CN ASIA CORPORATION BHD

(399442-A) (Incorporated In Malaysia)

ANNUAL REPORT 2017


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ANOTHER PRESTIGIOUS DISHED HEAD by CN
TEL: 03-8942 6888 WEBSITE: http://www.cnasia.com
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CONTENT

Notice of the Twenty-Second Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Second (22nd) Annual General Meeting ("AGM") of CN Asia Corporation Bhd will be held at Hang Jebat Room, Level 3, Philea Mines Beach Resort, Jalan Dulang, MINES Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia on Thursday, 21 June 2018 at 10.00 a.m. to transact the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and the Auditors thereon.
   Please refer to Explanatory Note (i) below.

2. To approve the payment of Directors' fees and benefits of RM132,000 in respect of the financial year ended 31 December 2017. **Resolution 1**
   Please refer to Explanatory Note (ii) below.

3. To approve the payment of Directors' fees and benefits of RM315,000 for the period from 1 January 2018 until the next AGM of the Company.
   Please refer to Explanatory Note (ii) below. **Resolution 2**

4. To re-elect the following Directors who are retiring pursuant to Article 84 of the Company's Constitution:

   (i) Dato' Hilmi bin Mohd Noor **Resolution 3**
   (ii) Mr Chong Ying Choy **Resolution 4**
   Please refer to Explanatory Note (iii) below.

5. To re-appoint Messrs Siew Boon Yeong & Associates as Auditors of the Company for the ensuing year and to authorise the Board to fix their remuneration. **Resolution 5**

As Special Business
To consider, and if thought fit, to pass the following Ordinary Resolutions:

6. CONTINUATION IN OFFICE AS INDEPENDENT DIRECTORS

   "THAT subject to passing of Resolutions 3 and 4, approval be given to the following Directors to continue to act as Independent Directors of the Company:

   (i) Dato' Hilmi bin Mohd Noor **Resolution 6**
   (ii) Mr Chong Ying Choy" **Resolution 7**
   Please refer to Explanatory Note (iv) below.

7. AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 **Resolution 8**

   "THAT subject always to the Companies Act 2016 (the "Act"), the Company's Constitution, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant governmental and/or regulatory authorities, where such approval is required, the Directors be authorised and empowered pursuant to the Act to:

   (1) issue and allot shares in the Company; and/or
   (2) grant rights to subscribe for shares in the Company; and/or
   (3) convert any security into shares in the Company; and/or
   (4) allot shares under an agreement or option or offer,

   at any time and from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit, provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being.

AND THAT the Directors of the Company be also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities, AND FURTHER THAT such authority shall commence immediately upon passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company or at the expiry of the period within which the next AGM is required to be held, whichever is earlier, unless such approval be revoked or varied by the Company at a general meeting."

Please refer to Explanatory Note (v) below.

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

BY ORDER OF THE BOARD

LIM PAIK GOOT (MIA 13304)
WONG CHOOI FUN (MAICSA 7027549)
GOH CHOOI WOAN (MAICSA 7056110)
Company Secretaries

Selangor Darul Ehsan
30 April 2018

Notes:

Members entitled to attend

1. Only depositors whose names appear in the record of depositors as at 13 June 2018 shall be regarded as members and entitled to attend, speak and vote at the meeting or appoint a proxy or proxies to attend and/or vote in his stead.

Appointment of Proxy

2. A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend, participate, speak and vote at the same meeting instead of him and that a proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.

3. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.

4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy in the case of an individual shall be under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. Any alteration to the proxy form must be initialed.

6. The proxy form must be deposited at the registered office of the Company at Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia (Attn.: The Company Secretaries), not less than twenty-four (24) hours before the time appointed for the taking of the poll or any adjournment thereof.

7. By submitting the duly executed proxy form, a member and his/her proxy consent to the Company (and/or its agents/ service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purposes of this meeting and any adjournment thereof.

Voting by Poll

8. The resolutions as set out in this notice of general meeting is to be voted by poll.

Registration of Members/Proxies

9. Registration of members/proxies attending the meeting will commence thirty (30) minutes before meeting time. Members/ proxies are required to produce identification documents for registration.

Explanatory Notes

i) Audited Financial Statements
This Agenda is meant for discussion only pursuant to the provision of Section 340(1)(a) of the Act of which does not require shareholders' approval for the Audited Financial Statements. Hence, is not put forward for voting.

ii) Payment of Directors' fees and benefits
In compliance with Section 230(1) of the Act, the Company is requesting shareholders' approval for the payment of Directors' fees and benefits for the financial year ended 31 December 2017 ("FY 2017") and for the period from 1 January 2018 until the next AGM of the Company.

Resolution 1 is on the payment of Directors' fees and benefits for FY 2017.

Resolution 2 is to facilitate the payment of Directors' fees and benefits on a current year basis, calculated based on the current Board size. In the event the proposed amount is insufficient (due to enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

The estimated amount of RM315,000 is derived from a total of RM210,000 for FY 2018 and a total of RM105,000 for the period from 1 January 2019 until the next AGM in 2019.

iii) Re-election of retiring Directors
The retiring Directors, Dato' Hilmi bin Mohd Noor and Mr Chong Ying Choy are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

iv) Continuation in office as Independent Directors
The proposed Ordinary Resolutions 6 and 7, if passed, will enable Dato' Hilmi bin Mohd Noor and Mr Chong Ying Choy be retained and continue to act as Independent Directors of the Company.

The Directors have assessed the independence of each of the directors who has served as Independent Directors of the Company for a cumulative term of more than twelve (12) years. The Directors are satisfied that each of these directors has met the independence guidelines as set out in Chapter 1 of the MMLR of Bursa Securities. The length of their service does not interfere with their ability and exercise of independent judgement as Independent Directors. Therefore, the Directors have strongly recommended them to continue office as Independent Directors of the Company and that the approval of the shareholders be sought through a two-tier voting process pursuant to the Practice 4.2, Principle A (II) of the Malaysian Code on Corporate Governance 2017.

v) Authority to Issue Shares
The proposed Resolution, if passed, will give authority to the Directors pursuant to Sections 75 and 76 of the Act, from the date of this AGM, to issue and allot ordinary shares to such persons at any time in their absolute discretion without convening a general meeting. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The Company has not issued any new shares under the general authority which was approved at the last AGM of which will lapse at the conclusion of this AGM.

The renewed general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for funding future investment, working capital and/or acquisitions.

Statement Accompanying Notice of Twenty-Second Annual General Meeting

Pursuant to Paragraph 8.27(2) of the MMLR of Bursa Securities

1. **Details of individuals who are standing for election (excluding directors standing for re-election) as Directors**

   No individual is seeking election as a Director at the forthcoming AGM of the Company.

2. **Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the MMLR of Bursa Securities**

   Details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Act are set out in Explanatory Note (v) of the Notice of 22nd AGM.

VISION

CN Asia Group designs, modernises and maintains industrial equipment in the Energy, Petro-Chemical and Industrial sectors. Its goal is to improve the Quality and technical performance of its workers and ensure its products for its clients, hence an overall approach aiming to reduce the environmental impact of the products.

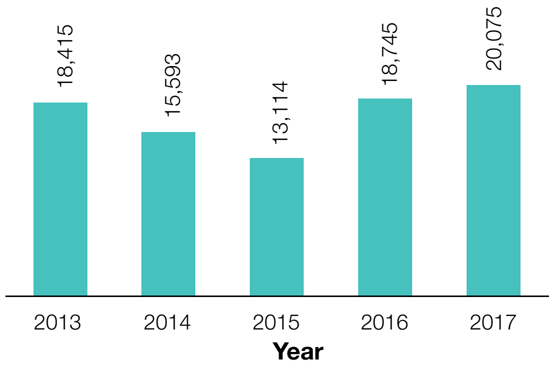
MISSION

To be a regional provider of total containment solutions and engineering services.

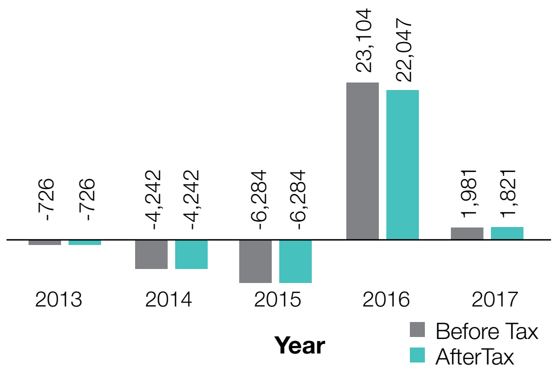
5-Year Group Financial Highlights

	Revenue	Loss /Profit before tax	Loss /Profit after tax	Shareholders' equity	Basic earnings per share (sen)	Net assets per share (sen)	Return on shareholders' equity (%)
2013	18,415	-726	-726	27,616	-1.60	60.85	-2.60
2014	15,593	-4,242	-4,242	23,466	-9.35	51.71	-18.08
2015	13,114	-6,284	-6,284	17,266	-13.85	38.05	-36.40
2016	18,745	23,104	22,047	39,392	48.58	86.80	55.97
2017	20,075	1,981	1,821	40,419	4.01	89.06	4.50

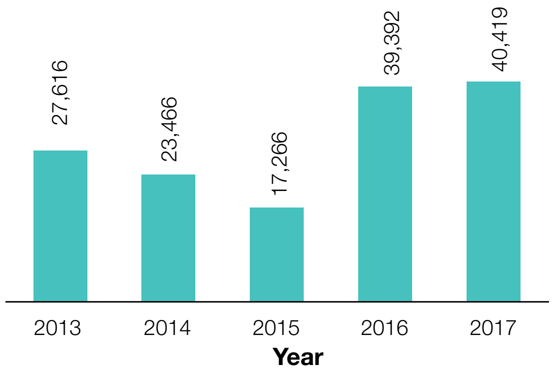
Revenue (RM'000)



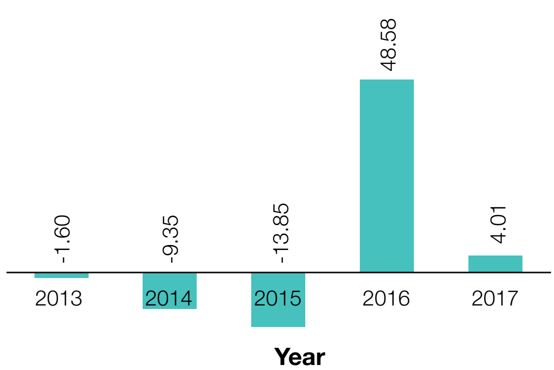
Loss/Profit Before & After Tax (RM'000)



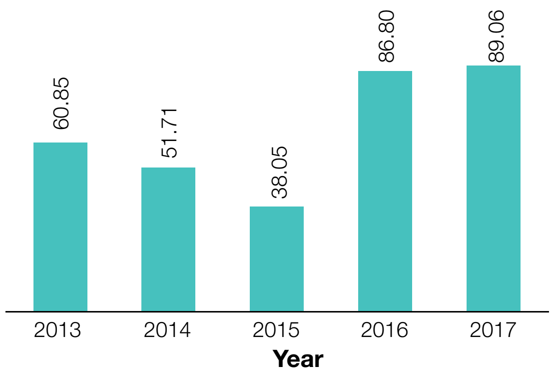
Shareholders' Equity (RM'000)



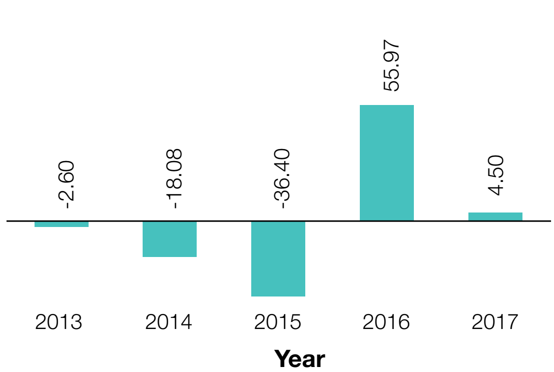
Basic Earnings Per Share (Sen)



Net Assets Per Share (Sen)



Return on Shareholders' Equity (%)



Corporate Information

BOARD OF DIRECTORS

Dato' Hilmi bin Mohd Noor
(Independent Chairman)

Ho Cheng San
(Managing Director)

Angeline Chan Kit Fong
(Executive Director)

Chong Ying Choy
(Independent Director)

Lee King Loon
(Independent Director)

Ariffin bin Khalid
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE
Chong Ying Choy *(Chairman)*
Dato' Hilmi bin Mohd Noor
Lee King Loon

NOMINATION COMMITTEE
Dato' Hilmi bin Mohd Noor *(Chairman)*
Chong Ying Choy
Lee King Loon

REMUNERATION COMMITTEE
Chong Ying Choy *(Chairman)*
Lee King Loon
Ariffin bin Khalid *(Appointed w.e.f. 27/11/2017)*
Ho Cheng San *(Resigned w.e.f. 27/11/2017)*

RISK MANAGEMENT COMMITTEE
(Established w.e.f. 27/11/2017)
Lee King Loon *(Chairman)*
Chong Ying Choy
Angeline Chan Kit Fong

COMPANY SECRETARIES
Lim Paik Goot (MIA 13304)
Wong Chooi Fun (MAICSA 7027549)
(Appointed w.e.f. 12/07/2017)
Goh Chooi Woan (MAICSA 7056110)
(Appointed w.e.f. 12/07/2017)

REGISTERED OFFICE
Lot 7907, Batu 11, Jalan Balakong
43300 Seri Kembangan
Selangor Darul Ehsan
Malaysia
Tel : +603-8942 6888
Fax : +603-8942 3365

AUDITORS
Siew Boon Yeong & Associates (Firm No.: AF 0660)
Chartered Accountants
9-C, Jalan Medan Tuanku, Medan Tuanku
50300 Kuala Lumpur, Malaysia
Tel : +603-2693 8837
Fax : +603-2693 8836

PRINCIPAL BANKERS
Public Bank Berhad
Maybank Islamic Berhad
United Overseas Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad
Alliance Bank Malaysia Berhad
CIMB Bank Berhad

INVESTOR RELATIONS
Kathy Lim Paik Goot
Lot 7907, Batu 11, Jalan Balakong
43300 Seri Kembangan
Selangor Darul Ehsan
Malaysia
Tel : +603-8942 6888
Fax : +603-8942 3365
Email : corporate@cnasia.com

REGISTRARS
Tricor Investor & Issuing House Services Sdn Bhd
(Co. No: 11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel : +603-2783 9299
Fax : +603-2783 9222

STOCK EXCHANGE LISTING
Main Market
Bursa Malaysia Securities Berhad
Stock name : CNASIA
Stock code : 7986

Corporate Structure

CN ASIA CORPORATION BHD
(Company No.: 399442-A)
(Incorporated In Malaysia)
Investment Holding &
Providing Management Services

100%
Chip Ngai Engineering Works Sdn Bhd
(Company No.: 010217-A)
(Incorporated in Malaysia)
Manufacturing and trading of underground and skid tanks, dish ends, pressure vessels, road tanker, pipings for the petroleum industry and that of specialised engineering works and fabrication works, sub-contractor for civil engineering works

100%
Zhuhai CN Engineering Works Co., Ltd.
(Company No.: 914404006633391955)
(Incorporated in People's Republic of China)
Manufacturing and trading of tanks for specialised industries

20%
PICN Engineering Sdn Bhd
(Company No.:511629-T)
(Incorporated in Malaysia)
Fabrication and trading of tanks for specialised industries

100%
Asia Tank Containers (Malaysia) Sdn Bhd
(Company No.:404650-W)
(Incorporated in Malaysia)
Dormant

100%
CN Asia Capital Sdn Bhd
(Company No.:446023-T)
(Incorporated in Malaysia)
Dormant

100%
Douwin Sdn Bhd
(Company No.:205994-P)
(Incorporated in Malaysia)
Investment Holding

Certification and Accreditation

Lloyd's Register

Certificate of Approval

This is to certify that the Management System of:

Chip Ngai Engineering Works Sdn. Bhd. (10217-A)

Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor, Malaysia

has been approved by LRQA to the following standards:

ISO 9001:2015

Basem Obaid - Area Operations Manager
Issued By: Lloyd's Register of Shipping (M) Bhd
for and on behalf of: Lloyd's Register Quality Assurance Limited

This certificate is valid only in association with the certificate schedule bearing the same number on which the locations applicable to this approval are listed.

Current Issue Date: 2 January 2018
Expiry Date: 12 June 2018
Certificate Identity Number: 10073469

Original Approvals:
ISO 9001 – 13 June 2003

Approval Number(s): ISO 9001 – 0048019

The scope of this approval is applicable to:
Design, manufacture and installation of storage tanks, pressure vessels, road tankers, dished-ends and related mechanical/civil engineering works.

UKAS MANAGEMENT SYSTEMS 001

ISO 9001:2015

CIDB MALAYSIA

PERAKUAN PENDAFTARAN

Adalah dengan ini diperakui bahawa kontraktor yang dinyatakan di bawah ini telah berdaftar dengan Lembaga mengikut Bahagian VI Akta Lembaga Pembangunan Industri Pembinaan Malaysia 1994. Pendaftaran ini adalah tertakluk kepada syarat-syarat yang telah ditetapkan bersama perakuan ini.

No. Pendaftaran : 1961210-SL018974
Nama Kontraktor : CHIP NGAI ENGINEERING WORKS SDN. BHD.
Alamat Berdaftar : LOT 7907, BATU 11 JALAN BALAKONG SERI KEMBANGAN,SELANGOR 43300 SERI KEMBANGAN SELANGOR
Daerah : PETALING
Tarikh Mula Berdaftar : 09/12/1999

GRED	KATEGORI	PENGKHUSUSAN
G7	CE	CE21
G7	ME	M15,M05
G7	B	B04,B02

Tarikh Mula Berkuatkuasa : **26/07/2017**
Tarikh Habis Tempoh Perakuan : **24/07/2020**

STATUS: AKTIF

Ketua Eksekutif
Lembaga Pembangunan Industri Pembinaan Malaysia
Tarikh: 26/07/2017

CIDB

PETRONAS

SPECIAL LICENSE/REGISTRATION CERTIFICATE

Company Name : CHIP NGAI ENGINEERING WORKS SDN BHD
Address : LOT 7907 BATU 11 JALAN BALAKONG 43300 SERI KEMBANGAN SELANGOR
Company ID : 10217-A
Contract Dates : 30.08.2013 - 29.08.2018
License Fee : RM 2,500.00
Tender No : CHO/2012/DE/162
Tender Title : MASTER PRICE AGREEMENT FOR SUPPLY AND DELIVERY OF UNFIRED PRESSURE VESSELS AND LAUNCHER/RECEIVER FOR PETRONAS CARIGALI SDN BHD
PSC/OPU Name : Petronas Carigali Sdn Bhd

This Special License shall not be considered as a precedent for any subsequent or future works to be undertaken by CHIP NGAI ENGINEERING WORKS SDN BHD.

CHIP NGAI ENGINEERING WORKS SDN BHD is advised to observe PETRONAS licensing requirements in order to be eligible to participate in PETRONAS future tenders.

(Note: This is a computer generated letter and no signature from PETRONAS is required)

PETRONAS - SPECIAL LICENSE, REGISTRATION CERTIFICATE

Certificate of Compliance

Certificate Number 20051202 - MH29794
Report Reference MH29794-2004 November 30
Issue Date 2005 December 2

Page 1 of 1

Underwriters Laboratories Inc.

Issued to: CHIP NGAI ENGINEERING WORKS SDN BHD
Lot 7907, Jalan Balakong Batu 11
43300 Seri Kembangan, Selangor, Malaysia

This is to certify that representative samples of Underground Flammable Liquid Tanks
Jacketed underground tanks for flammable liquids

Have been investigated by Underwriters Laboratories Inc.® in accordance with the Standard(s) indicated on this Certificate.

Standard(s) for Safety: UL 58 Steel Underground Tanks for Flammable and Combustible Liquids
UL 1746 External Corrosion Protection Systems for Steel Underground Storage Tanks

Additional Information: These are cylindrical, horizontal tanks designed for the underground storage of flammable liquids at atmospheric pressure. They are fabricated using an inner steel case, an interstitial material and a combination of mechanical and hand lamination of chopped glass fiber and polyester resin for the outer jacket.

Only those products bearing the UL Listing Mark should be considered as being covered by UL's Listing and Follow-Up Service.

The UL Listing Mark generally includes the following elements: the symbol UL in a circle with the word "LISTED"; a control number (may be alphanumeric) assigned by UL; and the product category name (product identifier) as indicated in the appropriate UL Directory.

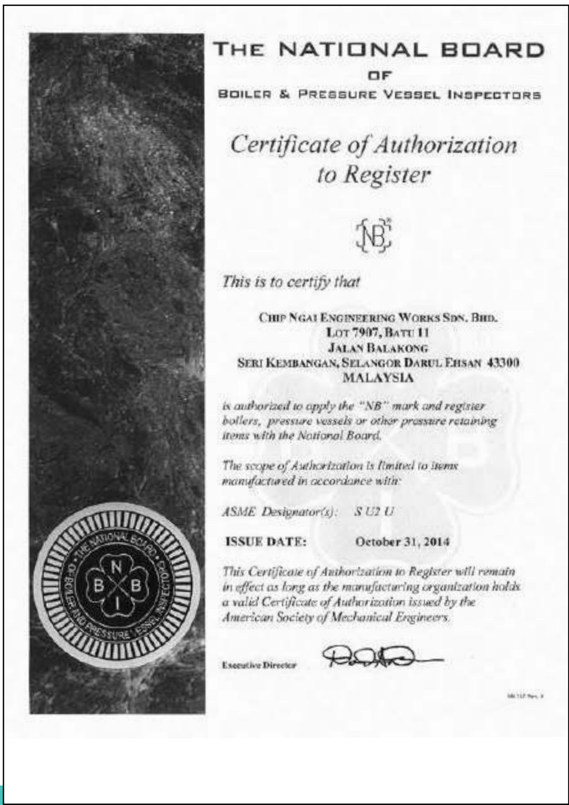
Look for the UL Listing Mark on the product

Issued by: John Silsdorf / Lead Engineering Associate
Underwriters Laboratories Inc.

