a Director	1,766,005	-	1,766,005	1,766,005
	<b>2,354,628</b>		<b>2,354,628</b>	<b>2,354,628</b>
<b>2016</b>				
Other payables	572,130	-	572,130	572,130
Amounts owing to subsidiary companies	8,710,615	-	8,710,615	8,710,615
Amount owing to a Director	1,168,995	-	1,168,995	1,168,995
	<b>10,451,740</b>		<b>10,451,740</b>	<b>10,451,740</b>

### (e) Market risks

#### Interest rate risk

The Group and the Company obtain financing through other financial liabilities. The Group's and the Company's policy are to obtain the financing with the most favourable interest rates in the market.

The Group and the Company constantly monitor their interest risk and do not utilise swap contracts or other derivative instruments for trading or speculative purposes. At the end of the reporting period, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Financial Asset</b>				
Short term deposits with licensed banks	<b>4,263,311</b>	3,579,555	<b>3,873,311</b>	3,189,555

#### Interest rate sensitivity analysis

The Group and the Company are exposed to interest rate risk arising from the short term deposits with licensed banks. However, the short term deposit with licensed banks interest rate risk is insignificant and any fluctuations in the rate would have no material impact on the results of the Group and of the Company.



# Notes to the Financial Statements (cont'd)

## 29. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair values of financial assets and financial liabilities

- (i) The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amount derived from such methods and valuation technique are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of amount estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amount of the various financial assets and financial liabilities reflected on the statements of financial position approximate their fair values.

The carrying amounts are considered to approximate the fair values as they are within the normal credit terms or they have short-term maturity period and insignificant discounting impact.

- (ii) Fair value of financial instruments by categories that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:

Group	2017		2016	
	Carrying amount RM	Level 2 fair value RM	Carrying amount RM	Level 2 fair value RM
<b>Financial liability</b>				
Finance lease payables	<b>1,960,659</b>	1,946,909	<b>1,642,440</b>	1,732,426

Fair value hierarchy

The Group and the Company use 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

The fair value of long term finance lease liabilities carried on the statements of financial position are estimated using valuation technique under the hierarchy level 2 mentioned above whereby the expected future cash flows are discounted at the market interest rate for similar types of borrowings.

# Notes to the Financial Statements (cont'd)

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## **30. CAPITAL MANAGEMENT**

The Group's and the Company's management manage its capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholder value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

The capital of the Group consists of issued capital, cash and cash equivalents and finance lease.

The Group and the Company have no gearing as the Group's and the Company's cash and cash equivalents are sufficient to repay the entire borrowing obligation at financial year end.

There were no changes in the Group's and the Company's approaches to capital management during the financial year.

The Group and the Company are not subject to any externally imposed capital requirements.

## **31. DATE OF AUTHORISATION FOR ISSUE**

The financial statements of the Group and of the Company for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 21 July 2017.

# Supplementary Information on the Disclosure of Realised and Unrealised Profits or Losses

The breakdown of the accumulated losses of the Group and of the Company as at the end of the reporting period into realised and unrealised losses is as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Accumulated losses				
- Realised	<b>(42,074,651)</b>	(70,942,486)	<b>102,708</b>	(36,685,764)
- Unrealised	<b>(1,755,708)</b>	(1,909,918)	<b>(828,555)</b>	(922,447)
	<b>(43,830,359)</b>	(72,852,404)	<b>(725,847)</b>	(37,608,211)
Less: Consolidation adjustments	<b>43,211,979</b>	37,101,168	-	-
	<b>(618,380)</b>	(35,751,236)	<b>(725,847)</b>	(37,608,211)

The determination of realised and unrealised profits or losses is based on the Guidance on Special Matter No.1 Determination of Realised and Unrealised Profits or Losses in the Context of disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

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

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Thirty Ninth (39th) Annual General Meeting of the Company will be held at Inspire I & II, Food Tree Café (under Only World Group), No. 10, Jalan Pelukis U1/46, Kawasan Perindustrian Temasya, Shah Alam, Selangor Darul Ehsan on Tuesday, 29 August 2017 at 9.00 a.m. to transact the following businesses:

1. To receive the audited financial statements for the year ended 31 March 2017 together with the Directors' and Auditors' Reports thereon.  
**Please refer to Note A.**
2. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:
  - i) Abdul Jaliludin Bin Jamalludin (Article 97) **Ordinary Resolution 1**
  - ii) Datuk Chai Woon Chet (Article 97) **Ordinary Resolution 2**
  - iii) Chong Khing Chung (Article 103) **Ordinary Resolution 3**
3. To approve the payment of Directors' fees and other benefits payable of up to RM300,000.00 to the Directors of the Company for the financial year ending 31 March 2018. **Ordinary Resolution 4**
4. To re-appoint Messrs Morison Anuarul Azizan Chew as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

#### **SPECIAL BUSINESSES:**

To consider and, if thought fit, to pass the following Resolution:

5. **Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016** **Ordinary Resolution 6**

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

6. **Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** **Ordinary Resolution 7**

"THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Section 2.4 of the Circular to Shareholders dated 31 July 2017 for the purposes of Paragraph 10.09, Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), subject to the following:

- (i) the transactions are necessary for the day to day operations of the Company's subsidiary in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;

# Notice of Annual General Meeting (cont'd)

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- (ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:-
  - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
  - (b) the expiration of the period within which the next AGM of the Company after the date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
  - (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

- (iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder's mandate is in force, where:-
  - (a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1.0 million; or
  - (b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is the lower;

and amongst other, based on the following information:

- (a) the type of the Recurrent Related Party Transactions made; and
- (b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationships with Anzo Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

- 7. To transact any other business of the Company for which due notice shall have been given.