Reviewed by: Paul Kelly / Operations Manager
Underwriters Laboratories Inc.

UL 58 & UL 1746

Certification and Accreditation
(cont'd)



THE NATIONAL BOARD OF BOILER & PRESSURE VESSEL INSPECTORS

Certificate of Authorization to Register

This is to certify that

CHIP NGAI ENGINEERING WORKS SDN. BHD.
LOT 7907, BATU 11
JALAN BALAKONG
SERI KEMBANGAN, SELANGOR DARUL EHSAN 43300
MALAYSIA

is authorized to apply the "NB" mark and register boilers, pressure vessels or other pressure retaining items with the National Board.

The scope of Authorization is limited to items manufactured in accordance with:

ASME Designator(s): *S U2 U*

ISSUE DATE: **October 31, 2014**

This Certificate of Authorization to Register will remain in effect as long as the manufacturing organization holds a valid Certificate of Authorization issued by the American Society of Mechanical Engineers.

Executive Director

NB STAMP

THE NATIONAL BOARD OF BOILER & PRESSURE VESSEL INSPECTORS

Certificate of Authorization

This is to certify that

Chip Ngai Engineering Works Sdn. Bhd.
Lot 7907, Batu 11
Jalan Balakong
Seri Kembangan, Selangor Darul Ehsan 43300
Malaysia

is authorized to use the R Symbol in accordance with the provisions of the National Board Inspection Code and NB-415, Accreditation of "R" Repair Organizations.

All activities within the scope of this Authorization shall be controlled by the above location.

The scope of this Authorization is limited to:

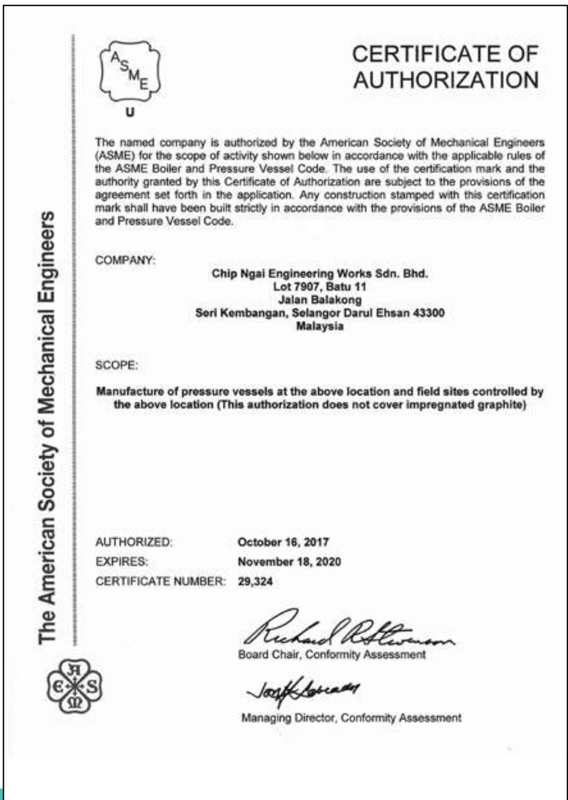
Metallic
Repairs and Alterations
At
Shop and Field Locations

Certification Number: 7605

Issue Date: September 29, 2017
Expiration Date: November 18, 2020

Executive Director

R STAMP



The American Society of Mechanical Engineers

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CERTIFICATE OF AUTHORIZATION

The named company is authorized by the American Society of Mechanical Engineers (ASME) for the scope of activity shown below in accordance with the applicable rules of the ASME Boiler and Pressure Vessel Code. The use of the certification mark and the authority granted by this Certificate of Authorization are subject to the provisions of the agreement set forth in the application. Any construction stamped with this certification mark shall have been built strictly in accordance with the provisions of the ASME Boiler and Pressure Vessel Code.

COMPANY:

Chip Ngai Engineering Works Sdn. Bhd.
Lot 7907, Batu 11
Jalan Balakong
Seri Kembangan, Selangor Darul Ehsan 43300
Malaysia

SCOPE:

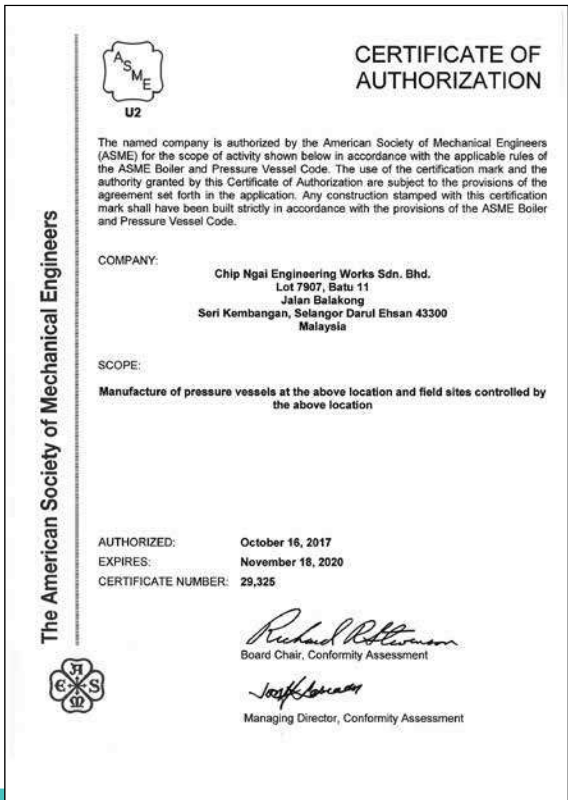
Manufacture of pressure vessels at the above location and field sites controlled by the above location (This authorization does not cover impregnated graphite)

AUTHORIZED: **October 16, 2017**
EXPIRES: **November 18, 2020**
CERTIFICATE NUMBER: **29,324**

Board Chair, Conformity Assessment

Managing Director, Conformity Assessment

U STAMP



The American Society of Mechanical Engineers

U2

CERTIFICATE OF AUTHORIZATION

The named company is authorized by the American Society of Mechanical Engineers (ASME) for the scope of activity shown below in accordance with the applicable rules of the ASME Boiler and Pressure Vessel Code. The use of the certification mark and the authority granted by this Certificate of Authorization are subject to the provisions of the agreement set forth in the application. Any construction stamped with this certification mark shall have been built strictly in accordance with the provisions of the ASME Boiler and Pressure Vessel Code.

COMPANY:

Chip Ngai Engineering Works Sdn. Bhd.
Lot 7907, Batu 11
Jalan Balakong
Seri Kembangan, Selangor Darul Ehsan 43300
Malaysia

SCOPE:

Manufacture of pressure vessels at the above location and field sites controlled by the above location

AUTHORIZED: **October 16, 2017**
EXPIRES: **November 18, 2020**
CERTIFICATE NUMBER: **29,325**

Board Chair, Conformity Assessment

Managing Director, Conformity Assessment

U2 STAMP

The American Society of Mechanical Engineers

ASME

S

CERTIFICATE OF AUTHORIZATION

The named company is authorized by the American Society of Mechanical Engineers (ASME) for the scope of activity shown below in accordance with the applicable rules of the ASME Boiler and Pressure Vessel Code. The use of the certification mark and the authority granted by this Certificate of Authorization are subject to the provisions of the agreement set forth in the application. Any construction stamped with this certification mark shall have been built strictly in accordance with the provisions of the ASME Boiler and Pressure Vessel Code.

COMPANY:

Chip Ngai Engineering Works Sdn. Bhd.
Lot 7907, Batu 11
Jalan Balakong
Seri Kembangan, Selangor Darul Ehsan 43300
Malaysia

SCOPE:

Manufacture and assembly of power boilers at the above location and field sites controlled by the above location

AUTHORIZED: **October 16, 2017**
EXPIRES: **November 18, 2020**
CERTIFICATE NUMBER: **33,629**

Board Chair, Conformity Assessment

Managing Director, Conformity Assessment

S STAMP

ASAL
ORIGINAL

Borang ICA 7
Form ICA 7

KEMENTERIAN PERDAGANGAN ANTARABANGSA DAN INDUSTRI MALAYSIA

MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY OF MALAYSIA

AKTA PENYELARASAN PERINDUSTRIAN, 1975
LESEN PENGILANGAN
INDUSTRIAL CO-ORDINATION ACT, 1975
MANUFACTURING LICENCE

No. Siri: A 016005
Serial No.:

No. Lesen: A 010522
Licence No.:

PADA MENURUT AKTA PENYELARASAN PERINDUSTRIAN, 1975
IN PURSUANCE OF THE INDUSTRIAL CO-ORDINATION ACT, 1975

Saya memberi lesen kepada
I license
CHIP NGAI ENGINEERING WORKS. SDN. BHD.
(Nama pemohon/Applicant's name)

untuk bertindak sebagai PENGILANG BERLESEN mulai dari 13hb. Oktober, 1992
to act as LICENSED MANUFACTURER as from (Tarikh/Date)

di tempat pengilangan beralamat Sub-Lot 1, Sebahagian Lot 7907,
at the place of manufacturing at
Jalan Balakong, Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan

bagi keluaran yang dinyatakan di bawah ini dan tertakluk kepada syarat yang dilampirkan bersama ini:
for product(s) specified hereunder and subject to the conditions attached herewith:

Keluaran:
Product: 'Storage tanks and pressure vessels'

Bertarikh pada 29 haribulan Oktober, 1996
Dated this *day of* *, 19*

PEGAWAI PELESEN/
LICENSING OFFICER

(DATUK ASMAT KAMALUDIN)
Ketua Setiausaha,
Kementerian Perdagangan Antarabangsa Dan Industri
Malaysia.

STORAGE TANK AND PRESSURE VESSELS

ASAL
ORIGINAL

Borang ICA 7
Form ICA 7

KEMENTERIAN PERDAGANGAN ANTARABANGSA DAN INDUSTRI MALAYSIA

MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY OF MALAYSIA

AKTA PENYELARASAN PERINDUSTRIAN, 1975
LESEN PENGILANGAN
INDUSTRIAL CO-ORDINATION ACT, 1975
MANUFACTURING LICENCE

No. Siri: A 021537
Serial No.:

No. Lesen: A 010522
Licence No.:

PADA MENURUT AKTA PENYELARASAN PERINDUSTRIAN, 1975
IN PURSUANCE OF THE INDUSTRIAL CO-ORDINATION ACT, 1975

Saya memberi lesen kepada
I license
CHIP NGAI ENGINEERING WORKS SDN. BHD.
(Nama pemohon/Applicant's name)

untuk bertindak sebagai PENGILANG BERLESEN mulai dari 20 Mei, 2003
to act as LICENSED MANUFACTURER as from (Tarikh/Date)

di tempat pengilangan beralamat Lot 7907, Batu 11, Jalan Balakong,
at the place of manufacturing at
43300 Seri Kembangan, Selangor Darul Ehsan

bagi keluaran yang dinyatakan di bawah ini dan tertakluk kepada syarat yang dilampirkan bersama ini:
for product(s) specified hereunder and subject to the conditions attached herewith:

Keluaran:
Product: 'Fabrication of Tanker Body (Excluding Chassis)'

Bertarikh pada 9 haribulan Ogos, 2003
Dated this *day of*

PEGAWAI PELESEN/
LICENSING OFFICER

Dato' Kalsom binti Abdul Rahman
Timbalan Ketua Setiausaha (Industri)

FABRICATION OF TANKER BODY

ASAL
ORIGINAL

Borang ICA 7 (Pin. 1/08)
Form ICA 7 (Rev. 1/08)

KEMENTERIAN PERDAGANGAN ANTARABANGSA DAN INDUSTRI MALAYSIA

MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY OF MALAYSIA

AKTA PENYELARASAN PERINDUSTRIAN, 1975
LESEN PENGILANGAN
INDUSTRIAL CO-ORDINATION ACT, 1975
MANUFACTURING LICENCE

No. Siri: A 030253
Serial No.:

No. Lesen: A 014513
Licence No.:

PADA MENURUT AKTA PENYELARASAN PERINDUSTRIAN, 1975
IN PURSUANCE OF THE INDUSTRIAL CO-ORDINATION ACT, 1975

Saya memberi lesen kepada
I license
ASIA TANK CONTAINERS (M) SDN. BHD.
(Nama pemohon/Applicant's name)

untuk bertindak sebagai PENGILANG BERLESEN mulai dari 4 April 2010
to act as LICENSED MANUFACTURER as from (Tarikh/Date)

di tempat pengilangan beralamat Lot 7907, Batu 11, Jalan Balakong, 43300 Seri
at the place of manufacturing at
Kembangan, Selangor Darul Ehsan

bagi keluaran yang dinyatakan di bawah ini dan tertakluk kepada syarat yang dilampirkan bersama ini:
for product(s) specified hereunder and subject to the conditions attached herewith:

Keluaran:
Product: Menjalankan aktiviti 'Manufacture and assembly of trucks, tankers and special purpose vehicles'

Bertarikh pada 30 Ogos 2010
Dated this

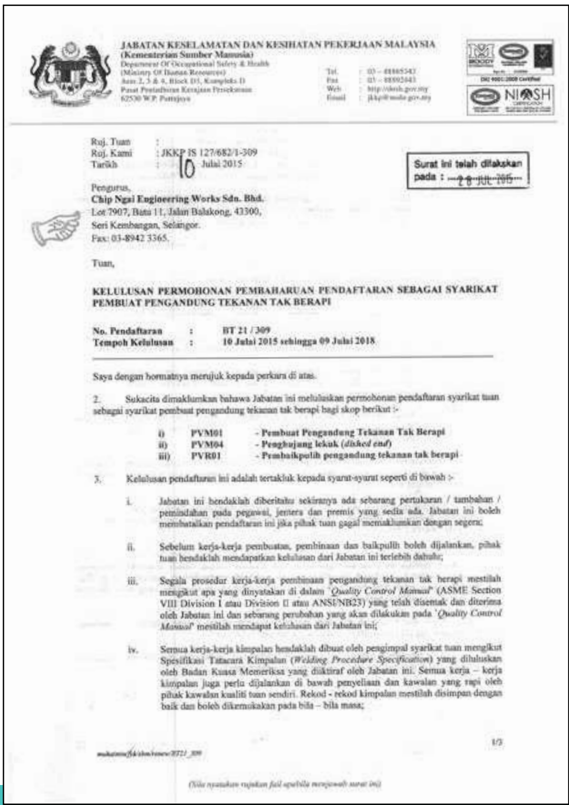
PEGAWAI PELESEN/
LICENSING OFFICER

DATO' KAMARUDDIN ISMAIL
Timbalan Ketua Setiausaha (Industri)
Kementerian Perdagangan Antarabangsa dan Industri
(MITI)

MANUFACTURE AND ASSEMBLY OF TRUCKS, TANKERS AND SPECIAL PURPOSE VEHICLES

Certification and Accreditation

(cont'd)



JABATAN KESELAMATAN DAN KESIHATAN PEKERJAAN MALAYSIA
(Kementerian Sumber Manusia)
Department Of Occupational Safety & Health
(Ministry Of Human Resources)
Aras 2, 3 & 4, Block D3, Kompleks D
Pusat Pentadbiran Kerajaan Persekutuan
62530 W.P. Putrajaya

Tel. : 03 - 88865343
Fax : 03 - 88892443
Web : http://dosh.gov.my
Email : jkkp@mohr.gov.my

Ruj. Tuan :
Ruj. Kami : JKKP IS 127/682/1-309
Tarikh : 10 Julai 2015

Surat ini telah dilakskan pada : 28 JUL 2015

Pengurus,
Chip Ngai Engineering Works Sdn. Bhd.
Lot 7907, Batu 11, Jalan Balakong, 43300,
Seri Kembangan, Selangor.
Fax: 03-8942 3365.

Tuan,

KELULUSAN PERMOHONAN PEMBAHARUAN PENDAFTARAN SEBAGAI SYARIKAT PEMBUAT PENGANDUNG TEKANAN TAK BERAPI

No. Pendaftaran : BT 21 / 309
Tempoh Kelulusan : 10 Julai 2015 sehingga 09 Julai 2018

Saya dengan hormatnya merujuk kepada perkara di atas.

2. Sukacita dimaklumkan bahawa Jabatan ini meluluskan permohonan pendaftaran syarikat tuan sebagai syarikat pembuat pengandung tekanan tak berapi bagi skop berikut :-

i) **PVM01 - Pembuat Pengandung Tekanan Tak Berapi**
ii) **PVM04 - Penghujung lekuk (*dished end*)**
iii) **PVR01 - Pembaikpulih pengandung tekanan tak berapi**

3. Kelulusan pendaftaran ini adalah tertakluk kepada syarat-syarat seperti di bawah :-

i. Jabatan ini hendaklah diberitahu sekiranya ada sebarang pertukaran / tambahan / pemindahan pada pegawai, jentera dan premis yang sedia ada. Jabatan ini boleh membatalkan pendaftaran ini jika pihak tuan gagal memaklumkan dengan segera;

ii. Sebelum kerja-kerja pembuatan, pembinaan dan baikpulih boleh dijalankan, pihak tuan hendaklah mendapatkan kelulusan dari Jabatan ini terlebih dahulu;

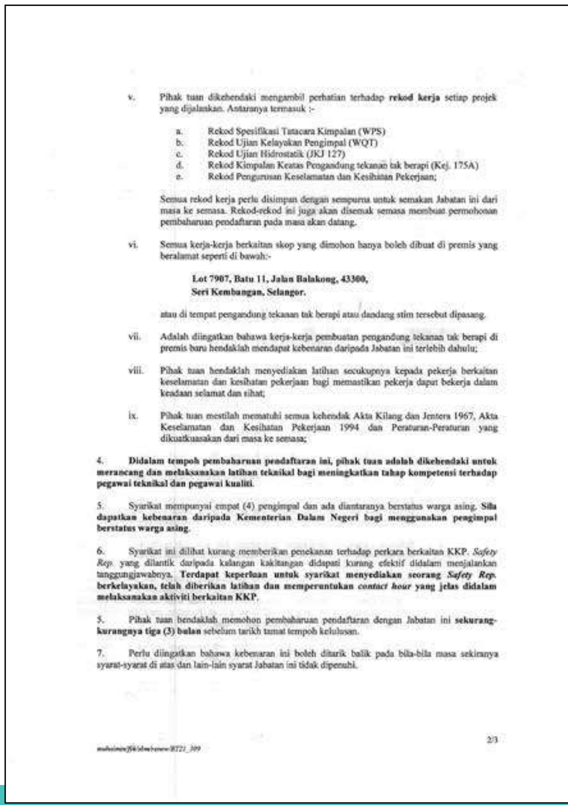
iii. Segala prosedur kerja-kerja pembinaan pengandung tekanan tak berapi mestilah mengikut apa yang dinyatakan di dalam '*Quality Control Manual*' (ASME Section VIII Division I atau Division II atau ANSI/NB23) yang telah disemak dan diterima oleh Jabatan ini dan sebarang perubahan yang akan dilakukan pada '*Quality Control Manual*' mestilah mendapat kelulusan dari Jabatan ini;

iv. Semua kerja-kerja kimpalan hendaklah dibuat oleh pengimpal syarikat tuan mengikut Spesifikasi Tatacara Kimpalan (*Welding Procedure Specification*) yang diluluskan oleh Badan Kuasa Memeriksa yang diiktiraf oleh Jabatan ini. Semua kerja – kerja kimpalan juga perlu dijalankan di bawah penyeliaan dan kawalan yang rapi oleh pihak kawalan kualiti tuan sendiri. Rekod - rekod kimpalan mestilah disimpan dengan baik dan boleh dikemukakan pada bila – bila masa;

1/3

(Sila nyatakan rujukan fail apabila menjawab surat ini)

DOSH - PRESURE VESSEL
& DISH END - 1



v. Pihak tuan dikehendaki mengambil perhatian terhadap **rekod kerja** setiap projek yang dijalankan. Antaranya termasuk :-

a. Rekod Spesifikasi Tatacara Kimpalan (WPS)
b. Rekod Ujian Kelayakan Pengimpal (WQT)
c. Rekod Ujian Hidrostatik (JKJ 127)
d. Rekod Kimpalan Keatas Pengandung tekanan tak berapi (Kej. 175A)
e. Rekod Pengurusan Keselamatan dan Kesihatan Pekerjaan;

Semua rekod kerja perlu disimpan dengan sempurna untuk semakan Jabatan ini dari masa ke semasa. Rekod-rekod ini juga akan disemak semasa membuat permohonan pembaharuan pendaftaran pada masa akan datang.

vi. Semua kerja-kerja berkaitan skop yang dimohon hanya boleh dibuat di premis yang beralamat seperti di bawah:-

Lot 7907, Batu 11, Jalan Balakong, 43300,
Seri Kembangan, Selangor.

atau di tempat pengandung tekanan tak berapi atau dandang stim tersebut dipasang.

vii. Adalah diingatkan bahawa kerja-kerja pembuatan pengandung tekanan tak berapi di premis baru hendaklah mendapat kebenaran daripada Jabatan ini terlebih dahulu;

viii. Pihak tuan hendaklah menyediakan latihan secukupnya kepada pekerja berkaitan keselamatan dan kesihatan pekerjaan bagi memastikan pekerja dapat bekerja dalam keadaan selamat dan sihat;

ix. Pihak tuan mestilah mematuhi semua kehendak Akta Kilang dan Jentera 1967, Akta Keselamatan dan Kesihatan Pekerjaan 1994 dan Peraturan-Peraturan yang dikuatkuasakan dari masa ke semasa;

4. **Didalam tempoh pembaharuan pendaftaran ini, pihak tuan adalah dikehendaki untuk merancang dan melaksanakan latihan teknikal bagi meningkatkan tahap kompetensi terhadap pegawai teknikal dan pegawai kualiti.**

5. Syarikat mempunyai empat (4) pengimpal dan ada diantaranya berstatus warga asing. **Sila dapatkan kebenaran daripada Kementerian Dalam Negeri bagi menggunakan pengimpal berstatus warga asing.**

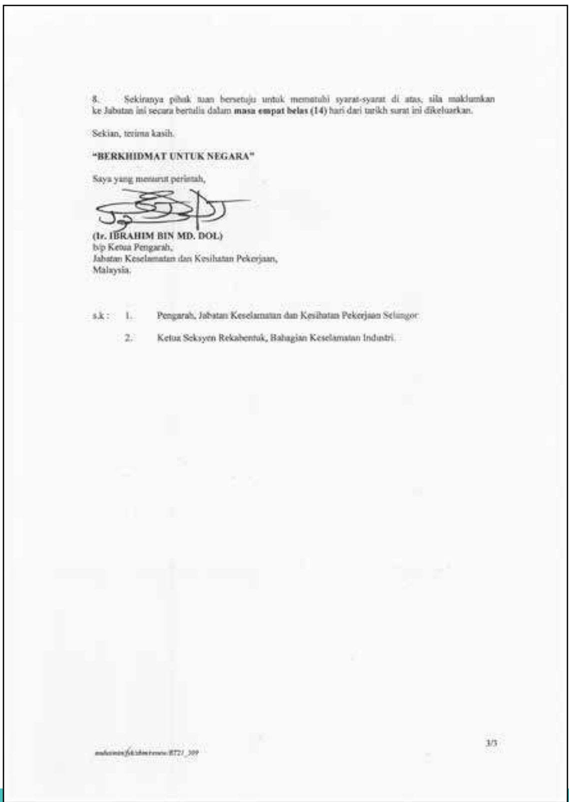
6. Syarikat ini dilihat kurang memberikan penekanan terhadap perkara berkaitan KKP. *Safety Rep.* yang dilantik daripada kalangan kakitangan didapati kurang efektif didalam menjalankan tanggungjawabnya. **Terdapat keperluan untuk syarikat menyediakan seorang *Safety Rep.* berkelayakan, telah diberikan latihan dan memperuntukan *contact hour* yang jelas didalam melaksanakan aktiviti berkaitan KKP.**

5. Pihak tuan hendaklah memohon pembaharuan pendaftaran dengan Jabatan ini **sekurang-kurangnya tiga (3) bulan** sebelum tarikh tamat tempoh kelulusan.

7. Perlu diingatkan bahawa kebenaran ini boleh ditarik balik pada bila-bila masa sekiranya syarat-syarat di atas dan lain-lain syarat Jabatan ini tidak dipenuhi.

2/3

DOSH - PRESURE VESSEL
& DISH END - 2



8. Sekiranya pihak tuan bersetuju untuk mematuhi syarat-syarat di atas, sila maklumkan ke Jabatan ini secara bertulis dalam **masa empat belas (14)** hari dari tarikh surat ini dikeluarkan.

Sekian, terima kasih.

"BERKHIDMAT UNTUK NEGARA"

Saya yang menurut perintah,

(Ir. IBRAHIM BIN MD. DOL)
b/p Ketua Pengarah,
Jabatan Keselamatan dan Kesihatan Pekerjaan,
Malaysia.

s.k : 1. Pengarah, Jabatan Keselamatan dan Kesihatan Pekerjaan Selangor
2. Ketua Seksyen Rekabentuk, Bahagian Keselamatan Industri.

3/3

DOSH - PRESURE VESSEL
& DISH END - 3

KEMENTERIAN KEWANGAN MALAYSIA

SIJIL AKUAN PENDAFTARAN SYARIKAT

NO SIJIL : K22038791041746681
NO RUJUKAN PENDAFTARAN : 357-02099774
TEMPOH SAH LAKU : 24/03/2017 - 23/03/2020

Bahawa dengan ini diperakui syarikat :

CHIP NGAI ENGINEERING WORKS SDN. BHD. (10217-A)
LOT 7907 BATU 11,
JALAN BALAKONG,
43300 SERI KEMBANGAN
PETALING
43300 SERI KEMBANGAN
SELANGOR, MALAYSIA

Telah berdaftar dengan Kementerian Kewangan Malaysia dalam bidang bekalan/perkhidmatan di bawah sektor, bidang dan sub-bidang seperti di Lampiran A. Kelulusan ini adalah tertakluk kepada syarat-syarat seperti yang dinyatakan di Lampiran B. Individu yang diberi kuasa oleh syarikat bagi urusan perolehan Kerajaan adalah seperti berikut :

HO CHENG SAN	[illegible]	MANAGING DIRECTOR
ANGELINE CHAN KIT FONG	[illegible]	EXECUTIVE DIRECTOR
LEE LAM	[illegible]	ENGINEERING MANAGER
ARIFFIN BIN KHALID	[illegible]	DIRECTOR

t.t
DATO' OTHMAN BIN SEMAIL
Bahagian Perolehan Kerajaan
b.p Ketua Setiausaha Perbendaharaan
Kementerian Kewangan Malaysia

Tarikh Berdaftar Dengan Kementerian Kewangan Malaysia : 24/03/2017

(Sijil ini adalah cetakan komputer dan tidak memerlukan tandatangan)

MOF

The Group's Business

CN Asia Corporation Bhd ("CN Asia" or the "Company" or "Group") was incorporated in Malaysia on 23 August 1996 as an investment holding company. The main activities of the Group can be categorized under 7 divisions as follows:

Storage Tanks

Manufacturing of underground and aboveground storage tanks for the petroleum, logistics and power and general process industries for the local and global market.

Metal Forming

Manufacturing of dish heads and provision of plate rolling services for the food and beverage, petrochemical, energy and heavy engineering industries worldwide.

The Group's Business (cont'd)

Transportation Equipment/ Road Tankers

Design and Manufacture testing and commissioning of all types of transportation equipment such as:

Vacuum Tankers

LPG and Chemical Tankers

High Pressure Cleaner and Jetters

Combination Unit

Co2 Road Tanker

Pressure Vessel

Provision of engineering, procurement and construction (EPC) services for the following industries:-

Petrochemical:	Carbon and cladded steel pressure vessels and heat exchangers
Food and Beverage Plant:	Stainless steel vessels, sterilizers and etc
Power Generation:	Supply and erection of flue stacks and heat recovery steam generator (HRSG) and pressure vessels
Bulking Terminal:	API 620 and 650 bulk vertical storage tanks inclusive of: - Piling Work - Civil foundation - Laying of pipe - Pigging and pump system - Loading station - Office and warehouse

Civil Engineering and construction is carried out in conjunction with the above products.

The Group’s Business (cont’d)

Heat Treatment

Provision of heat treatment services (stress relief and normalizing) to a varied range of vessel design and fabrication codes, be they ASME, PD, AS etc complete with the necessary heat treatment reports and charts.

Hot Flanging

Provision of dish head forming of thickness up to 70 mm using hot flanging process. The pressed head is first heated to a temperature of 900 degree Celsius, taken out from the furnace and then flanged to the required knuckle radius and diameter.

Mechanical and Engineering

a) Provision of engineering consultancy services for pressure vessel design for approval and certification from Authorities/ Third Parties.

b) Design/Manufacture and supply of all types of related steel fabrications and mechanical equipment.

DATO' HILMI BIN MOHD NOOR
Independent Chairman
- Aged 76
- Male
- Malaysian

Dato' Hilmi bin Mohd Noor was appointed to the Board on 1 January 1999 as a Non-Executive Chairman and was redesignated as an Independent Non-Executive Chairman on 28 November 2012. He graduated with a Bachelor of Arts (Hons.) degree from the University of Malaya in 1966 and obtained his MBA from Marshall University, USA. In addition, he is presently a member of the Chartered Institute of Purchasing and Supply (United Kingdom). Upon graduation, he joined the Ministry of Finance where he held various positions until 1986 when he was appointed the Deputy Director General of the Economic Planning Unit, Prime Minister's Department. From 1989 to 1994, he served as Secretary General, Ministry of Energy, Telecommunications and Post, and later as Secretary General, Ministry of Rural Development until his retirement in May 1997. Between 1970 and 1997, he served as a Board Member of several companies/organisations such as Lembaga Letrik Negara (Chairman), Tenaga Nasional Berhad (Founder Director), Telekom Malaysia Berhad, Bank Pertanian Malaysia Berhad, Keretapi Tanah Melayu, Lembaga Pelabuhan Bintulu and Heavy Industries Corporation of Malaysia Berhad.

HO CHENG SAN
Managing Director
- Aged 65
- Male
- Malaysian

Mr. Ho Cheng San was appointed to the Board on 5 April 1997 as the Managing Director of the Company. He obtained his Diploma in Mechanical Engineering in 1978. He has more than 38 years of experiences in the Engineering, Procurement, Construction and Commissioning of Palm Oil Mills, Petrochemical, Food and Beverage Plants and Manufacturing of Process Plant Equipment Worldwide with Comprehensive after Sales Services and Maintenance of its equipment at its installation.

Mr Ho has been involved in housing and property development and has wide experience in the commercial and industrial property sectors. He is the Chief Executive Officer and one of the founder of Cantik Realty Sdn Bhd and Tai Seng Housing Development Co. Sdn Bhd. He has more than 38 years of management experience in the field of marketing and property development.

His securities' holding is set out in Analysis of Shareholdings on pages 112 and 113 of the Annual Report.

ANGELINE CHAN KIT FONG
Executive Director
- Aged 46
- Female
- Malaysian

Ms. Angeline Chan Kit Fong was appointed to the Board on 16 June 2016 as an Executive Director. She graduated with a Bachelor of Business majored in Accounting from the University of Southern Queensland in Australia.

Ms. Chan joined the Company's subsidiary company, Chip Ngai Engineering Works Sdn Bhd ("CNEW") as a Purchasing Manager cum MIS Manager from 2001 to 2005, as Human Resource and Administration Manager since 2006 and as an Executive Director of CNEW since May 2016 to oversee the marketing activities of the Group.

Her securities' holding is set out in Analysis of Shareholdings on pages 112 and 113 of the Annual Report.

CHONG YING CHOY
Independent Director
- Aged 63
- Male
- Malaysian

Mr. Chong Ying Choy was appointed to the Board on 5 April 1997 an Independent Non-Executive Director. He has been an associate member of the Institute of Chartered Secretaries And Administrators since 1982, a fellow of the Chartered Association of Certified Accountants since 1987, a member of the Malaysian Association of Certified Public Accountants since 1988, member of Certified Practicing Accountant, Australia and associate member of Chartered Tax Institute of Malaysia since 2008. He is also a chartered accountant having been registered with the Malaysian Institute of Accountants since 1982.

Mr. Chong has many years of experience in auditing, taxation and financial advisory. From 1980 to 1988, he was attached with a firm of public accountants, Hanafiah Raslan & Mohamad. Thereafter, he set up his own practice under the name of Y C Chong & Co. He is also an Independent Director of VGX Limited, a company listed on National Stock Exchange of Australia.

LEE KING LOON
Independent Director
- Aged 47
- Male
- Malaysian

Mr Lee King Loon was appointed to the Board on 16 June 2016 as an Independent Non-Executive Director. He holds a Bachelor of Commerce from the University of Western Australia and is a member of the Malaysian Institute of Accountants and CPA Australia.

Mr. Lee started his career at KPMG (formerly known as KPMG Peat Marwick) in 1992 and qualified as a full member of the Malaysian Institute of Accountants (MIA) and CPA Australia. While with KPMG, he was involved in the audits of multinationals and public companies listed on Bursa Malaysia. Mr. Lee joined Crowe Horwath (formerly known as Horwath) – Kuala Lumpur Office in year 2000 and had led several engagements as the reporting accountants for corporate exercises undertaken by the listed companies. Mr. Lee had conducted surprise audits on stockbroking firms pursuant to the requirements of Bursa Malaysia and operational reviews on a fund management company for the purposes of reporting to the Securities Commission. He had also provided independent advisory services to the shareholders of various public listed companies, including Lion Corporation Berhad and Dutaland Berhad (formerly known as Mycom Berhad), in relation to a vast variety of corporate exercises. He has extensive experience in conducting financial due diligence reviews and valuations having been engaged by large corporate clients and private equity firms to undertake such assignments. Mr. Lee was a principal at Crowe Horwath in 2004 and an Executive Director of Crowe Horwath Advisory Sdn Bhd in 2008.

He was appointed as Chief Financial Officer and Director of CSF Group plc in March 2010 and has been involved in the formulation of financial strategies to restructure and streamline the Group's business. In September 2013, Mr. Lee was appointed as a director of Salihin Capital Sdn Bhd, a company that holds a Capital Markets Services Licence to provide corporate finance advisory.

ARIFFIN BIN KHALID
Non-Independent Non-Executive Director
- Aged 73
- Male
- Malaysian

Encik Ariffin bin Khalid was appointed to the Board on 16 June 2016 as an Non-Independent Non-Executive Director. He graduated with a Bachelor of Science (Hons.) degree in Mechanical Engineering from the University of Nottingham, United Kingdom in 1968 and obtained his Professional Engineering status from Lembaga Jurutera Malaysia in 1974. He was also a Fellow of the Institute of Petroleum (United Kingdom) from 1969 to 2000. Upon graduation in 1968, he held the position of L.P.Gas Engineer in Shell Malaysia Trading and progressed in other positions such as Construction and Maintenance Engineer, Depot Manager, Distribution Operations Manager Sabah and Sarawak, Lubricant Marketing Manager, Quality Manager and General Manager (Distribution Operations). He was promoted to serve in Shell Companies in Malaysia in 1994 as Team Member (Re-Engineering Project), Adviser (Business improvement) and Chief Adviser of Corporate Affairs, until his retirement at the end of 1999. After his retirement from Shell, he worked as Chief Executive Officer and Director of Rotary-MEC and as an Environmental and Oil and Gas Consultant.

Encik Ariffin has served as Chairman of the National Industrial Standardisation Committee 'Y' (Quality Management & Quality Assurance-ISO 9000). He was awarded the "Anugerah untuk Penglibatan Dalam Pembangunan Malaysian Standards (MS) Dan Aktiviti Standardisasi Antarabangsa" from the Minister of Sains,Teknologi Dan Inovasi" in a Ceremony held on 22nd November 2012. He has also held the position of Hon. Treasurer, International Erosion Control Association (Malaysian Chapter) from 2001-2011.

Prior to this, Encik Ariffin was the General Manager of one of the Company's subsidiaries, Asia Tank Container (Malaysia) Sdn Bhd, from 2005 to 2009. He was appointed as Executive Director of the Company in February 2005 and was subsequently re-designated to Non-Independent Non-Executive Director in August 2009 till his resignation in August 2012.

Additional information:

1. Saved as disclosed, other particulars of the above directors are as follow: -

Name of Director	Family Relationships with any Director / Major Shareholder	Convictions For Offences within the past five (5) years other than Traffic Offences	Directorship in Other Public Companies and Listed Issuers
Dato' Hilmi bin Mohd Noor	None	None	None
Ho Cheng San	Spouse of Angeline Chan Kit Fong	None	None
Angeline Chan Kit Fong	Spouse of Ho Cheng San	None	None
Chong Ying Choy	None	None	Yes
Lee King Loon	None	None	Yes
Ariffin bin Khalid	None	None	None

2. Detailed of board committees to which the directors belong: -

Name of Directors	Board Committee (Date appointed)			
	Audit	Remuneration	Nomination	Risk Management
Dato' Hilmi bin Mohd Noor	√ (1 Jan 1999)	-	√ (1 Jan 1999)*	-
Angeline Chan Kit Fong	-	-	-	√ (27 Nov 2017)
Chong Ying Choy	√ (5 Apr 1997)*	√ (5 Apr 1997)*	√ (5 Apr 1997)	√ (27 Nov 2017)
Lee King Loon	√ (16 Jun 2016)	√ (16 Jun 2016)	√ (16 Jun 2016)	√ (27 Nov 2017)*
Ariffin bin Khalid	-	√ (27 Nov 2017)	-	-

** Chairman of Board Committee*

3. Other than disclosed in the financial statements of this Annual Report, the above directors have no other conflict of interest with the Group.

4. Detail of the Directors' attendance at Board Meetings during the financial year ended 31 December 2017 are set out in the Corporate Governance Overview Statement on page 34 of this Annual Report.

Profile of Key Senior Management

The disclosure on the particulars of the Key Senior Management of the Group is made in compliance with the requirements under Appendix 9C of Bursa Securities' MMLR:-

Name / Position	Age / Gender / Nationality	Qualification	Work Experience
Ir. Lee Lam Engineering Manager / Head of Engineering	70/ Male/ Malaysian	Bachelor of Engineering (Hons.) degree in Mechanical Engineering, University Malaya Professional Engineer	Joined in December 1999, headed various operation department in the Group, and has more than 30 years of experiences in the design and manufacture of pressure vessels and road tankers
Lim Paik Goot Financial Controller / Company Secretary	48/ Female/ Malaysian	Bachelor of Accountancy (Hons.), University Utara Malaysia Master in Business Administration, University Putra Malaysia Member of Malaysia Institute of Accountants	Joined in May 1997 and has more than 20 years of experiences in the finance, accounting and corporate advisory
Qua Hock Guan Business Development Manager	72/ Male/ Malaysian	Diploma in Management, Malaysia Institute of Management	Joined in February 2007 and has vast experience in Marketing and Business Development and has 37 years in Exxon Mobil in marketing, training, marketing planning and procurement
Loi Liong Hui Head of Production	43/ Male/ Malaysian	Diploma in Mechanical Engineering, Federal Institute of Technology Malaysia	Joined in October 2008 and has more than 20 years of experience in oil and gas industry in quality assurance, quality control and project management
Quah Boon Hong Head of Purchasing	31/ Male/ Malaysian	Bachelor of Engineering (Hons.) First Division, University of Sunderland, United Kingdom	Joined in March 2013 as an Assistant Production Engineer and was promoted to the current position since June 2015

Additional Information:

Save as disclosed, none of the Key Senior Management has:-

- any directorship in public companies and listed issuers;
- any family relationship with any director and/or major shareholder of the Company;
- any conflict of interests with the Company;
- any conviction for offences within the past five (5) years other than traffic offences; and
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

The Company is primarily an investment holding company whilst its subsidiary is involved in the manufacturing of steel based products including Liquefied petroleum gas ("LPG") vessels, tanks, road tankers and pressure vessels, as well as the provision of metal forming services. The Group currently operates in a manufacturing plant located in Selangor. The primary customers of the Group are mainly from the oil and gas, and petrochemical industries. The other customers of the Group include those involved in the business of sewerage, civil and structural steel construction, power generation, and food and beverage.

During the financial year ended 31 December 2017 ("FYE 2017"), there has been no significant change to the revenue stream of the Group as compared to the preceding year except for undertaking of mechanical and engineering ("M&E") projects which contributed RM1.26 million, representing 6.3% of the total revenue for the financial year. Revenues derived from the domestic market and export market accounted for approximately 87.2% and 12.8%, respectively, of the total revenue of FYE 2017.

PERFORMANCE REVIEW

The Group's revenue and profit before tax for the financial year under review and the preceding year are summarized as follows: -

	2017 RM'000	2016 RM'000	Variance (%)
Revenue	20,075	18,745	7.1
Gross profit	4,879	4,978	(2.0)
Profit before tax	1,981	23,104	(91.4)
Profit before tax *	1,981	930	113.0

* *After exclude the one-off gain on disposal of properties of RM22.17 million in FYE 2016.*

The Group's revenue increased by RM1.33 million to RM20.08 million in FYE 2017, representing an increase of 7.1% over the preceding financial year. The aforesaid increase in revenue was mainly attributable to the increase revenues derived from the fabrication of road tankers and tanks, by RM2.39 million and RM1.70 million, respectively, and the increase in revenues derived from M&E projects by RM1.26 million, partially offset by the decrease in revenues generated from the fabrication of LPG vessels and metal forming services by RM3.79 million and RM0.30 million, respectively. The revenues derived from the fabrication of road tankers and tanks, and the provision of M&E services, in aggregate, accounted for 86.2% of the Group's total revenue in FYE 2017.

The Group recorded a gross profit of RM4.88 million and a gross profit margin of 24.3% in FYE 2017 as compared to a gross profit of RM4.98 million and a gross profit margin of 26.6% in FYE 2016. The slight decrease in gross profit margin in FYE 2017 was mainly caused by the higher contribution of direct materials and labour content for the fabrication of road tankers and the provision of M&E services, which in aggregate, increased by RM3.66 million during the financial year.

During FYE 2017, the Group's profit before tax decreased by 91.4% from RM23.10 million in the preceding year to RM1.98 million, mainly due to the one-off gain on disposal of properties of RM22.17 million recognised in FYE 2016. Excluding the effects of the aforesaid one-off gain on disposal of properties, the Group's profit before tax for the FYE 2017, was in fact higher than that of FYE 2016 by RM1.05 million or 113.0% mainly due to the decrease in finance costs by RM0.55 million and the increase in interest income by RM0.90 million.