By order of the Board,

**Tan Tong Lang (MAICSA 7045482)**  
**Chong Voon Wah (MAICSA 7055003)**  
Company Secretaries

Kuala Lumpur  
31 July 2017

# Notice of Annual General Meeting (cont'd)

## Notes

- A. This Agenda item is meant for discussion only as Section 340(1) of the Companies Act, 2016 and the Company's Articles of Association provide that the audited financial statements are to be laid in the general meeting. Hence, it is not put forward for voting.
1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
  2. Where a member appoints more than one proxy to attend the same meeting, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
  3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
  4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorized.
  5. The Form of Proxy must be deposited at the Company's Share Registrar Office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
  6. For the purpose of determining a member who shall be entitled to attend the Thirty Ninth (39<sup>th</sup>) AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 22 August 2017. Only members whose name appears on the Record of Depositors as at 22 August 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

## EXPLANATORY NOTES ON SPECIAL BUSINESSES

### Ordinary Resolution 6: Authority to Directors to Allot and Issue Shares

The Ordinary Resolution 6, if duly passed, is a renewal of general mandate given to the Directors of the Company the flexibility to issue and allot new shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purposes. The authority for allotment of shares will provide flexibility to the Company for the allotment of shares for the purpose of funding future investment, working capital and/ or acquisitions.

As at the dated of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the Thirty Eighth (38<sup>th</sup>) Annual General Meeting held on 20 September 2016 and which will lapse at the conclusion of the Thirty Ninth (39<sup>th</sup>) Annual General Meeting.

### Ordinary Resolution 7: Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolution 7, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/ or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/ or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

# Statement Accompanying Notice of Annual General Meeting

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The Directors who are standing for re-election at the Thirty Ninth (39th) Annual General Meeting of the Company are:

(i) Abdul Jaliludin Bin Jamalludin	Article 97	(Ordinary Resolution 1)
(ii) Datuk Chai Woon Chet	Article 97	(Ordinary Resolution 2)
(iii) Chong Khing Chung	Article 103	(Ordinary Resolution 3)

The profile of the above Directors are set out on pages 6 to 8 of the Annual Report 2017. The details of the interest of the above Directors in the securities of the Company or its related corporations are disclosed in the Directors report on page 52 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Corporate Governance Statement on page 20 of the Annual Report 2017.

The Thirty Ninth (39th) Annual General Meeting of the Company will be held at Inspire I & II, Food Tree Café (under Only World Group), No. 10, Jalan Pelukis U1/46, Kawasan Perindustrian Temasya, Shah Alam, Selangor Darul Ehsan on Tuesday, 29 August 2017 at 9.00 a.m.

# Form of Proxy

(Before completing this form please refer to the notes below)



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

NRIC No. / Passport No. / Company No. \_\_\_\_\_

of \_\_\_\_\_

being a member / members of ANZO HOLDINGS BERHAD (36998-T), hereby appoint \_\_\_\_\_

\_\_\_\_\_ NRIC No. / Passport \_\_\_\_\_

of \_\_\_\_\_

and/or \_\_\_\_\_

of \_\_\_\_\_

NRIC No. / Passport No. \_\_\_\_\_

or failing him/her, the Chairman of the Meeting as \*my/our proxy to attend and vote for \*me/us and on my/our behalf at the Thirty Ninth (39th) Annual General Meeting of the Company to be held at Inspire I & II, Food Tree Café (under Only World Group), No. 10, Jalan Pelukis U1/46, Kawasan Perindustrian Temasya, Shah Alam, Selangor Darul Ehsan on Tuesday, 29 August 2017 at 9.00 a.m. and at any adjournment thereof in the manner as indicate below:

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1 - To re-elect Abdul Jaliludin Bin Jamalludin as Director		
Ordinary Resolution 2 - To re-elect Datuk Chai Woon Chet as Director		
Ordinary Resolution 3 - To re-elect Chong Khing Chung as Director		
Ordinary Resolution 4 - To approve the payment of Directors' fees and other benefits payable for the financial year ending 31 March 2018		
Ordinary Resolution 5 - To re-appoint Messrs Morison Anuarul Azizan Chew as Auditors of the Company		
Ordinary Resolution 6 - To approve the authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
Ordinary Resolution 7 - To approve the Proposed Shareholders' Mandate		

**(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)**

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

Signature : \_\_\_\_\_  
(If shareholder is a corporation, this form should be executed under seal)

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy  
No. of Shares: \_\_\_\_\_

Percentage : \_\_\_\_\_%

Second Proxy  
No. of Shares: \_\_\_\_\_

Percentage : \_\_\_\_\_%

## NOTES:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
2. Where a member appoints more than one proxy to attend the same meeting, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The Form of Proxy must be deposited at the Company's Share Registrar Office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
5. For the purpose of determining a member who shall be entitled to attend the Thirty Ninth (39th) AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 22 August 2017. Only members whose name appears on the Record of Depositors as at 22 August 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.



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AFFIX  
STAMP

**The Share Registrar of  
ANZO HOLDING BERHAD (36998-T)**

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

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## **ANZO HOLDINGS BERHAD**

(Company No. 36998-T)

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[www.anzo.com.my](http://www.anzo.com.my)

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