The decrease in finance costs and the increase in interest income on fixed deposits resulted from the reduction of the Group bank borrowings via the utilisation of the proceeds derived from the Group's disposal of properties in FYE 2016. The disposal of properties was part of the Group's strategy to unlock its capital resources in order to strengthen its financial position and to allow the Group to focus on expanding its core business.

During the financial year, the Group was able to further reduce its total bank borrowings and gearing ratio, as at 31 December 2017, RM0.87 million (2016: RM1.62 million) and 0.02 times (2016: 0.04 times), respectively.

For FYE 2017, deferred tax assets were recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The Group's average inventory turnover period increased from 74 days for FYE 2016 to 96 days for FYE 2017 mainly due to higher stock of raw material stocks maintained at the financial year end as a result of increased bulk-purchases of raw materials during the year, which in turn was part of the Group's strategy to reduce its cost of sales.

In FYE 2017, the Group recorded a higher average trade receivables turnover period of 59 days as compared to 21 days in FYE 2016 mainly due to the increase in revenue during the latter part of FYE 2017 and the increase credit terms extended to its customers to 90 days (as compared to 60 days in FYE 2016) particularly to customers in the M&E segment. Notwithstanding the foregoing, the trade receivables that are past due for more than 60 days amounted to only RM0.12 million, representing 3.7% of the total trade receivables of the Group as at 31 December 2017, are considered to be recoverable and accordingly, no allowance for doubtful debts is required.

The Group recorded a basic earnings per ordinary share of 4.01 sen for FYE 2017 as compared to 48.58 sen for FYE 2016. Our net assets per share has increased to 89.06 sen as at 31 December 2017 from 86.80 sen as at 31 December 2016.

Shareholders' equity increased by RM1.03 million to RM40.42 million as at 31 December 2017, mainly attributable to the profit for the financial year. During FYE 2017, the Group completed the Proposed Capital Reduction by way of the cancellation of share capital amounting to RM10,488,911 pursuant to Section 116 of the Companies Act, 2016.

As at 31 December 2017, the Group's cash and cash equivalents amounted to RM24.0 million, representing 53.8% of the Group's total assets.

ANTICIPATED OR KNOWN RISKS

The Group is exposed to the risks posed by the continued uncertainty of the economic environment, and the volatility of the Malaysian Ringgit and the prices of raw material.

The Group's risk management process typically involves identifying, evaluating, prioritizing and reporting the major business risks within the Group to ensure that the Group's assets and shareholders' interest are well protected and shareholders' value is enhanced. During FYE 2017, the Board established a Risk Management Committee comprising two (2) independent directors and an executive director to oversee the Group's risk management framework.

Furthermore, the Group's risk management process has been incorporated into its ISO 9001:2015 Quality Management Systems ("QMS") which involves the identification of "risk-owners" comprising the respective heads of divisions who are then assigned to manage and address specific risks that are considered to be within their purview. The risk management process is subject to scheduled reviews conducted by an external certification body to ensure that its implementation is in compliance with the relevant ISO standards and the QMS of the Group. The Audit Committee, with the assistance of the outsourced internal auditors, also provides an independent oversight on the effectiveness of the Group's risk management process.

MOVING FORWARD

The Group had, on 8 November 2017, completed the implementation of the Regularisation Plan to regularize its financial condition pursuant to the Practice Note 17 of Main Market Listing Requirements of Bursa Securities ("PN17"). Thereafter, an application shall be submitted to Bursa Securities for the uplifting of the PN17 status of the Group upon its reporting of net profits for two (2) consecutive quarters after the completion of the implementation of the Regularisation Plan.

The Group is aware of the importance of sustaining its profitability and is therefore actively tendering for projects to replenish and enhance its order books. It will continue to identify and implement measures to further reduce costs and improve operational efficiency especially in terms of reducing wastage and byproducts from its production activities and in reducing its reliance on subcontractors.

Whilst we continue to focus on the major players in the local oil and gas segment and endeavor to expand our market share in the fabrication of road tankers and also the M&E segment, we are also seeking opportunities in the civil segment as a means to broaden the Group's revenue base and to increase profits going forward.

Notwithstanding the challenging business environment, the Group remains committed to deliver its projects on time, without compromising quality and safety standards. We emphasise on fostering good relationship with our customers and this is achieved by conducting regular meetings with customers and obtaining their feedback on our products and services. With its robust financial position coupled with low gearing, the Group is well positioned to remain resilient under the prevailing competitive and challenging business environment.

DIVIDEND

The Board does not propose any dividend for the FYE 2017.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express my sincere appreciation to our valued shareholders, customers, suppliers, bankers, advisors, business associates, management, staff at all levels, the relevant authorities and government agencies for their continued support, commitment, contribution and confidence in the Group.

Last but not least, I would like to place on record my appreciation and thanks for the valued counsel and continued support I have received from the Chairman and my fellow Board members for the past year.

HO CHENG SAN
Managing Director

Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE

Chong Ying Choy	*(Chairman)*	*(Independent Director)*
Dato' Hilmi bin Mohd. Noor	*(Member)*	*(Independent Chairman)*
Lee King Loon	*(Member)*	*(Independent Director)*

MEETINGS

There were five (5) Audit Committee meetings held during the financial year ended 31 December 2017. Details of the members' attendances are as follows:-

Audit Committee Member	Number of Meetings Attended
Chong Ying Choy	5/5
Dato' Hilmi bin Mohd Noor	5/5
Lee King Loon	5/5

Upon invitation by the Committee, the Group Financial Controller attended all these meetings and the outsourced internal auditors, Messrs. GovernanceAdvisory.com Sdn Bhd, attended the third, fourth and fifth Audit Committee Meetings. The external auditors, Messrs. Siew Boon Yeong & Associates were invited to attend the first, second and fifth Audit Committee Meeting held during the year.

SUMMARY OF ACTIVITIES

A summary of the main activities carried out by the audit committee during the financial year included the following:-

- Reviewed the quarterly unaudited financial results of the Group and ensure compliance with approved accounting standards, other legal and regulatory requirements prior to recommending to the Board for approval.
- Reviewed and considered the audit planning memorandum and audit review memorandum of the external auditors for recommendation to the Board for approval.
- Reviewed the management letters and the audit reports of the external auditors.
- Reviewed the annual audited financial statements of the Group and recommended to the Board for approval.
- Reviewed and considered the proposal from external service providers for outsourced internal auditor functions.
- Reviewed and considered the appointment of outsourced internal auditors for recommendation to the Board for approval.
- Reviewed internal audit plan and considered the proposed internal audit fees for the year 2017 to 2019 for recommendation to the Board for their approval.
- Reviewed and deliberated internal audit reports and monitored / followed up on remedial actions as recommended by the outsourced internal auditors.
- Assessed the performance of External Auditors and recommend to the Board for reappointment.
- Discussed and considered the audit fees with the External Auditors for the financial year ended 31 December 2017 and recommend to the Broad for approval.
- Reviewed the Directors' selection criteria, terms of references of audit, remuneration, nomination and risk management committee and recommended to the Board for approval prior uploading to the Company's website.
- Reviewed the risk management report on key risk profiles and risk management activities.
- Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control and recommended to the Board for approval prior to the inclusion in the Company's annual report.

INTERNAL AUDIT FUNCTIONS

The Group's internal audit function is outsourced to newly appointed external consultants, Messrs. GovernanceAdvisory.com Sdn Bhd ("GA") who reports administratively to the Managing Director and functionally to the Audit Committee. The professional fees paid to the outsourced internal auditors during the financial year ended 31 December 2017 was amounted to RM20,000. The scope of internal audit covers the examination and evaluation of the adequacy and effectiveness of the Group's system of internal control, the efficiency of operations and the quality of performance in carrying out assigned responsibilities. The Internal Auditors' primary function is to submit audit reports that highlight risk and control weaknesses and provide suitable recommendations for improvement to reassure senior management and the Audit Committee on the state of internal control of the Group. The activities of the internal audit function during the financial year are summarised as follows:-

- Prepared a 3-year internal audit plan for approval by the Audit Committee.
- Reviewed and assessed the internal audit area over the past five (5) years to ensure adequacy of the scope, functions, competency and resources of the internal audit functions.
- Performed internal audit reviews to evaluate the adequacy of the internal control system on the overall control environment within the Group.
- Performed risk-based audits on the production of non-customized / standard products to ensure the effectiveness and efficiency in production planning processes which include resource allocation, production progress monitoring and reporting as well as inter-department communication of the Group.
- Undertook investigation and special reviews on issue arisen from the audits and / or requested by the management and / or Audit Committee and issued reports accordingly to the management and / or Audit Committee, where applicable.

Further details on the internal audit functions are set out in the Statement on Risk Management and Internal Control as set out in pages 49 to 51 of this Annual Report.

Corporate Governance Overview Statement

The Board of Directors of CN Asia Corporation Bhd (the "Board") recognizes that the practice of high standards of corporate governance throughout the Group as a fundamental part of discharging its responsibilities to safeguard the interests of the shareholders and to enhance shareholders' value and financial performance of the Group.

The Board is pleased to report on the manner in which the Group has applied the principles and practices as set out in the new Malaysian Code on Corporate Governance 2017 which was issued by the Securities Commission and took effect immediately (the "Code") and the extent of compliance with the Code pursuant to paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Company has disclosed the application of each principle and practice as set out in the Code to Bursa Securities in its Corporate Governance Report ("CG Report") pursuant to paragraph 15.25(2) of the MMLR of Bursa Securities. This CG Report is made available and can be downloaded from the Company's website at www.cnasia.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Part I - Board Responsibilities

1. Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The vital responsibilities of the Board are to lead the Group towards its mission by providing entrepreneur leadership and direction as well as management oversight. The Board assumes the following responsibilities for the Group: -

- determining strategic planning and direction of the Group;
- overseeing the overall conduct of the Group's business;
- identifying principal financial and non-financial risk, risk appetite and ensuring the implementation of systems to analyse, evaluate, manage and monitor risks;
- developing succession planning for board and senior management;
- reviewing the adequacy and integrity of the Group's internal control systems and management information systems;
- establishing goals for management and their performance;
- monitoring the achievement of these goals;
- ensuring the integrity of Company's financial and non-financial reporting; and
- ensuring that the Company has in place procedures effective communication with stakeholders.

There is a clear division of responsibilities between the Board members to ensure that there is a balance of power and authority as well as enhance accountability of each member. The Board is always guided by the Board Charter (the "Charter") of which the Board's roles, responsibilities and authorities are defined and practiced ensuring the maximisation of shareholders' value and safeguarding the stakeholders' interests including securing sustainable long-term value creation with proper social and environmental considerations. The authorisation procedures for key processes are stated in the Group's policies and procedures.

As part of its initiative for effective discharge of its leadership role and enhancement of accountability, the Board has delegated specific powers to the Chairman, the Managing Director, the Executive Director and the following Board Committees: -

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee

The powers delegated to each of the Board Committees are set out in the respective Terms of Reference as approved by the Board and are made available on the Company's website at www.cnasia.com.

Notwithstanding the delegation of specific powers, the Board remains its full responsibility for the direction and control of the Group to safeguard the interests of the shareholders and to enhance shareholders' value.

1.2 The Chairman

Dato' Hilmi, the Chairman of the Board, an Independent Director, is able to ensure effective conduct and performance of the Board. He also provides strong leadership leading the Board's priority more objectively in driving the focus on governance and compliance, through his primary responsibility in running and leading the discussion at the Board level.

1.3 Chairman and Managing Director

The positions of Chairman and Managing Director are held by two (2) distinct individuals in line with the recommendations of the Code. The distinct and separate roles of the Chairman and Managing Director promote accountability and facilitate division of responsibilities between them. The Independent Chairman leads the Board in the oversight of management whereas the Managing Director focuses on the day-to-day operations and management of the Group.

Mr. Ho, the Managing Director, with the assistance and support from the Executive Director and Key Senior Management, is responsible for managing the day-to-day management of the Company and the Group, implementing the Board's policies and decisions to achieve the short-term and long-term objectives as well as coordinating the development and implementation of business and corporate strategies.

The respective duties and responsibilities of the Chairman and Managing Director are set out in the Charter.

1.4 Suitably qualified and competent company secretaries

The Board is assisted by Ms Lim Paik Goot, a professional qualified competent Company Secretary who is a member of the Malaysian Institute of Accountants ("MIA"), in the discharge of its functions with her attendance in all Board and Board Committees meetings and advises the Board on the Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. During the financial year under review, the Board appointed additional two (2) Joint Company Secretaries to assist the existing Company Secretary in view of the added responsibility of company secretary present in the new Companies Act 2016 and the new MMLR of Bursa Securities. The newly appointed Companies Secretaries, namely Ms Wong Chooi Fun and Ms Goh Chooi Woan, are both members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"),

The Company Secretaries have attended trainings and seminars conducted by Companies Commission of Malaysia, MAICSA, MIA and Bursa Securities to keep abreast with the relevant updates and development of the MMLR, compliance with Capital Markets and Services Act 2007 (Amendment 2012), Companies Act 2016 and to ensure the Company's compliance to the Code.

The Company Secretaries also ensure that there is good information flow within the Board and between the Board, Board Committees and Key Senior Management. The Company Secretaries are also entrusted to record the Board's deliberations, in terms of issues discussed, the conclusions and the minutes of the previous Board and Board Committees meetings are distributed to the Directors prior to the meetings for their perusal before confirmation of the minutes at the commencement of the next Board and Board Committees meetings.

The Board has full and unlimited access to the Company Secretaries who are available at all times to provide the Directors with the appropriate advice and services.

The Company Secretaries attended all Board and Board Committees meetings to record deliberations, issues discussed and conclusions in discharging their duties and responsibilities and also advise the Board on issues relating to the relevant rules and regulations that govern the Company.

1.5 Access to information and advice

All members of the Board have full and unrestricted access to any information pertaining to the Company, the advice and services of the Company Secretary, Key Senior Management and external independent professional advisers may be engaged, where necessary, with approval from the Board or the Board Committees, at the Company's expense to enable the Board to discharge their duties. The agenda and Board papers for consideration are circulated to all Directors prior to the Board meetings to enable the Directors to obtain and access further information and clarification in order to be well informed of the matters before the meetings.

The Board is updated with the new amendments and updates on the regularisations from the authorities from time-to-time as and when occurred by circulating through emails, meetings, briefing and hard copy, whichever deemed appropriate and applicable.

In addition, the Board is notified of any corporate announcements released to Bursa Securities and is also kept informed of the requirements and updates issued by the various regulatory authorities through the Company Secretaries.

The decisions made at the Board and Board Committees meetings are also communicated to the Management in a timely manner to ensure appropriate execution.

The deliberations and conclusion of issues discussed in the Board and Board Committees meetings are duly recorded in the minutes. The draft of which is circulated for Board and Board Committees' review within a reasonable timeframe after the meeting.

2. Demarcation of Responsibilities

2.1 Board Charter

The Board is guided by the Charter which set out the roles and responsibilities of the Board, Chairman and Managing Director. The Charter has been adopted by the Board and the objectives of this Charter are to ensure that all Board members are aware of their duties and responsibilities as member of the Board and that the relevant legislations and the principles and practices of good Corporate Governance are applied in discharging their duties and responsibilities.

The Charter will be reviewed periodically and updated by the Board to ensure it is kept up-to-date with changes in regulations and best practice and ensure its effectiveness and relevance to the Board's objectives and responsibilities. The Charter is available on the Company's website at www.cnasia.com.

3. Good Business Conduct and Corporate Culture

3.1 Code of Ethics and Conduct

The Code of Ethics and Conduct ("COE") has been put in place for all Directors and employees of the Group as a guide in discharging their duties and responsibilities by demonstrating good judgment and honesty as well as loyalty and ethics in the conduct of its business that are aligned with best practices and applicable laws, rules and regulations.

This COE has been adopted and reviewed periodically by the Board. It is made available on the Company's website at www.cnasia.com.

3.2 Whistleblowing Policy

The Company believes that the in place of the Whistleblowing Policy will facilitate and encourage disclosure of genuine concerns about any possible violations and improprieties in matters related to financial reporting, compliances and other malpractices committed within the organisation as outlined in the Whistleblowing Policy included in the COE of the Company. Should any employees have information in regard to the violation or improprieties, he/she should report the matter immediately to the line manager, higher management or the Board. All reports or complaints of this nature shall be treated strictly confidential unless otherwise required disclosure by the law or court order.

Part II - Board Composition

4. Board's Objectivity

4.1 Composition of the Board

Currently, the Board has six (6) members of which 50% of the members are independent directors and the members are as below: -

Name of Directors	Designation	Independent
Dato' Hilmi bin Mohd Noor	Independent Chairman	Yes
Ho Cheng San	Managing Director	No
Angeline Chan Kit Fong	Executive Director	No
Chong Ying Choy	Independent Director	Yes
Lee King Loon	Independent Director	Yes
Ariffin bin Khalid	Non-Independent Director	No

The present Board composition is following the Code of which at least half of the Board comprises of an Independent Directors. The Independent Directors provide check and balance for the effective and efficient functioning of the Board.

In the event of any vacancy, resulting in less than two (2) directors or one-third (1/3) of the Board of the Company, whichever is higher, are Independent Directors, the Company must fill the vacancy within three (3) months.

Together, the Directors with their different backgrounds and specialisation, collectively bring with them a wide range of business, management, financial and technical experiences. The profile of each Director is set out on pages 19 to 21 of this Annual Report.

4.2 Tenure of Independent Director

The Code recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the nine (9) years limit subject to the Independent Director re-designated as Non-Independent Director. In the event the Board intends to retain the Director as Independent after the Independent Director has served a cumulative term of nine (9) years, the Board must justify the decision and seek for annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board should seek annual shareholders' approval through a two-tier voting process.

The Board recognizes the importance of independence and objective in its decision-making process. Nevertheless, the Board is of the view that Independent Directors of the Company, namely, Dato' Hilmi bin Mohd Noor and Mr. Chong Ying Choy, who have served as Independent Directors for a cumulative term of more than twelve (12) years, have over the time developed increased insight into the Company of which their experience and exposure to the Company over the years has provided an increasing contribution to the effectiveness of the Board.

In order to ensure independent and objective judgment are brought to the Board's deliberation by genuine independency of the Independent Directors and to ensure conflict of interest or undue influence from interested parties is well taken care of, the Board is committed to ensure the independence of the Independent Directors are assessed by Nominating Committee prior to their appointment based on formal nomination and selection process with the results of the review are reported to the Board for consideration and decision.

Since the inception of the MCCG 2012, the Board has obtained the shareholders' approval at the Annual General Meeting to retain both Dato' Hilmi bin Mohd Noor and Mr. Chong Ying Choy as Independent Directors after due consideration of their experience and contribution to the Board. The Board will continuously review and evaluate independent director annually, through its Nomination Committee, as recommended by the Code.

The Board will seek for shareholders' approval at the forthcoming Annual General Meeting to retain the Independent Directors, who have both served the Board as Independent Directors for tenure of more than twelve (12) years, through a two-tier voting process as recommended by the Code.

4.3 Policy of Independent Director's Tenure

The Company does not have a policy which limits the tenure of its Independent Directors to nine (9) years. The shareholders' approval was obtained at the Annual General Meeting each year for the reappointment of its Independent Directors, namely Dato' Hilmi bin Mohd Noor and Mr. Chong Ying Choy who have served the Board as an Independent Chairman and Independent Director for a cumulative term of more than twelve (12) years.

4.4 Diverse Board and Senior Management

Appointment of Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Board has in place a set of directors' selection criteria for used in the selection and recruitment process. This set of criteria will be used as reference by the Group's Human Resource department for selection and recruitment of Senior Management of the Group. The Profile of Directors and the Senior Management Team are set out on pages 19 to 21 and page 22 respectively of this Annual Report.

4.5 Gender Diversity Policy

The Board is supportive to the gender diversity in the boardroom as recommended by the Code. In considering Board appointment, the Board, through its Nomination Committee, believes in and provides equal opportunity to candidates who have the necessary skills, experience, commitment (including time commitment), core competencies and other qualities regardless of gender, ethnicity and age. Currently, there is one (1) female director on Board, Madam Angeline Chan Kit Fong, representing 16.7% female participation on the Board.

The Board does not have a specific policy on setting for female participation on Board. Nevertheless, the Board is committed to provide fair and equal opportunities, through its Nomination Committee, in considering gender diversity to achieve optimum composition of the Board.

The Board, through the Nomination Committee will continue to observe the female participation on Board and will also take steps towards formalising such policy, targets and measures to reflect company commitment towards gender diversity.

4.6 New Candidates for Board Appointment

There is no new appointment of director during the financial year under review.

The Nomination Committee is responsible for identifying, assessing and recommending to the Board suitably qualified candidates for directorship on the Board as well as members of the Board Committees.

The Nomination Committee will assess candidate suitability based on a set of criteria as set out in the Criteria for Selection of Directors established and approved by the Board.

In identifying suitable candidates, the Board does not solely rely on recommendations from existing Board members, management and major shareholders. It is also open to referrals from external independent sources available, such as industry and professional associations, Financial Institution Directors Education (FIDE) Forum and also independent search firms to identify suitable qualified candidates, when necessary.

4.7 Nomination Committee

The Nomination Committee is tasked by the Board to amongst others, identify, assess and recommend to the Board suitably qualified candidates for appointment to the Board and Board Committees, re-election and re-appointment of Directors, and review the independence of Independent Directors, considering the Board's succession planning and training programmes as well as performing formal assessment of the effectiveness of individual Directors and the annual appraisal of the Executive Directors' performance based on the selected performance criteria. In addition, the Committee is also tasked to review the required mix skills, experience and other qualities, including core competences of the members of the Board.

The Nomination Committee comprises of all Independent Directors and the members are: -

Name of Directors	Directorate	Designation
Dato' Hilmi bin Mohd Noor	Independent Chairman	Chairman
Chong Ying Choy	Independent Director	Member
Lee King Loon	Independent Director	Member

The Terms of Reference of the Nomination Committee is being reviewed, updated and adopted at a Board meeting held during the financial year. It is made available on the Company's website at www.cnasia.com.

5. Overall Board Effectiveness

5.1 Annual Evaluation

During the Nomination Committee meeting held during the financial year, an evaluation was carried out through a set of questionnaires with the answers collated, summarised and reported to the Board by the Chairman. The Board, through the recent review and assessment of the Nomination Committee, confidently believe that the size and composition of the Board is appropriate, balance and that there is appropriate mix of skills, experience and expertise as well as core competency to discharge its duties effectively.

In addition, the Committee has developed a set of criteria for use in the recruitment process, deliberated by the Committee and adopted by the Board during the financial year under review.

The current criteria for annual assessment of Directors is outlined in the Director's Evaluation Form. The effectiveness of the Board is assessed in the areas of Board size, mix of composition, conduct of Board meeting, Boardroom activities and Directors' skills set matrix. The Board Committees are assessed based on their roles and scope of work, supply of sufficient and timely information to the Board and also overall effectiveness and efficiency in discharging their duties.

In the case of individual Directors, peer and self-assessment is carried out to evaluate their contribution, performance and competencies, such as ability to give constructive suggestions, provide logical and honest opinion on issues deliberated, demonstrate objectivity and integrity in decision making process, offer practical and realistic advice and demonstrate willingness to devote time and effort to the Board and Board Committees. In the case of Independent Directors, they are also assessed on the level of their independence and ability to defend stand through constructive deliberation where necessary. In addition, the Directors are also being assessed on their caliber and personality in discharging their duties and responsibility as a member of the Board.

In accordance with the Company's Constitution, newly appointed Directors shall hold office until the next following annual general meeting and shall then be eligible for re-election by shareholders in the next Annual General Meeting subsequent to their appointment. The Constitution also provide that one-third (1/3) of the Board are required to retire at every annual general meeting and be subject to re-election by shareholders and all directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

Time Commitment of the Board

The Board is scheduled to meet at least four (4) times a year at quarterly intervals with additional meetings convened when necessary.

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals are obtained via circular resolutions which are supported with information necessary for an informed decision. To facilitate Directors' planning and time management, an annual meeting calendar is discussed during the Board of Directors Meeting before the beginning of each new financial year.

During the financial year ended 31 December 2017, the Board held five (5) meetings to deliberate and decide on various issues including the Group's financial results, strategic decisions, formularisation and implementation of the Group's Regularisation Plan, remuneration of the Executive Directors, recommendation for re-election/re-appointment of Directors at Annual General Meeting and the direction of the Group. The details of the attendance of each member of the Board at the Board Meetings are as follows:

Name of Directors	Attendance of Meetings	Percentage (%)
Dato' Hilmi bin Mohd Noor	5/5	100
Ho Cheng San	5/5	100
Angeline Chan Kit Fong	5/5	100
Chong Ying Choy	5/5	100
Lee King Loon	5/5	100
Ariffin bin Khalid	5/5	100

The following are the details of the attendance of Board Committees at the Board Committees meetings held during the financial year ended 31 December 2017: -

(i) Audit Committee

Name of Directors	Designation	Attendance of Meeting	Percentage (%)
Chong Ying Choy	Chairman	5/5	100
Dato' Hilmi bin Mohd Noor	Member	5/5	100
Lee King Loon	Member	5/5	100

(ii) Remuneration Committee

Name of Directors	Designation	Attendance of Meeting	Percentage (%)
Chong Ying Choy	Chairman	1/1	100
Ho Cheng San *	Member	1/1	100
Lee King Loon	Member	1/1	100
Ariffin bin Khalid **	Member	N/A	N/A

** Resigned with effect from 27 November 2017*

** Appointed with effect from 27 November 2017*

(iii) Nomination Committee

Name of Directors	Designation	Attendance of Meeting	Percentage (%)
Dato' Hilmi bin Mohd Noor	Chairman	1/1	100
Chong Ying Choy	Member	1/1	100
Lee King Loon	Member	1/1	100

(iv) Risk Management Committee *

Name of Directors	Designation	Attendance of Meeting	Percentage (%)
Lee King Loon	Chairman	1/1	100
Chong Ying Choy	Member	1/1	100
Angeline Chan Kit Fong	Member	1/1	100

* *The Committee was established on 27 November 2017 and that all members were appointed on that date.*

Based on the attendance record of the Board Committees meetings above, the Board is satisfied with the time commitment given by the Directors. All the Directors are following the provision of Paragraph 15.06 of the MMLR on the restriction of not holding more than five (5) directorships in listed issuers. The Directors' directorship in other listed issuers is disclosed in their respective profile. The Directors must notify the Board in a timely manner before accepting an invitation to serve on the board of another public listed company taking into consideration any actual or apparent conflicts of interest and impairments to independence as well as time and energy necessary to satisfy the requirements of Board and Board Committees memberships in the other public listed company.

Assessment of Independent Directors

The Board, through the Nomination Committee, assesses the Independent Directors annually where the evaluation took into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.

In addition, the three (3) Independent Directors are not employees and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors' judgment.

The Board is satisfied with the level of independence demonstrated by the Independent Directors and believed that the Independent Directors will continue to bring independent and objective judgment to Board deliberations.

Directors' Training

At the date of this report, all Directors have successfully attended the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Securities. The Board, through the Nomination Committee, has undertaken an assessment of the training needs of each Director and the Directors will continue to undergo relevant training programmes, seminars, workshops, talks and conferences to keep abreast with new regulatory developments and relevant changes in business environment on a continuous basis in compliance with paragraph 15.08 of the MMLR of Bursa Securities.

During the financial year ended 31 December 2017, the Directors have attended seminars and trainings as follows:

Name of Directors	Seminar and Training Programmes	Date
Dato' Hilmi bin Mohd Noor	• Companies Act 2016: Overview of The Changes and How They Affect You	3 May 2017
	• Key Changes and Directors' Duties and Responsibilities under the Companies Act 2016	5 September 2017
Ho Cheng San	• Companies Act 2016: Overview of The Changes and How They Affect You	3 May 2017
	• ISO 9001:2015 Risks & Opportunities Quality Management System	16 May 2017
Angeline Chan Kit Fong	• Companies Act 2016: Overview of The Changes and How They Affect You	3 May 2017
	• ISO 9001:2015 Risks & Opportunities Quality Management System	16 May 2017
	• Advocacy Sessions to Enhance Quality of Management Discussion & Analysis for Chief Executive Officers and Chief Financial Officers of Listed Issuers	17 October 2017
Chong Ying Choy	• Stamp Duty Legislation Updates	21 Mar 2017
	• Companies Act 2016: Overview of The Changes and How They Affect You	3 May 2017
	• Audit Quality Enhancement Programme for SMPs 2017	5 & 6 June 2017
	• National Tax Conference 2017	25 & 26 July 2017
	• Best Practices in Presentation of Financial Statements and Annual Reports	12 October 2017
Lee King Loon	• Highlights of Companies Act 2016 – Changes & Implications	15 February 2017
	• Companies Act 2016: Overview of The Changes and How They Affect You	3 May 2017
	• SWAPS MASTER CLASS: Pricing-Trading-Hedging & Accounting Issue	19 May 2017
	• Bond Market & Due Diligence	29 June 2017
	• Board Excellence: How to Engage and Enthuse Beyond Compliance with Sustainability	17 July 2017
	• Basic Blockchain and Bitcoin Course	20 December 2017
Ariffin Bin Khalid	• Companies Act 2016: Overview of the Changes and How They Affect You	3 May 2017
	• Leading a Volatile, Uncertain, Complex, Ambiguous (VUCA) World	13 October 2017

The Directors are encouraged to attend other relevant training programmes to enhance the insight of their business, improve their technical knowledge and professionalism in discharging their duties as Directors of the Company. The relevant trainings, briefings, seminars and conferences, covering topics on governance, risk management, accounting, general management and investor relations were circulated by the Joint Company Secretaries to the Board members for consideration in the aim to keep themselves updated on changes to the legislations and regulations affecting the Group.

In addition, the Directors are updated by the Company Secretaries on any changes to the statutory, corporate and regulatory requirement relating to Directors' duties and responsibilities or the discharge of their duties as Directors as and when occurred. The external auditors also have briefed the Board on the changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

Part III – Remuneration

6. Level and Composition of Remuneration

6.1 Remuneration Policy and Procedure ("RPP")

The Group's RPP sets out the procedure of determining the remunerations of directors and senior management which takes into account the demands, complexity and performance of the Group as well as skills and experience required for the position.

The objectives of this RPP are to ensure that the directors and senior management are offered an appropriate level and composition of remuneration and other benefits by taking into account the Group's desire to attract and retain the right talent and expertise with the aim to motivate the directors and senior management to achieve the Group's short-term and long-term business objectives.

The Group's RPP is adopted and will be periodically reviewed by the Board to ensure it remains effective, consistent with the Board's objectives and responsibilities and in line with the relevant laws and legislations. This RPP is made available on the Company's website at www.cnasia.com.

6.2 Remuneration Committee

The Remuneration Committee is responsible to recommend the remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully taking into consideration all relevant factors including the functions, workload and responsibilities involved. In establishing the remuneration packages and benefits for the Managing Director and Executive Director, the Remuneration Committee has regarded the packages offered by comparable companies, and may obtain independent advice, where necessary. The remuneration of the Managing Director and the Executive Director comprises a fixed salary and allowance approved by the Board, which is in line with the Group's performance, overall policy on compensation and benefits with due consideration to compensation levels.

The recommendation to the Board was made based on the results of the evaluation and review of the Committee conducted on an annual basis. The Board as a whole determines the remuneration of Executive and Non-Executive Directors. The Managing Director is tasked to review and assess the remuneration packages of the senior management of the Group.

During the financial year, there was one (1) Remuneration Committee meeting held to review the performance and remuneration package for Executive and Non-Executive Directors which was attended by all committee members. The remuneration package of the Managing Director and Executive Director were approved by the Board with recommendation from the Remuneration Committee.

Remuneration package of Non-Executive Directors will be a matter to be decided by the Board as a whole with the Directors concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration fees and benefits payable to the Directors is determined by the Board with the approval from shareholders at the Annual General Meeting.

The current Remuneration Committee comprises exclusively of Non-Executive Directors, a majority of Independent Directors, and the members are as follows:

Name of Directors	Directorate	Designation
Chong Ying Choy	Independent Director	Chairman
Lee King Loon	Independent Director	Member
Ariffin bin Khalid	Non-Independent Director	Member

For the financial year ending 31 December 2018, the Group is proposing a revision to the fees payable to all the Directors of the Group except for the Managing Director, which has not been revised since 1997, details of which are as set out in item 7.1 below.

The Remuneration Committee has written Terms of Reference which deals with its duties and authorities. This Terms of Reference is adopted and periodically reviewed by the Board and is made available on the Company's website at www.cnasia.com.

7. Remuneration of Directors and Senior Management

7.1 Directors' remuneration

The Directors' fees payable in respect of the financial year ended 31 December 2017 and the financial year ending 31 December 2018, which are subject to the shareholders' approval at the forthcoming Annual General Meeting, are as follows:

Name of Directors	Directorate	2017 Fees RM	2018 Proposed Fees RM
Dato' Hilmi bin Mohd Noor	Independent Chairman	36,000	60,000
Angeline Chan Kit Fong	Executive Director	24,000	36,000
Chong Ying Choy	Independent Director	24,000	42,000
Lee King Loon	Independent Director	24,000	36,000
Ariffin bin Khalid	Non-Independent Director	24,000	36,000
Total		132,000	210,000

The aggregate Directors' remuneration paid or payable to each Director of the Company are categorised into appropriate components for the financial year ended 31 December 2017 as follows:

(a) Received from the Company

Name of Director and Directorate	Fees RM	Salaries RM	Benefit-in-kind and Other emoluments RM	Total RM
Executive Director				
Angeline Chan Kit Fong	24,000	-	-	24,000
Independent Director				
Dato' Hilmi bin Mohd Noor	36,000	-	-	36,000
Chong Ying Choy	24,000	-	-	24,000
Lee King Loon	24,000	-	-	24,000
Non-Independent Director				
Ariffin bin Khalid	24,000	-	-	24,000
Total	132,000	-	-	132,000

(b) Received on Group Basis

Name of Director and Directorate	Fees RM	Salaries RM	Benefit-in-kind and Other emoluments RM	Total RM
Executive Director				
Ho Cheng San	-	360,000	140,090	500,090
Angeline Chan Kit Fong	24,000	139,200	17,533	180,733
Independent Director				
Dato' Hilmi bin Mohd Noor	36,000	-	-	36,000
Chong Ying Choy	24,000	-	-	24,000
Lee King Loon	24,000	-	-	24,000
Non-Independent Director				
Ariffin bin Khalid	50,000	-	-	50,000
Total	158,000	499,200	157,623	814,823

7.2 Remuneration of Top Five Senior Management

The remuneration of the top five senior management including salaries, benefit-in-kind and other emoluments for the financial year ended 31 December 2017 disclosed in bands of RM50,000 is as follows:-

Range of Remuneration	Benefit-in-kind and Other emoluments
RM50,000-RM100,000	1
RM150,001-RM200,000	3
RM200,001-RM250,000	1
Total	5

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I – Audit Committee

8. Effective and Independent Audit Committee

8.1 Chairman of Audit Committee

The Chairman of the Audit Committee is Mr. Chong Ying Choy, an Independent Director, who is not the Chairman of the Board. The profile of the Chairman of Audit Committee is set out in the Profile of Directors detailed on pages 19 to 21 of this Annual Report.

8.2 Assessment of suitability and independence of external auditors

The Company maintains a transparent relationship with the external auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.

The key features underlying the relationship between the Audit Committee and the external auditors are outlined in the Audit Committee's Terms of Reference made available on the Company's website at www.cnasia.com whereas a summary of the works of the Audit Committee during the financial year is set out in the Audit Committee Report detailed on pages 26 to 27 of this Annual Report.

The external auditors of the Company fulfil an essential role on behalf of the Company in giving an assurance to the shareholders and others, of the reliability of the financial statements of the Company. It is the obligation of the external auditors to bring to the attention of the Board, the Audit Committee and the Company management any significant deficiency in the Company's systems of reporting, internal control and compliance with approved accounting standards as well as legal and regulatory requirements. The external auditors of the Company are invited to attend at least one meeting of the Audit Committee a year in the absence of the Executive Directors and management.

During the financial year ended 31 December 2017, there were three private sessions held in the Audit Committee meetings between the Audit Committee members and the external auditors in the absence of the non-independent Director, Executive Directors and Management.

The Audit Committee discusses the nature and scope of audit, reporting obligations and audit schedule with the external auditors' prior commencement of audit engagement. It is also the practice of the Audit Committee to respond to auditors' enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements.

The Audit Committee is empowered by the Board to review all issues in relation to the reappointment of external auditors. During the financial year under review, the performance evaluation of the external auditors was carried out by the Audit Committee through a set of questionnaires with the answers collated, summarised and deliberated during the Audit Committee meeting and recommended to the Board for reappointment of the external auditors.

The external auditors have confirmed to the Board that they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of relevant professional and regulatory requirements. The Board has received written declaration from the external auditors of their independence throughout the term of their engagement in accordance with the terms of the relevant professional and regulatory requirements including the by-laws of the Malaysian Institute of Accountants.

The Audit Committee and the Board will consider policy governing the circumstance under which contracts for provision of non-audit services could be entered into by the external auditors.

In order to further enhance the process of external auditors' assessment, the Audit Committee is looking into formalising an External Auditors Assessment Policy to be reviewed, deliberated and recommended to Board for approval.

8.3 Composition of Audit Committee

The Audit Committee comprises three (3) members, solely Independent Directors and none of the members were former key audit partner of the Company's external auditors.

The Terms of Reference of Audit Committee provides that any former key audit partner to be appointed as a member of the Audit Committee, a cooling-off period of at least two (2) years will be observed by the Group.

The members of the Audit Committee possess a variety of industry-specific knowledge and technical as well as commercial experiences bring to bear objective and independent judgment in discharging their duties. All members of the Audit Committee are financially literate and can understand matters under the purview of the Audit Committee including the financial reporting processes of the Group.

During the financial year ended 31 December 2017, the members of the Audit Committee undergone various training programmes, seminars, workshops and conferences to keep themselves updated with new regulatory developments and changes affecting the Group of which are detailed in Item 5.1 – Directors' Training of this Statement.

Part II – Risk Management and Internal Control Framework

9. Effective Risk Management and Internal Control Framework

The Board has ultimate responsibility in reviewing the Group's risks, approving the risk management framework and overseeing the Group's strategic risk management and internal control system to safeguard shareholders' investments and the Group's assets. The Audit Committee and Risk Management Committee assist the Board in discharging these responsibilities by overseeing and reviewing the risk management framework and the effectiveness of the risk management and internal control of the Group.

The Group has outsourced the activities and function of the internal audit to external consultants that reports administratively to the Managing Director and functionally to the Audit Committee. Details of the Group's risk management and internal control framework including the scope of work covered by the outsourced internal audit function are provided in the Statement on Risk Management and Internal Control as set out in pages 49 to 51 of this Annual Report.

10. Effective Governance, Risk Management and Internal Control Framework

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

The outsourced internal audit function provides the Audit Committee with periodic internal audit report that outlined the observations and recommendations to accomplish its goals by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

During the financial year under review, a self-assessment evaluation was carried out by the outsourced internal audit function to assess their performance in the area of competency, resources and independency in discharging their duties of internal audit function of the Group. Further evaluation was carried out by the Audit Committee on the performance of the outsourced internal audit function of the Group and the results were reported to the Board. The Board is satisfied that the outsourced internal audit has the necessary competency, experience and resources to carry function effectively and that the outsourced internal audit function is independent and objective from the management of the Group.

Further details of the Group's risk management and internal control framework is provided in the Statement on Risk Management and Internal Control and Audit Committee Report set out in pages 49 to 51 of this Annual Report.

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

Part I – Communication with Stakeholders

11. Continuous Communication between the Company and Stakeholders

The Board recognises the importance of an effective, transparent and regular communication between the Company and its stakeholders in order to facilitate mutual understanding of each other's objectives and expectations. The primary modes of disseminating information on the Group's business activities, corporate activities and financial performance are the annual reports, quarterly results and any announcements on material corporate exercise in particular the update of the Company's PN 17 status.

The Board has formalised its Corporate Disclosure Policy and Procedure ("CDPP") to enable comprehensive, timeliness, accuracy and quality disclosures to the regulators, shareholders and stakeholders with the intention of giving as clear and complete information of the Group's position and financial performance as possible within the bounds of practicality and legal and regulatory framework governing release of material and price sensitive information. This CDPP provides a good framework for compliance with the disclosure policies under the MMLR of Bursa Securities and set out the designated persons authorised and responsible to approve, coordinate and disclose material information to shareholders and stakeholders.

The Group maintains its corporate website at www.cnasia.com for shareholders and the public to access information relating to its businesses, financial performance, operations and corporate development through annual reports, quarterly reports, circulars and various announcements on a timely manner. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or phone. Primary contact details are set out at the Company's website. Written communications are attended to within a reasonable time from the day of receipt.

Part II – Conduct of General Meetings

12. Encourage Shareholders' Participation at General Meetings

The Board acknowledges the need for shareholders to be informed of the developments and performance of the Company and the Group. The distribution of annual reports, announcements and release of financial results on a quarterly basis provide the shareholders and the investing public with an overview of the Group's performance and operations.

The principal forum for dialogue with shareholders remains at the Annual General Meeting. The Annual Report together with the notice of Annual General Meeting is circulated at least twenty-eight (28) days before the meeting date to provide shareholders sufficient time to go through the Annual Report and make the necessary attendance and voting arrangement at the Annual General Meeting. Each item of special business included in the notice of meeting will be accompanied by a full explanation on the effects of a proposed resolution.

Shareholders are encouraged to ask questions and seek clarification at the Annual General Meeting of the Company on both the resolutions being proposed and the Group's business and performance. All suggestions and comments put forth by shareholders will be noted by the Board for consideration. The Share Registrar is available to attend to matters relating to shareholders' interest during the Annual General Meeting. Alternatively, shareholders can seek additional information and divert queries to the Company through the Company's website at www.cnasia.com which is being updated and enhanced from time-to-time to include corporate, financial as well as non-financial information.

During the last Annual General Meeting, which had been attended by all the Directors, the Chairman provided shareholders with a brief review of the Company's financial year's performance and operations. The Group's senior management and external auditors were also in attendance to respond to the shareholders' queries. All resolutions as set out in the Notice of Annual General Meeting were put to vote by poll. A poll administrator was appointed to administrate, coordinate and counting the votes and a scrutineer was appointed to validate the vote casted during the Annual General Meeting. The voting decisions were then announced to the shareholders by the Chairman at the Annual General Meeting that all resolutions as set out in the Notice of Annual General Meeting were duly passed by the shareholders.

The Board is satisfied with the current Annual General Meeting programme and there have been no major controversial issues noted with shareholders/investors during the Annual General Meeting.

The Company's General Meeting has been held within the Klang Valley at locations which are accessible by public transport and never in remote location.

As an alternative practise, shareholders who are unable to make the journey are allowed to send a proxy in place to attend the Annual General Meeting, to participate, speak and vote on their behalf.

However, the Company will continue to explore the availability of a reliable technology which is suitable and efficient for this purpose.

This Statement was presented and approved by the Board on 4 April 2018.

Statement of Directors' Responsibilities
for Preparing the Financial Statements

The Directors are responsible for the preparation of the financial statements of the Group that give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2017 and of the results and cash flows of the Group and of the Company for the financial year then ended in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards, the Companies Act, 2016 (the "Act") in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements, the Directors have:-

- adopted appropriate accounting policies and applied these accounting policies consistently;
- made judgements and estimates that are prudent and reasonable; and
- prepared the financial statements on a going concern basis, unless they consider that to be inappropriate.

The Directors have the responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure the financial statements comply with the provisions of the Act.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

This Statement was presented and approved by the Board on 4 April 2018.

Sustainability Statement

Sustainability Responsibility and Management

The Board of Directors recognizes the importance of sustainability related issues which can have a significant impact on the Group's business. The Board is pleased to issue the first Sustainability Statement of the Group that covers the financial period from 1 January 2017 to 31 December 2017 for all the active entities included in this Annual Report. This statement is prepared in accordance with Part III, Practice Note 9 of the MMLR of Bursa Securities.

The Board is primary responsible for the sustainability performance of the Group. In order to achieve the goal, a Sustainability Working Committee ("SWC"), comprising of key management personnel of the Group, has been established to assist the Board in driving the sustainability reporting initiatives within the Group. The sustainability matters are managed by various departments within the Group. Based on the Economic, Environment and Social ("EES") framework as set out in the guidelines, we aspire to demonstrate our commitment to sustainability within these areas.

Stakeholder Engagement

The Group works closely with the internal and selected external stakeholders to understand and prioritise their needs and expectations in order to derive at the material sustainability matters particularly focusing on EES aspect of the risk factors.

In view of the different needs and expectations of its stakeholders, the identified stakeholders were engaged through meetings, reviews, surveys, discussions, feedback and calls to further understand their concerns, interests and expectations. The Group's stakeholder engagement activities are summarised as follows: -

Stakeholders Group	Engagement Method	Frequency of Engagement
Employees	• Dialogue and engagement • Intranet and departmental meetings • In-house employees training and re-training • Festive and occasions celebrations	Regular Regular Monthly Monthly
Customers	• Customer survey • Dialogue sessions • Road show • Physical visits	Annually Regular Ad-hoc Regular
Suppliers	• Supplier training Programmes • Supplier's evaluation • Dialogue sessions	Ad-hoc Annually Regular
Government and Regulator	• Formal meetings • Feedback and survey	Regular Monthly

The Group is principally engaged in the design, fabrication and installation of storage tanks, road tankers, pressure vessels and LPG Vessels, and the provision of metal forming services. There has been no significant change in the Group's principal business activities over the years. The above stakeholders were identified based on the Group's nature of business and their impact on the Group's sustainability performance.

Material Sustainability Matters

During the financial year under review, briefings and meetings were conducted by the SWC to facilitate the respective key management in identifying the Group's material sustainability matters and key stakeholders. The participating key management personnel are amongst other the Managing Director, Executive Director and the senior management team of the Group. The material sustainability matters were determined, deliberated and reviewed by the key management and endorsed by the Board.

A. Economics

Economic Performance

The economic performance of the Group is one of the key indicators of the Group's ability to continue as a going concern. During the financial year under review, the Group actively engaged with its customers within Malaysia as well as abroad, including those based in Hong Kong, Singapore and the Philippines, in order to strengthen the business relationship with these customers The Group has also increased the number of visits to these customers to foster a better understanding of the customers' expectations. The Management believes these initiatives have, in some cases, resulted in repeated orders from certain customers.

In addition, regular engagement with the suppliers enhances the relationship and trust between the Group and its suppliers. The Management believes these initiatives have, in some cases, resulted in better payment terms and pricing offered by the suppliers which in turn improved the financial performance of the Group.

In conjunction with the implementation of the Regularisation Plan to regularise the Group's financial condition pursuant to the Practice Note 17 of the MMLR of Bursa Securities, the Management team under the leadership of the Managing Director, actively reorganised the Group's operational processes, with cost reduction measures to enhance the Group's performance during the financial year under review.

B. Environment

Environmental issues and concerns have become increasingly important all over the world. The focus is growing emphasis in addressing the impact of activities undertaken by human beings and corporations on the environment and conversely, the effects of global environmental issues such as climate change, pollution and natural resources depletion on human beings and corporations. As a responsible corporate citizen, the Group is conscious that its activities invariably have an impact on the environment and constantly seeks ways to reduce its environmental footprint.

Energy, water and paper conservation

The Group has placed reminder notices at the electrical switches, water outlet areas and print stations within the Group compound with the aim to communicate and inculcate the practice of conservation of resources throughout the organisation. The Group has also reduced the printing of documents and currently circulates the reports and communique via electronic mails to further reduce the usage of paper.

The Group also minimises the consumption of water within its production facilities by storing and recycling the water used for product testing purposes. The Group manages its electricity consumption by switching to energy efficient lighting.

Waste Disposal

The nature of the Group's business is such that industrial wastes, in particular the fiberglass reinforced polymer ("FRP") waste, is generated from its production activities. Such waste materials which could have an impact on the environment if not disposed of responsibly and lawfully. The Group has engaged a licensed waste disposal contractor to remove and dispose of the waste to a designated dumping site approved by the relevant government authorities. The Group has established objective policy to limit the generation of FRP waste to not more than 8% of total FRP material used wastage and this policy is enforced through periodic monitoring and recording which is also one of the standard operating procedures required under the ISO 9001:2015 Quality Management System. During the financial year under review, the contractor collected and disposed 0.9 tonne (2016: 1.3 tonne) of FRP waste material over eleven (11) trips as compared to twenty-one (21) trips in the preceding year despite an increase in the production of FRP storage tanks during the current financial year. This demonstrates that the Group has successfully reduced the amount of waste generated from the production of FRP.

C. Social

Employee Welfare

Our employees are a valuable resource and a key to long term success of the business. The Group provides the employees with equal work opportunities, a safe and conducive working environment, competitive remuneration and benefits, on-going training and career development, and long term career prospect as part of the Group's effort in retaining talent.

The Group believes that the welfare of its employees is essential to its success. In addition to the standard employment benefits such as basic salary, bonus, annual leave, medical leave, maternity leave, medical coverage, insurance benefits, and employees' provident fund and social security contributions, the Group also promotes strong family values by granting employees compassionate leave and marriage leave. The number of days of annual leave of the employees escalate in tandem with the length of service with the Group ranging from as low as 8 (eight) days up to twenty-six (26) days annual leave per annum.

In addition, the Group organises regular staff gathering events to celebrate the various festivities that are peculiar to each of the main races of the country in the spirit of promoting better relations and harmony among the employees of the Group.

The Group's employee handbook sets out relevant information on the Group, standard employment policies, and the Group's rules and administrative procedures relating to human resource. This handbook is intended to enable the employees expediently gain a concise understanding of the Group's human resource policies and procedures which also promotes a comfortable, safe and healthy work environment for the employees.

Health, Safety, Security and Health ("HSSE")

The nature of the Group's business is such that priority must be given to HSSE matters. The Group has implemented policies on HSSE which are based on the following principles: -

i. The Group shall provide a safe and healthy workplace and shall take every reasonable and practicable step to prevent and eliminate the risk of injuries, health hazards and damage to properties;

ii. The Group shall ensure that its facilities, products and services provided are in accordance with relevant rules and regulations, industry standards and best engineering practices;

iii. The Group shall provide the necessary system and training for its employees and shall communicate with others who may be involved with it activities in regards to matters on health, safety and environment; and

iv. The Group shall ensure that contingency plans are in place and shall periodically review the health, safety and environment management system and practices.

It is a compulsory that all the employees and contractors of the Group strictly adhere to these policies.

The formulation, implementation and enforcement of the Group's HSSE policies are the responsibility of the HSSE Committee which comprises the key management team of the Group. The HSSE Committee has established a set of relevant statistics to measure the effectiveness of the Group's HSSE policies and these statistics are tabled at the Group's monthly management meetings. The HSSE statistics for the financial year ended 31 December 2016 and 2017 are summarised below: -

HSSE Statistics 2016 and 2017	2017	2016
I. Health		
Medical leave (days)		
- Office	141	84
- Factory	12	41
II Safety		
- Lost Time Incident		
• Fatality	-	-
• Permanent total disability	-	-
• Permanent partial disability	-	-
• Lost work day care	1	2
- No of Lost Time Incident		
• First aid	-	2
• Medical treatment case	2	2
• Restrict work case	2	1
- Fire / Explosion	-	1
III Security		
- No. of attempted theft	-	-
- No of theft	-	-
IV Environment		
- Schedule waste disposal (No. of trip)	11	21

Disaster Recovery Plan ("DRP")

Information technology ("IT") has become increasingly important to the Group's operations, particularly the financial system which includes accounting, inventory, sales and purchases control; the HR payroll system; intranet and internet networking system; design and engineering software; and Quality Assurance documentation. These systems form an integral part of the Group's operations. Therefore, the Management considers it vital to safeguard the IT systems of the Group in order to prevent any form of compromise to the IT systems.

The Group has in place the necessary DRP that include policies and procedures that stipulate the solutions that can be applied to recover all vital business processes within the required time frame. The Group's DRP also includes the storage of vital records off-site. The Management believes that the Group's DRP is adequately effective to minimise the impact of any disaster affecting the Group's IT systems and business operations as a whole.

This statement was presented and approved by the Board on 4 April 2018.

Additional Compliance Information

1. UTILISATION OF PROCEEDS

The utilisation of proceeds from the Proposed Disposals of RM36,682,500 as at 31 March 2018 are as follows:-

	As per Circular RM'000	Actual Utilisation RM'000	Deviation RM'000	Balance Unutilised RM'000
Real property gain tax	1,100	(1,700)	600	-
Repayment of bank borrowings	11,786	(11,786)	-	-
Relocation and construction costs	6,000	(199)	-	5,801
Pledge to secure banking facilities	5,000	(5,000)	-	-
Working capital	11,797	(11,125)	(672)	-
To defray estimated expenses for the Proposed Disposals	1,000	(1,072)	72	-
	36,683	30,882	-	5,801

2. NON-AUDIT FEES

The amount of audit fees and non-audit fees paid / payable to the external auditors of the Group during the financial year ended 31 December 2017 are as follows:

Paid By	Audit Fees (RM)	Non-Audit Fees (RM)
Company	30,000	5,000
Group	70,000	5,000

3. MATERIAL CONTRACTS OR LOANS INVOLVING DIRECTORS OR MAJOR SHAREHOLDERS

There were no material contracts of the Company and subsidiaries involving Directors' and major shareholders' interests during the financial year. There were no contracts relating to loans entered into by the Company and its subsidiaries which involve the Directors' and major shareholders' interest during the financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS STATEMENT

The Company did not incur any significant recurrent related party transactions of a revenue / trading nature during the financial year ended 31 December 2017. The details of related party transactions are disclosed in Note 32 to the accompanying Financial Statements.

Statement on Risk Management and Internal Control

The Board is pleased to present the Statement on Risk Management and Internal Control (the “Statement”) pursuant to Paragraph 15.26 (b) of the MMLR of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Malaysian Code on Corporate Governance 2017 (“the Code”).

Board Responsibility

The Board acknowledges its responsibilities for maintaining a sound risk management framework and system of internal control in order to safeguard shareholders’ investments and the Group’s assets and for reviewing its adequacy and integrity of these systems. However, in view of the limitations that are inherent in any systems of risk management and internal control, the system adopted by the Group is designed to manage rather than to eliminate the risks that may impede the achievement of the Group’s business objectives. Thus, it can only provide reasonable and not absolute assurance against material misstatement, financial loses or fraud.

Accordingly, the Statement that has been prepared in accordance with the “Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers” endorsed by Bursa Securities and that the Board confirmed that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group in achieving its objectives and strategies.

Risk Management Framework

Risk management is a firmly embedded process for identifying, evaluating, prioritizing and reporting the major business risks within the Group with the objective to maintain a sound system of internal control. Regular reviews, evaluation and update of the risk profile and the corresponding action plans have been reported to the Board. The Board through its Audit Committee will continue its effort to further enhance its risk management practices to ensure that the Group’s assets and shareholders’ interest are well protected and shareholders’ value is enhanced.

In order to further enhance the Board’s risk management efforts, the Board has established a new Risk Management Committee (“RMC”) and the members are comprising of a majority of independent directors in November 2017. The newly established RMC is in line with the provision of the Code to oversee the Group’s risk management framework and policies. The members of the RMC are as follows: -

Name	Position	Directorate
Lee King Loon	Chairman	Independent Non-Executive Director
Chong Ying Choy	Member	Independent Non-Executive Director
Angeline Chan Kit Fong	Member	Executive Director

The objective of the RMC is to maintain and monitor risk management of the Group. In order to attain this objective, the Group has: -

- adopted a structured and systematic risk assessment, monitoring and reporting framework; and
- enhanced the culture of risk awareness in the business processes through risk owners’ accountability and sign-off for action plans and continuous monitoring by the various departments within the Group.

During the financial year ended 31 December 2017, there was one (1) RMC Meeting held with full attendance of all the members and the following activities were carried during the meeting: -

- formalized the establishment of the RMC; and
- formalized the Group’s risk management reporting system.

Prior to this, the previous Risk Management Committee were made up of the employees and key management staff who are representative from each department within the Group, including Finance, Human Resources and Administration, Sales and Marketing, Engineering, Operation and Quality Assurance Department of the Group. These department representatives will continue their effort in maintaining the risk management process of the Group through ad-hoc meetings and discussions.

During the financial year ended 31 December 2017, these department representatives had gone through a series of meetings and discussion, with the assistance of an external consultant engaged specific for the purpose, in developing the Risk Management Procedure, identifying, evaluating and assessing the risks exposed to the respective department. The appropriate action plans were engaged in monitoring each of the risk with a systematic approach to implement the respective action plans and update the Risk assessment report. These risk management processes have been incorporated into the Group’s ISO 9001:2015 Quality Management Systems (“QMS”) as an on-going process within the Group. These processes are subject to the surveillance audit conducted by the external certification body on a 6-month interval.

The Group's Risk Management Procedure outlined the risk management framework which consists of the combinations of the core elements to provide the definition of business risk assessment which includes the process of identification, evaluation, mitigation, monitoring and reviewing of risks. The Management Representative of the ISO 9001:2015 QMS shall be responsible for the co-ordination of the risk management activities of the Group as an on-going process.

Hence, the Group has in place the necessary implementation, reviewing and reporting processes of its risk profile to cultivate the appropriate discipline and control to continuously improvising its risk management capabilities among the respective risk owner.

Internal Control Process

The Group's system of internal control comprises the following key elements:-

- Organization structure with clear lines of roles and responsibilities including delegation of duties are well-defined to ensure enhancement of the Group's performance.
- Delegations of authority including authorization limits at appropriate levels of management are clearly defined to ensure accountabilities and responsibilities.
- Documented standard operating procedures and policies are regularly reviewed and revised to meet operational needs and made available and accessible by all employees.
- Systematic and regular audits are carried out to ensure compliance of the ISO 9001:2015 Quality Management Systems of its subsidiary company, Chip Ngai Engineering Works Sdn Bhd.
- Centralised human resource function that sets out the policies for recruitment, training and appraisal of the employees within the Group.
- The outsourced internal auditor assists the Audit Committee in discharging its duties in maintaining and monitoring the internal control systems within the Group.
- Regular Board and Audit Committee Meetings are carried out to review and assess the overall performance and internal controls of the Group.
- Adequate reports are generated on a consistent basis for review on the operational and financial performance of the Group.
- Scheduled and ad-hoc operation and management meetings were held and attended by the Managing Director, Executive Director and head of departments to discuss and resolve business and operational issues.
- Training and development programs are conducted to ensure the staff are competent in carrying out their duties and responsibilities to achieve the Group's objectives.

Internal Audit Function

The Group's internal audit function is outsourced to external consultants to review and evaluate the adequacy and effectiveness of the Group's systems of internal control and risk management processes. Periodic reviews of the Group's business processes and visits to the Group's active business operations based on the Internal Audit Plan as approved by the Audit Committee. The audit findings and recommendations were reported to the Audit Committee and communicated to the management for remedial actions.

The outsourced internal audit function provides the Audit Committee with periodic internal audit reports identifying risks and internal control gaps of existing state of internal control, highlighting observations and providing recommendations with management action plans to improve the system of internal control. Regular follow-up audits were carried out to ensure that the remedial actions in respect of internal control deficiencies, as highlighted in the internal audit reports, have been adequately addressed by the management.

The Internal Audit Plan is approved by the Audit Committee and audit reports and the status of the audit plan are presented to the Audit Committee. Internal audits are carried out on a risk-based approach, in line with the Group's objectives and policies, taking into consideration input from the senior management and the Board. Significant findings and recommendations for improvements are highlighted to the Audit Committee, with periodic follow-up and reviews of action plans.

During the financial year ended 31 December 2017, the outsourced internal auditors proposed a 3-year Internal Audit Plan for the years 2017, 2018 and 2019 to the Audit committee and the same was deliberated and approved by the Board. In year 2017, the external consultants conducted a production review on the non-customised / standard products of the Group. In addition, follow up reviews were carried out to ensure the implementation of recommendations and issues arisen from the audit reviews.

During the process of the internal audit, the outsourced internal auditors also carried out the process of identifying and reviewing the risk areas of the production of non-customised / standard products of the Group. Personal interview and face-to-face discussion were carried out by the internal auditors with the respective departmental heads to understand, review and discuss the proposed actions to be taken in managing as well as mitigating the risks.

The costs incurred for the internal audit functions for the financial year ended 31 December 2017 amounted to RM20,000.

Weaknesses In Risk Management and Internal Controls That Result In Material Losses

The Board remains committed towards establishing a robust system of risk management and internal control and are of the opinion that there were no material losses, contingencies or uncertainties that would require disclosure in the Group's annual report during the year resulting from weaknesses in risk management and internal control. The management continues to take measures to strengthen the control environment as an on-going process incorporated in the Group's ISO 9001:2015 QMS.

Assurance from Management

The Board has received assurance from the Managing Director and the Financial Controller that the Company's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company, during the financial year under review and up to date of this Statement.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement pursuant to Paragraph 15.23 of the MMLR of Bursa Securities and the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the annual report, and reported to the Board that nothing has come to their attention that cause them to believe that the Statement intended to be included the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
(b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Conclusion

The Board believes that the above frameworks are considered appropriate for the Group's business operations to provide reasonable assurance of their integrity of the Group's risk management and systems of internal control and that the risks are at the acceptable level throughout the Group's business operations. There were no material losses incurred during the financial year under review as a result of weaknesses in the Group's risk management and system of internal control.

The Board is of the view that the system of risk management and internal controls in place are satisfactory to protect the Group's interest and that of its stakeholders, particularly on enhancing shareholders value.

The Board together with the management will continue to take preventive measures and appropriate actions in order to strengthen the Group's control environment.

FINANCIAL STATEMENTS

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and providing management services. The principal activities of the subsidiary companies are as set out in *Note 6* to the financial statements. There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit/(loss) after taxation attributable to:		
Owners of the Company	1,821,246	(205,765)

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

There was no issue of shares and debentures by the Company during the financial year.

OPTIONS

No option has been granted during the financial year to any person to take up any unissued shares of the Company.

DIRECTORS

The directors in office since the date of the last report are:

Dato' Hilmi bin Mohd Noor
Ho Cheng San
Angeline Chan Kit Fong
Chong Ying Choy
Lee King Loon
Ariffin bin Khalid

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of directors who held office at the end of the financial year in the shares in the Company and its related companies during the financial year are as follows:

	No. of Ordinary Shares			
	As at 01.01.2017	**Bought**	**Sold**	**As at 31.12.2017**
Direct interests				
Ho Cheng San	16,093,535	-	-	16,093,535
Angeline Chan Kit Fong	562,950	-	-	562,950
Indirect interests				
Ho Cheng San *#	3,182,709	-	-	3,182,709
Angeline Chan Kit Fong *#	18,713,294	-	-	18,713,294

* *Deemed interest by virtue of substantial shareholdings in CN Asia Engineering Sdn. Bhd..*
\# *Deemed interest by virtue of shares held by spouse.*

By virtue of their interests in the shares of the Company, Mr. Ho Cheng San and Madam Angeline Chan Kit Fong are deemed to have interests in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest.

The other directors holding office at the end of the financial year have no interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit *(other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 29 to the financial statements, or the fixed salary of a full-time employee of the Company)* by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than certain directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in *Note 32* to the financial statements.

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

DIRECTORS' REMUNERATION

	Group		Company	
	2017	2016	2017 RM	2016 RM
Directors' remuneration				
- fees	158,000	140,000	132,000	128,000
- Other emoluments	656,823	712,974	-	-
	814,823	852,974	132,000	128,000

Included in the analysis above is remuneration and total amount of indemnity given to or insurance premium paid for the directors of the Group and of the Company in accordance with the requirements of the Companies Act 2016.

DISCLOSURE ON PRACTICE NOTE NO. 17 ("PN17") OF MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

On 8 November 2017, the Company announced that the order of the High Count of Malaya confirming the capital reduction has been lodged with the Registrar of Companies of Malaysia on 8 November 2017. As such, the Capital Reduction has taken effect on 8 November 2017 and the Regularisation Plan of the Company was completed on that date.

An application will be submitted to Bursa Securities for the upliftment of PN17 status of the Company upon it recording two (2) consecutive quarterly results of net profits immediately after the completion of the implementation of the Regularisation Plan.

As at the date of this report, there is no material development on the status as previously announced.

OTHER STATUTORY INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that no known bad debts had been written off and that no allowance for doubtful debts was necessary; and

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

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

(a) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the financial statements of the Group and the Company; or

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

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

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group an of the Company misleading.

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in *Note 35* to the financial statements.

AUDITORS

The details of the auditors' remuneration for the financial year are disclosed in *Note 26* to the financial statements.

The auditors, Messrs Siew Boon Yeong & Associates, Chartered Accountants, have expressed their willingness to continue in office.

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

HO CHENG SAN
Director

ANGELINE CHAN KIT FONG
Director

Kuala Lumpur
Date: 27 April 2018

Statement by Directors

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

In the opinion of the directors, the financial statements set out on pages 62 to 111 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to exhibit a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in Kuala Lumpur on 27 April 2018

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

HO CHENG SAN

ANGELINE CHAN KIT FONG

Statutory Declaration

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

I, Ho Cheng San, being the director primarily responsible for the financial management of CN Asia Corporation Bhd, do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 62 to 111 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 in Kuala Lumpur on 27 April 2018

HO CHENG SAN

Before me

KAPT. (B) JASNI BIN YUSOFF (W465)
Commissioner for Oaths

Independent Auditors' Report
to the Members of CN Asia Corporation Bhd (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CN Asia Corporation Bhd, which comprise the statements of financial position as at 31 December 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 111.

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 December 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements of the Group and of the Company. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Risk area and rationale	Our response
PN17 status and compliance with Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities")	
The Company is an Affected Listed Issuer pursuant to Paragraph 2.1(e) of Practice Note No. 17 ("PN17") of the Listing Requirements of Bursa Securities due to its unfavourable financial performance and position in previous financial years. The Group's financial statements are prepared on a going concern basis. The directors assess the Group's ability to continue as a going concern for the current financial year based on the completion of the Regularisation Plan. An application will be submitted to Bursa Securities for the upliftment of PN17 status of the Company upon it recording two (2) consecutive quarterly results of net profits immediately after the completion of the Regularisation Plan. We have identified going concern as a significant risk requiring special audit consideration.	Our audit procedures included, amongst others:- - evaluated the directors' assessment of the Group's ability to continue as a going concern by reviewing the profit and cash flow forecasts and projections of the Group covering the financial year ended 31 December 2017 to financial years ending 31 December 2018 and 31 December 2019; and - evaluated and challenged the appropriateness of the directors' bases and assumptions in the profit and cash flow forecasts and projections, especially on the projected revenue. Furthermore, as part of the Company's Regularisation Plan, the Company had engaged another firm of Chartered Accountants to review the profit and cash flow forecasts for the financial year ended 31 December 2017 to financial years ending 31 December 2018 and 31 December 2019 of the Group. Based on letter from the Chartered Accountants firm, the firm had stated that nothing has come to its attention which causes the firm to believe that the bases and assumptions used by the directors do not provide a reasonable basis for the preparation of the consolidated profit and cash flow forecasts.

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 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 the 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 Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary company of which we have not acted as auditors, which is included in *Note 6* to the financial statements, being the accounts that have been included in the consolidated accounts.

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.

SIEW BOON YEONG & ASSOCIATES
AF: 0660
Chartered Accountants

DATO’ SIEW BOON YEONG
01321/07/2018 J
Chartered Accountant

Kuala Lumpur
Date: 27 April 2018

Statements of Financial Position

as at 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	11,307,146	11,944,717	-	-
Investment in subsidiary companies	6	-	-	14,416,461	14,416,461
Investment in an associate	7	-	-	-	-
Other investment	8	-	-	-	-
Intangible assets	9	-	-	-	-
Deferred tax assets	10	685,000	685,000	-	-
		11,992,146	12,629,717	14,416,461	14,416,461
CURRENT ASSETS					
Inventories	11	4,051,167	2,777,681	-	-
Trade receivables	12	3,273,296	1,083,302	-	-
Amount owing by contract customer	13	834,202	-	-	-
Other receivables, deposits and prepayments	14	435,604	726,658	1,000	255,846
Amount owing by subsidiary companies	15	-	-	26,669,578	26,249,466
Current tax asset		5,658	5,658	5,658	5,658
Fixed deposits with licensed banks	16	23,030,310	25,800,000	-	-
Cash and bank balances		969,142	2,950,678	12,144	26,355
		32,599,379	33,343,977	26,688,380	26,537,325
TOTAL ASSETS		44,591,525	45,973,694	41,104,841	40,953,786
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	38,385,554	45,382,500	38,385,554	45,382,500
Share premium	18	-	3,491,965	-	3,491,965
Foreign exchange translation reserve	19	240,860	266,248	-	-
Retained earnings/(accumulated losses)		1,792,302	(9,748,911)	(10,326,628)	(19,840,830)
Total equity attributable to owners of the Company		40,418,716	39,391,802	28,058,926	29,033,635
TOTAL EQUITY		40,418,716	39,391,802	28,058,926	29,033,635
LIABILITIES					
NON-CURRENT LIABILITY					
Finance lease liabilities	20	196,912	298,547	-	-
CURRENT LIABILITIES					
Trade payables	21	2,176,515	1,772,100	-	-
Other payables and accruals	22	922,746	2,797,573	48,910	70,396
Amount owing to a subsidiary company	15	-	-	12,997,005	11,849,755
Finance lease liabilities	20	101,636	97,197	-	-
Short term borrowings	23	575,000	1,225,000	-	-
Current tax liabilities		200,000	391,475	-	-
		3,975,897	6,283,345	13,045,915	11,920,151
TOTAL LIABILITIES		4,172,809	6,581,892	13,045,915	11,920,151
TOTAL EQUITY AND LIABILITIES		44,591,525	45,973,694	41,104,841	40,953,786

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

Statements of Profit or Loss and other Comprehensive Income

for the financial year ended 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
REVENUE	24	20,074,973	18,745,524	60,000	60,000
COST OF SALES		(15,195,886)	(13,767,366)	-	-
GROSS PROFIT		4,879,087	4,978,158	60,000	60,000
OTHER INCOME		958,081	22,203,776	-	-
SELLING AND DISTRIBUTION EXPENSES		(140,716)	(144,790)	-	-
ADMINISTRATIVE EXPENSES		(3,377,861)	(3,217,697)	(265,765)	(250,987)
OTHER OPERATING EXPENSES		(301,365)	(132,316)	-	(85,864)
		2,017,226	23,687,131	(205,765)	(276,851)
FINANCE COSTS	25	(36,617)	(582,757)	-	-
PROFIT/(LOSS) BEFORE TAX	26	1,980,609	23,104,374	(205,765)	(276,851)
INCOME TAX EXPENSE	27	(159,363)	(1,057,433)	-	-
PROFIT/(LOSS) AFTER TAX		1,821,246	22,046,941	(205,765)	(276,851)
OTHER COMPREHENSIVE INCOME/ (LOSS), NET OF TAX, THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
Capital reduction expenditure		(768,944)	-	(768,944)	-
Foreign currency translation differences		(25,388)	78,756	-	-
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		1,026,914	22,125,697	(974,709)	(276,851)
PROFIT AFTER TAX ATTRIBUTABLE TO:					
Owners of the Company		1,821,246	22,046,941		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Company		1,026,914	22,125,697		
EARNINGS PER SHARE					
- Basic (Sen)	28	4.01	48.58		
- Diluted (Sen)	28	4.01	48.58		

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

Statements of Changes in Equity

for the financial year ended 31 December 2017

Group	Share capital RM	Share premium RM	Foreign currency translation reserve RM	Retained earning/ (accumulated losses) RM	Total equity RM
	<-------------- Attributable to owners of the Company			------------->	
	<----------------Non-distributable		------------------>	Distributable	
Balance at 1 January 2016	45,382,500	3,491,965	187,492	(31,795,852)	17,266,105
Profit after tax	-	-	-	22,046,941	22,046,941
Other comprehensive income:					
Foreign currency translation differences	-	-	78,756	-	78,756
Total comprehensive income for the year	-	-	78,756	22,046,941	22,125,697
Balance at 31 December 2016/ 1 January 2017	45,382,500	3,491,965	266,248	(9,748,911)	39,391,802
Reclassification pursuant to Section 618(2) of the Companies Act 2016	3,491,965	(3,491,965)	-	-	-
	48,874,465	-	266,248	(9,748,911)	39,391,802
Profit after tax	-	-	-	1,821,246	1,821,246
Other comprehensive loss:					
Capital reduction expenditure	-	-	-	(768,944)	(768,944)
Foreign currency translation differences	-	-	(25,388)	-	(25,388)
Total comprehensive (loss)/ income for the year	-	-	(25,388)	1,052,302	1,026,914
Capital reduction	(10,488,911)	-	-	10,488,911	-
Balance at 31 December 2017	38,385,554	-	240,860	1,792,302	40,418,716

Company	Share capital RM	Share premium RM	Accumulated losses RM	Total equity RM
	<-------------------------- Non distributable			-------------------------->
Balance at 1 January 2016	45,382,500	3,491,965	(19,563,979)	29,310,486
Total comprehensive loss for the year	-	-	(276,851)	(276,851)
Balance at 31 December 2016/1 January 2017	45,382,500	3,491,965	(19,840,830)	29,033,635
Reclassification pursuant to Section 618(2) of the Companies Act 2016	3,491,965	(3,491,965)	-	-
	48,874,465	-	(19,840,830)	29,033,635
Loss after tax	-	-	(205,765)	(205,765)
Other comprehensive loss for the year				
Capital reduction expenditure	-	-	(768,944)	(768,944)
Total comprehensive expense for the year	-	-	(974,709)	(974,709)
Capital reduction	(10,488,911)	-	10,488,911	-
Balance at 31 December 2017	38,385,554	-	(10,326,628)	28,058,926

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

Statements of Cash Flows

for the financial year ended 31 December 2017

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	1,980,609	23,104,374	(205,765)	(276,851)
Adjustments for:				
Depreciation of property, plant and equipment	754,380	893,423	-	-
Gain on disposal of property, plant and equipment	-	(22,177,196)	-	-
(Gain)/loss on foreign exchange - unrealised	(29,945)	3,837	-	-
Gain on partial disposal of investment in an associate	-	(21,419)	-	-
Impairment loss on property, plant and equipment	128,499	-	-	-
Impairment loss on inventories	105,105	-	-	-
Interest expenses	36,617	582,757	-	-
Interest income	(903,071)	(5,163)	-	-
Property, plant and equipment written off	63,846	374	-	-
Reversal of impairment loss on trade receivables	(20,779)	-	-	-
Operating profit/(loss) before working capital changes	2,115,261	2,380,987	(205,765)	(276,851)
(Increase)/decrease in inventories	(1,378,591)	1,136,892	-	-
(Increase)/decrease in amount owing by contract customer	(834,202)	707,831	-	-
(Increase)/decrease in receivables	(1,595,872)	508,014	254,846	(254,846)
(Decrease)/increase in payables	(1,470,410)	613,156	(21,486)	10,130
Cash (used in)/generated from operations	(3,163,814)	5,346,880	27,595	(521,567)
Interest paid	(36,617)	(582,757)	-	-
Tax paid	(1,823)	-	-	-
Net cash (used in)/generated from operating activities	(3,202,254)	4,764,123	27,595	(521,567)

Statements of Cash Flows

for the financial year ended 31 December 2017 (cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Advance from subsidiary companies	-	-	727,138	542,735
Capital reduction expenditure incurred	(768,944)	-	(768,944)	-
Capital work-in-progress incurred	(199,499)	-	-	-
Expenditure on product license incurred	(252,951)	-	-	-
Interest received	903,071	5,163	-	-
Purchase of property, plant and equipment	(119,709)	(21,739)	-	-
Proceeds from disposal of property, plant and equipment	-	35,613,457	-	-
Proceeds from partial disposal of investment in an associate	-	37,481	-	-
Real property gains tax paid	(349,016)	(1,350,958)	-	-
Net cash (used in)/generated from investing activities	(787,048)	34,283,404	(41,806)	542,735
CASH FLOWS FROM FINANCING ACTIVITIES				
Placement of pledged fixed deposits	(1,000,000)	(9,500,000)	-	-
Repayment of bankers' acceptance	(650,000)	(5,384,000)	-	-
Repayment of finance lease liabilities	(97,196)	(92,757)	-	-
Repayment to an associate	-	(34,000)	-	-
Net cash used in financing activities	(1,747,196)	(15,010,757)	-	-
Net (decrease)/increase in cash and cash equivalents	(5,736,498)	24,036,770	(14,211)	21,168
Effect of change in foreign exchange differences	(14,728)	(30,590)	-	-
Cash and cash equivalents at beginning of year	19,250,678	(4,755,502)	26,355	5,187
Cash and cash equivalents at end of year	13,499,452	19,250,678	12,144	26,355
CASH AND CASH EQUIVALENTS COMPRISE:				
Fixed deposits with licensed banks	23,030,310	25,800,000	-	-
Cash and bank balances	969,142	2,950,678	12,144	26,355
	23,999,452	28,750,678	12,144	26,355
Less: Fixed deposits pledged as security	(10,500,000)	(9,500,000)	-	-
	13,499,452	19,250,678	12,144	26,355

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

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company are investment holding and providing management services. The principal activities of the subsidiary companies are as set out in *Note 6* to the financial statements. There were no significant changes in the nature of these activities during the financial year.

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

The address of the registered office and principal place of business of the Company is located at Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 ("CA 2016") in Malaysia. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The Company is an Affected Listed Issuer pursuant to Paragraph 2.1(e) of Practice Note No. 17 of the Main Market Listing Requirements of Bursa Securities due to its unfavourable financial performance and position in previous financial years. During the current financial year, the Group recorded profit after tax amounting to RM1,821,246 (2016: profit after tax of RM22,046,941). As of 31 December 2017, the Group's current assets exceeded its current liabilities by RM28,623,482 (2016: current assets exceeded current liabilities by RM27,060,632) and after the completion of the Regularisation Plan, the Group has retained earnings amounted to RM1,792,302 (2016: accumulated losses of RM9,748,911). These indicate the Group's ability to continue as a going concern. Premised on the financial position, financial performance and cash flows of the Group for the financial year ended 31 December 2017, the financial statements of the Group have been prepared on a going concern basis and do not include any adjustments relating to the amounts and classification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

As at the date of this report, the Company has completed the Regularisation Plan. An application will be submitted to Bursa Securities for the upliftment of PN17 status of the Company upon it recording two (2) consecutive quarterly results of net profits immediately after the completion of the implementation of the Regularisation Plan.

On 1 January 2017, the Company adopted the following MFRSs and Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for the annual periods beginning on or after 1 January 2017:

Amendments to MFRS 107 Statement of Cash Flows – Disclosure Initiative

Amendments to MFRS 112 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Loses

Annual Improvements to MFRS Standards 2014 – 2016 Cycle

The adoption of the above MFRSs and Amendments to MFRSs did not have any material impacts to the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

MFRSs, Amendments to MFRSs and Issues Committees ("IC") Interpretations that have been issued but are not yet effective

The Company has not adopted the following MFRSs, Amendments to MFRSs and IC Interpretations that have been issued but not yet effective:

MFRSs/Amendments to MFRSs/IC Interpretations	Effective for annual periods beginning on or after
MFRS 9 - Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 - Revenue from Contracts with Customers	1 January 2018
MFRS 15 – Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 140 Investment Property - Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16 – Leases	1 January 2019
Amendments to MFRS 9 Financial Instruments – Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119 Employee Benefits - Plan Amendment, Curtailment or Settlement	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019
Amendments to MFRS 128 Investments in Associates and Joint Ventures – Long-Term Interests in Associates and Joint Ventures	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17 – Insurance Contracts	1 January 2021
Amendments to MFRS 10 Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of these MFRSs, Amendments to MFRSs and IC Interpretation that have been issued but not yet effective are not expected to have a material impact to the financial statements of the Group and of the Company except as discussed below:

<u>MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)</u>

MFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in MFRS 9 are based on expected credit loss model and replace the MFRS 139 Financial Instruments: Recognition and Measurement incurred loss model.

MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

MFRSs, Amendments to MFRSs and Issues Committees ("IC") Interpretations that have been issued but are not yet effective (cont'd)

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014) (cont'd)

The Group and the Company do not expect a significant change to the measurement basis arising from the adoption of the new classification and measurement model under MFRS 9. Loans and receivables that are currently accounted for using amortised cost will continue to be accounted for using amortised cost model under MFRS 9.

MFRS 9 requires the Group and the Company to record expected credit losses on loans and receivables, either on 12-months or lifetime basis. The Group and the Company expect to apply the simplified approach and record lifetime expected losses on trade receivables. Upon application of the expected credit losses loss model, the Group and the Company expect a significant impact on to equity due to unsecured nature of the loans and receivables, but the Group and the Company will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

The Group and the Company plan to adopt the new standard on the required effective date without restating comparative information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new standard will supersede all current revenue recognition requirements under MFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group and the Company expect the following impact upon adoption of MFRS 15:

Variable consideration

Some contracts with customers provide a right to return, trade discounts or volume rebates. Currently, the Group and the Company recognise revenue from sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowance, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group and the Company defer revenue recognition until uncertainty resolved. Such provisions give rise to variable consideration under MFRS 15, and will be required to be estimated at contract inception. MFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group and the Company continue to assess individual contract to determine the estimated variable consideration and related constraint. The Group and the Company expect that application of the constraint may result in more revenue being deferred than is under the current MFRS.

Right of return

The Group and the Company currently recognise provision for the net margin arising from expected returns. Under MFRS 15, an entity estimates the transaction price and recognises revenue based on the amounts to which the entity expects to be entitled through the end of the return period, and recognises such amount of expected returns as a refund liability, representing its obligation to return the customer's consideration. The Group and the Company expect to recognise a liability for the refund obligation and an asset for the right to recover the returned goods under MFRS 15.

The Group and the Company plan to adopt the new standard on the required effective date using the full retrospective approach. The Group and the Company are currently performing a detailed analysis under MFRS 15 to determine their election of the practical expedients and to quantify the transition adjustments on their financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

MFRSs, Amendments to MFRSs and Issues Committees ("IC") Interpretations that have been issued but are not yet effective (cont'd)

MFRS 16 Leases

MFRS 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The new standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if MFRS 15 also applied.

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year unless otherwise stated.

(a) Functional And Foreign Currency

Functional and presentation currency

Items included in the financial statements are measured using the currency best reflects the economic substance of the underlying events and circumstances relevant to the Company (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Company.

Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

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

Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currencies of the Company and its foreign subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Functional And Foreign Currency (cont'd)

Foreign currency transactions and balances (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within other income.

All exchange differences are taken to profit or loss.

(b) Basis Of Consolidation

The financial statements of the Group include the audited financial statements of the Company and its subsidiary companies made up to the end of the financial year. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

(i) Acquisition method of accounting for non-common control business combinations

Acquisition of subsidiary companies is accounted for by applying the acquisition method. Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any) at fair value on the acquisition date, or the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(ii) Non-controlling interest

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiary companies at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiary companies exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

(d) Property, Plant and Equipment

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

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Capital work-in-progress represents plant under installation and is stated at cost. It is not depreciated until such time when the asset is available for use.

All other property, plant and equipment are depreciated on a reducing balance method. Depreciation on property, plant and equipment is charged to profit or loss over their estimated useful lives at the following annual rates:

	%
Furniture, fittings and equipment	5 - 10
Motor vehicles	20
Plant and machinery	5 - 10

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is credited or charged to profit or loss in determining profit from operations.

(e) Investment In Subsidiary Companies

Subsidiary companies are entities, including structured entities, controlled by the Company. The Company controls the entities when it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

In the Company's statement of financial position, investment in subsidiary companies is stated at cost less any impairment, unless the investment is classified as held for sale. The impairment loss is recognised in the profit or loss.

On disposal of an investment, the difference between net disposal proceeds and their carrying amounts is charged or credited to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group and the Company have become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

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

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

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's and the Company's rights to receive payment is established.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Loans and Receivables*

  Loans and receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

- *Available-for-sale Financial Assets*

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

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's and the Company's rights to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

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

(ii) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

- *Financial Liabilities at Fair Value Through Profit or Loss*

  Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges or a derivative that is a financial guarantee contract.

- *Other Financial Liabilities*

  Other financial liabilities are non-derivatives financial liabilities. Other liabilities are subsequently measured at amortised cost using the effective interest method.

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

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss) are assessed at the end of reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

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

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on unquoted equity instruments carried at cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the financial asset and the Group's share of net assets or the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(ii) Impairment of Non-financial Assets

The carrying amounts of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

An impairment loss is charged to the profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the profit or loss immediately, unless the asset is carried at its revalued amount.

A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is determined using the weighted average method. The cost of raw materials comprises the original cost of purchases plus the cost of bringing these inventories to their intended location and condition. The cost of finished goods and work-in-progress includes the cost of raw materials, direct labour and appropriate allocation of manufacturing overheads.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated cost necessary to make the sale. Write down is made where necessary for damaged, obsolete and slow-moving inventories.

(i) Amount Owing From/To Contract Customer

Construction contracts are stated at cost plus attributable profits less applicable progress billings and allowances for foreseeable losses, if any.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activities at the reporting date. The stage of completion is determined based on proportion of contract costs incurred to-date over the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

(j) Leased Assets

Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Leased Assets (cont'd)

Operating lease

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

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

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

(k) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(l) Provisions For Liabilities

Provisions for liabilities are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the end of reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

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

(m) Related Parties

A party is related to an entity if:

(i) directly, or indirectly through one or more intermediaries, the party:

a. controls, is controlled by, or is under common control with, the entity (this includes holding company, subsidiary companies and fellow subsidiary companies);
b. has an interest in the entity that gives it significant influence over the entity; or
c. has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venture;

(iv) the party is a member of the key management personnel of the entity or its holding company;

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Related Parties (cont'd)

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel includes all the directors of the Company and directors of the subsidiary companies, members of senior management and chief executive officers of the Company as well as members of senior management and chief executive officers of major subsidiary companies of the Group.

(n) Revenue Recognition

(i) Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue from sale of goods and services is recognised upon delivery of goods and customers' acceptance and services are performed, and where applicable, net of returns and trade discounts.

(ii) Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on proportion of total contract costs incurred to-date over the total estimated contract costs.

(iii) Interest income is recognised on an accrual basis using the effective interest method.

(iv) Management fees are recognised when the services are rendered.

(o) Income Tax Expense

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income Tax Expense (cont'd)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(p) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the year in which the associated services are rendered by employees. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Employee entitlement to annual leave is recognised when it accrues to employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

(ii) Defined Contribution Plan

The Company's and its subsidiary companies' contributions to defined contribution plans regulated and managed by the government, are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further financial obligations.

(q) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

(r) Cash And Cash Equivalents

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Earnings Per Ordinary Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) 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 revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision makers to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. An operating segment may engage in business activities for which it has yet to earn revenues.

(u) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

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

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

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Level 1: fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2: fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3: fair value is estimated using unobservable inputs for the financial assets and liabilities.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(a) Depreciation of Property, Plant and Equipment

The estimates for residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' action in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit ("CGU") to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(c) Impairment of Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment loss. 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. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(d) Construction Contracts

The Group recognises construction contracts revenue and expenses in profit or loss 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.

(e) Write Down of Inventories

Reviews are made periodically by management on damaged, obsolete and slowing-moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(f) Income Tax Expense

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company and its subsidiary companies recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(g) Impairment of Investment in Subsidiary Companies and Other Investment

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

5. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

Group	**Leasehold land RM**	**Buildings RM**	**Furniture, fittings and equipment RM**	**Motor vehicles RM**	**Plant and machinery RM**	**Capital work-in-progress RM**	**Total RM**
Cost							
At 1 January 2016	7,683,369	7,348,000	1,936,407	1,170,970	32,828,301	-	50,967,047
Additions	-	-	21,739	-	-	-	21,739
Disposals/written off	(7,683,369)	(7,348,000)	(1,380)	(51,460)	-	-	(15,084,209)
Foreign currency translation	-	-	-	-	(10,769)	-	(10,769)
At 31 December 2016/1 January 2017	-	-	1,956,766	1,119,510	32,817,532	-	35,893,808
Additions	-	-	78,209	-	41,500	199,499	319,208
Disposals/written off	-	-	(170,474)	-	(267,014)	-	(437,488)
Foreign currency translation	-	-	-	-	(14,836)	-	(14,836)
At 31 December 2017	-	-	1,864,501	1,119,510	32,577,182	199,499	35,760,692
Accumulated depreciation							
At 1 January 2016	832,803	688,381	1,220,250	591,433	21,471,477	-	24,804,344
Charge for the year	37,558	36,511	66,277	115,887	637,190	-	893,423
Disposals/written off	(870,361)	(724,892)	(1,006)	(51,315)	-	-	(1,647,574)
Foreign currency translation	-	-	-	-	(101,102)	-	(101,102)
At 31 December 2016/1 January 2017	-	-	1,285,521	656,005	22,007,565	-	23,949,091
Charge for the year	-	-	62,015	92,701	599,664	-	754,380
Disposals/written off	-	-	(124,182)	-	(249,460)	-	(373,642)
Foreign currency translation	-	-	-	-	(4,782)	-	(4,782)
At 31 December 2017	-	-	1,223,354	748,706	22,352,987	-	24,325,047

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	**Leasehold land RM**	**Buildings RM**	**Furniture, fittings and equipment RM**	**Motor vehicles RM**	**Plant and machinery RM**	**Capital work-in-progress RM**	**Total RM**
Accumulated impairment losses							
At 1 January 2017	-	-	-	-	-	-	-
Impairment loss for the year	-	-	-	-	128,499	-	128,499
At 31 December 2017	-	-	-	-	128,499	-	128,499
Net carrying amount							
At 31 December 2017	-	-	641,147	370,804	10,095,696	199,499	11,307,146
At 31 December 2016	-	-	671,245	463,505	10,809,967	-	11,944,717

The net carrying amount of property, plant and equipment of the Group includes motor vehicles held under finance lease agreements amounting to RM365,452 (2016: RM456,815).

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2017 RM	**2016 RM**
Unquoted shares in Malaysia, at cost		
At 1 January/31 December	28,298,215	28,298,215
Less: Accumulated impairment losses		
At 1 January/31 December	(13,881,754)	(13,881,754)
Net carrying value	14,416,461	14,416,461

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation	Effective equity interest 2017 %	2016 %	Principal activities
Direct holding:				
Asia Tank Containers (Malaysia) Sdn. Bhd.	Malaysia	100	100	Dormant
Chip Ngai Engineering Works Sdn. Bhd. ("CNEW")	Malaysia	100	100	Manufacturing of tanks and related products, specialized engineering and fabrication works, sub-contractor for civil engineering works
CN Asia Capital Sdn. Bhd.	Malaysia	100	100	Dormant
Douwin Sdn. Bhd. ("DSB")	Malaysia	100	100	Investment holding
Indirect holding:				
Held through CNEW				
Zhuhai CN Engineering Works Co., Ltd. *	People's Republic of China	100	100	Manufacturing and trading of tanks for specialised industries

* Subsidiary company not audited by Siew Boon Yeong & Associates. The financial statements of the subsidiary company however were reviewed by Siew Boon Yeong & Associates for consolidation purpose.

7. INVESTMENT IN AN ASSOCIATE

	Group 2017 RM	Group 2016 RM
Unquoted shares in Malaysia, at cost	-	159,301
Less: Disposal	-	(94,280)
	-	65,021
Share of post-acquisition reserve	-	(65,021)
	-	-
Transfer to other investment *(Note 8)*	-	-
	-	-

7. INVESTMENT IN AN ASSOCIATE (CONT'D)

(a) Details of the associate is as follows:

Name of the associate	Country of incorporation	Effective equity interest 2017 %	2016 %	Principal activities
PICN Engineering Sdn. Bhd.*	Malaysia	-	20 #	Fabrication and trading of tanks for specialised industries

* Associate not audited by Siew Boon Yeong & Associates.
\# Transferred to Other Investment as disclosed in Note 8.

8. OTHER INVESTMENT

	Group 2017 RM	2016 RM
Unquoted shares in Malaysia		
At 1 January	-	-
Add: Transfer from investment in an associate (Note 7)	-	-
At 31 December	-	-

Investment in unquoted shares of the Group is designated as available-for-sale financial asset and is stated at fair value.

9. INTANGIBLE ASSETS

Group	Goodwill RM	Development costs RM	Total RM
Cost			
At 1 January 2016	-	409,378	409,378
Written off	-	(409,378)	(409,378)
At 31 December 2016/31 December 2017	-	-	-
Accumulated amortisation and impairment losses			
At 1 January 2016	-	409,378	409,378
Written off	-	(409,378)	(409,378)
At 31 December 2016/31 December 2017	-	-	-
Net carrying value			
At 31 December 2016/2017	-	-	-

(i) Goodwill on consolidation

Goodwill acquired in the business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the synergies of the combination.

(ii) Development costs

In previous years, the directors were of the opinion that the future economic benefits of the development costs can be determined with reasonable certainty and accordingly have capitalised these costs.

10. DEFERRED TAX ASSETS

	Group	
	2017	2016
	RM	RM
At 1 January / 31 December	685,000	685,000

The Group has recognised deferred tax assets as it is probable that its existing business would generate sufficient taxable profits in the future against which the unutilised capital allowances and unabsorbed business losses can be utilised.

11. INVENTORIES

	Group	
	2017	2016
	RM	RM
At cost:		
Raw materials	1,482,446	460,803
Work-in-progress	1,350,318	1,095,447
Finished goods	816,173	949,329
Consumables	297,569	272,102
	3,946,506	2,777,681
At net realisable value:		
Raw materials	73,299	-
Work-in-progress	31,362	-
	104,661	-
	4,051,167	2,777,681

The Group's cost of inventories recognised as an expense during the financial year amounted to RM7,521,627 (2016: RM7,558,408).

12. TRADE RECEIVABLES

	Group	
	2017	2016
	RM	RM
Trade receivables	3,273,296	1,194,711
Less: Accumulated impairment losses	-	(111,409)
	3,273,296	1,083,302

The credit terms of trade receivables ranged from cash on delivery to 90 days (2016 : cash on delivery to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

12. TRADE RECEIVABLES (CONT'D)

Movements in the accumulated impairment losses (individually impaired) are as follows:

	Group	
	2017 RM	2016 RM
At 1 January	111,409	111,409
Less: Reversal	(111,409)	-
At 31 December	-	111,409

13. AMOUNT OWING BY CONTRACT CUSTOMER

	Group	
	2017 RM	2016 RM
Aggregate costs incurred to-date	1,040,950	2,607,134
Add: Attributable profits	221,360	(129,134)
	1,262,310	2,478,000
Less: Progress billings	(428,108)	(2,478,000)
	834,202	-
Represented by:		
Amount owing by contract customer	834,202	-

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other receivables	19,779	310,237	-	-
Deposits	142,137	124,627	1,000	1,000
Prepayments	273,688	291,794	-	254,846
	435,604	726,658	1,000	255,846

15. AMOUNT OWING BY SUBSIDIARY COMPANIES/TO A SUBSIDIARY COMPANY

	Company	
	2017	**2016**
	RM	**RM**
Amount owing by subsidiary companies		
- non-trade	31,402,172	30,982,060
Less: Accumulated impairment losses	(4,732,594)	(4,732,594)
	26,669,578	26,249,466
Amount owing to a subsidiary company		
- non-trade	12,997,005	11,849,755

The amount owing by/to subsidiary companies are non-trade in nature, unsecured, interest-free and repayable on demand.

Movements in the accumulated impairment losses (individually impaired) are as follows:

	Company	
	2017	**2016**
	RM	**RM**
At 1 January/31 December	4,732,594	4,732,594

16. FIXED DEPOSITS WITH LICENSED BANKS

Group

The fixed deposits with licensed banks earn effective interest at rates ranging from 2.95% to 4.25% (2016: 2.95% to 4.10%) per annum.

Included in fixed deposits with licensed banks is an amount of RM10,500,000 (2016: RM9,500,000) being fixed deposits pledged for banking facilities granted to a subsidiary company.

17. SHARE CAPITAL

	Group and Company			
	2017	**2016**	**2017**	**2016**
	Number of ordinary shares		**RM**	**RM**
Authorised	-	50,000,000	-	50,000,000
Issued share capital				
At 1 January	45,382,500	45,382,500	45,382,500	45,382,500
Add: Reclassification from share premium pursuant to section 618(2) of Companies Act 2016 *(Note 18)*	-	-	3,491,965	-
	45,382,500	45,382,500	48,874,465	45,382,500
Less: Capital reduction	-	-	(10,488,911)	-
At 31 December	45,382,500	45,382,500	38,385,554	45,382,500

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

18. SHARE PREMIUM

	Group and Company	
	2017	2016
	RM	RM
Non-distributable:		
At 1 January	3,491,965	3,491,965
Less: Reclassification to share capital pursuant to Section 618(2) of Companies Act 2016 *(Note 17)*	(3,491,965)	-
At 31 December	-	3,491,965

In previous financial year, the share premium was not distributable by way of dividends and may be utilised in the manner set out in Section 618(2) of the Companies Act 2016.

19. FOREIGN EXCHANGE TRANSLATION RESERVE

Group

Non-distributable

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and is not distributable by way of dividends.

20. FINANCE LEASE LIABILITIES

	Group	
	2017	2016
	RM	RM
Minimum lease payments:		
- not later than one year	112,164	112,164
- later than one year and not later than two years	112,164	112,164
- later than two years and not later than five year	92,672	204,836
	317,000	429,164
Less: Future interest charges	(18,452)	(33,420)
Present value of financial lease liabilities	298,548	395,744
Repayable as follows:		
Non-current liablities		
- later than one year and not later than two years	106,075	101,635
- later than two years and not later than five years	90,837	196,912
	196,912	298,547
Current liabities		
- not later than one year	101,636	97,197
	298,548	395,744

The finance lease liabilities of the Group bear interest at rates ranging from 4.55% to 4.70% (2016: 4.55% to 4.70%) per annum.

21. TRADE PAYABLES

Group

The normal trade credit terms granted to the Group ranged from 30 to 90 days (2016: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

22. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other payables	308,081	2,569,924	7,910	27,396
Accruals	614,665	227,649	41,000	43,000
	922,746	2,797,573	48,910	70,396

23. SHORT TERM BORROWINGS

	Group	
	2017 RM	2016 RM
Banker's acceptances		
- Secured	575,000	1,117,000
- Unsecured	-	108,000
	575,000	1,225,000

The bankers' acceptances of the Group are secured by the pledged of fixed deposits of RM10,500,000 (2016: RM9,500,000) as disclosed in *Note 16* of the financial statements.

The above borrowings bear interest at rates ranging from 3.86% to 6.00% (2016: 3.76% to 9.35%) per annum.

24. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Sale of goods	18,812,663	18,745,524	-	-
Contract revenue	1,262,310	-	-	-
Management fees	-	-	60,000	60,000
	20,074,973	18,745,524	60,000	60,000

25. FINANCE COSTS

	Group	
	2017	2016
	RM	RM
Interest expenses on:-		
Bankers' acceptances	11,542	247,048
Bank overdrafts	10,107	316,302
Finance lease liabilities	14,968	19,407
	36,617	582,757

26. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Profit/(loss) before tax is stated after charging:				
Auditors' remuneration				
- current year's provision	70,000	70,000	30,000	32,000
Depreciation of property, plant and equipment	754,380	893,423	-	-
Impairment loss on property, plant and equipment	128,499	-	-	-
Impairment loss on inventories	105,105	-	-	-
Loss on foreign exchange:				
- realised	-	110,811	-	-
- unrealised	-	3,837	-	-
Property, plant and equipment written off	63,846	374	-	-
Rental of premises	387,000	443,025	-	-
Rental of empty cylinder	3,940	2,408	-	-
Rental of plant and machinery	64	(2,234)	-	-
Employee benefit expenses *(Note 29)*	4,295,575	3,784,279	132,000	128,000
and crediting:				
Gain on disposal of property, plant and equipment	-	22,177,196	-	-
Gain on foreign exchange				
- realised	2,536	-	-	-
- unrealised	29,945	-	-	-
Gain on partial disposal of investment in an associate	-	21,419	-	-
Interest income	903,071	5,163	-	-
Reversal of impairment loss on trade receivables	20,779	-	-	-

27. INCOME TAX EXPENSE

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Malaysia income tax:				
- current year's provision	201,533	-	-	-
- under provision in respect of prior year	289			
Deferred tax assets *(Note 10):*				
Transfer from deferred tax assets	-	(685,000)	-	-
	201,822	(685,000)	-	-
Real property gains tax	(42,459)	1,742,433	-	-
	159,363	1,057,433	-	-

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

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Profit/(loss) before tax	1,980,609	23,104,374	(205,765)	(276,851)
Tax expense at Malaysian statutory tax rate of 24% (2016: 24%)	475,346	5,545,050	(49,384)	(66,444)
• Adjustments for the following tax effects:				
- expenses not deductible for tax purposes	221,426	136,737	49,384	66,444
- income not subject to corporation tax	-	(5,347,608)	-	-
- utilisation of deferred tax assets not recognised in prior year	(495,239)	(1,019,179)	-	-
	(273,813)	(6,230,050)	49,384	66,444
• Under provision of tax in respect of prior year	289	-	-	-
• Real property gains tax	(42,459)	1,742,433	-	-
	159,363	1,057,433	-	-

The amounts of temporary differences for which no deferred tax assets have been recognised in the Group's statements of financial position are as follows:

	Group 2017 RM	Group 2016 RM
Excess of capital allowances claimed over depreciation on property, plant and equipment	(10,747,244)	(11,296,396)
Unutilised business losses	20,477,520	21,251,362
Unutilised reinvestment allowances	2,888,461	4,694,094
Other timing differences	(29,337)	(3,837)
	12,589,400	14,645,223

28. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per ordinary share as at 31 December 2017 is arrived at by dividing the Group's profit attributable to the owners of the Company by the weighted average number of ordinary shares outstanding and calculated as follows:

	Group	
	2017	**2016**
Profit attributable to owners of the Company (RM)	1,821,246	22,046,941
Weighted average number of ordinary shares at 31 December	45,382,500	45,382,500
Basic earnings per share (Sen)	4.01	48.58

Diluted earnings per share

The diluted earnings per share is same as per the basic earnings per share as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

29. EMPLOYEE BENEFIT EXPENSES

The employee benefit expenses recognised in profit or loss are as follows:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Salaries and wages	3,793,492	3,335,351	-	-
Defined contribution plan	293,323	260,737	-	-
Other employee benefits	208,760	188,191	132,000	128,000
	4,295,575	3,784,279	132,000	128,000

Included in employee benefit expenses are directors' remuneration who are the key management personnel of the Group and of the Company:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Directors' remuneration				
- fees	158,000	140,000	132,000	128,000
- other emoluments	656,823	712,974	-	-
	814,823	852,974	132,000	128,000

30. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the liabilities of the Group arising from the financing activities,including both cash and non-cash changes are as follows:

	At 1.1.2017 RM	Cash Flows RM	Non-cash Changes RM	At 31.12.2017 RM
Finance lease liabilities	395,744	(97,196)	-	298,548
Bankers' acceptances	1,225,000	(650,000)	-	575,000
	1,620,744	(747,196)	-	873,548

31. CONTINGENT LIABILITIES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Secured				
- Bankers' guarantee issued in favour of third parties	176,500	47,000	-	-
Unsecured				
- Corporate guarantee issued to bank for credit facilities granted to a subsidiary company	-	-	-	116,000
- Bankers' guarantee issued in favour of third party	-	8,000	-	-
	176,500	55,000	-	116,000

32. RELATED PARTY DISCLOSURE

(a) Identities of related parties

(i) The Group has a controlling related party relationships with its subsidiary companies;

(ii) Companies in which certain directors is also the directors and the controlling shareholders; and

(iii) The directors who are the key management personnel.

32. RELATED PARTY DISCLOSURE (CONT'D)

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial year:

(i) Transactions between the Group and the Company with the related parties

	Group	
	2017	2016
	RM	RM
With related parties		
Rental of premises	-	396,000

	Company	
	2017	2016
	RM	RM
With a subsidiary company		
Management fee charged to a subsidiary company	60,000	60,000

(ii) Key management compensation

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Short term employee benefits *(Note 29)*	814,823	852,974	132,000	128,000

33. FINANCIAL INSTRUMENTS

The Group's and the Company's activities are exposed to foreign currency risk, interest rate risk, equity price risk, credit risk and liquidity risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

(a) Financial Risk Management Policies

The Group's and the Company's policies in respect of the major areas of treasury activity are as follows:

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

33. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(i) *Foreign Currency Risk (cont'd)*

The Group's exposures to foreign currencies are as follows:

Group 2017	Brunei Dollar (BND) RM	Euro (EUR) RM	Singapore Dollar (SGD) RM	United States Dollar (USD) RM	Total RM
Financial Assets					
Trade receivables	356,644	-	274,005	8,211	638,860
Other receivables and deposits	-	-	-	1,861	1,861
Cash and bank balances	-	2,823	400,071	73,222	476,116
	356,644	2,823	674,076	83,294	1,116,837
Financial Liabilities					
Trade payables	-	93,796	1,970	12,812	108,578
Other payables and accruals	121,600	-	111,083	-	232,683
	121,600	93,796	113,053	12,812	341,261
Foreign currencies exposures	235,044	(90,973)	561,023	70,482	775,576

33. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(i) *Foreign Currency Risk (cont'd)*

The Group's exposures to foreign currencies are as follows: (cont'd)

Group *2016*	Brunei Dollar (BND) RM	Chinese Renminbi (RMB) RM	Euro (EUR) RM	India Rupee (IRD) RM	Singapore Dollar (SGD) RM	United States Dollar (USD) RM	Total RM
Financial Assets							
Trade receivables	83,337	-	-	-	170,690	-	254,027
Other receivables and deposits	-	-	-	-	-	313,611	313,611
Cash and bank balances	-	39,862	214,688	-	-	436,524	691,074
	83,337	39,862	214,688	-	170,690	750,135	1,258,712
Financial Liabilities							
Trade payables	-	-	88,471	790	4,959	759	94,979
Other payables and accruals	-	-	-	-	10,472	-	10,472
	-	-	88,471	790	15,431	759	105,451
Net financial assets/(liabilities)	83,337	39,862	126,217	(790)	155,259	749,376	1,153,261
Less: Net financial assets denominated in the respective entities' functional currencies	-	(39,862)	-	-	-	-	(39,862)
Foreign currencies exposures	83,337	-	126,217	(790)	155,259	749,376	1,113,399

33. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(i) *Foreign Currency Risk (cont'd)*

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

	Group	
	2017	**2016**
	RM	**RM**
	Increase/ (Decrease)	**Increase/ (Decrease)**
Effects on profit after tax/equity		
Strengthened by 10%		
- BND	23,504	8,334
- EUR	(9,097)	12,622
- IRD	-	(79)
- SGD	36,102	15,526
- USD	7,048	74,938
Weakened by 10%		
- BND	(23,504)	(8,334)
- EUR	9,097	(12,622)
- IRD	-	79
- SGD	(36,102)	(15,526)
- USD	(7,048)	(74,938)

(ii) *Interest Rate Risk*

The Group's and the Company's exposures to interest rate risk arise mainly from its deposits placed with licensed banks and interest bearing financial liabilities. The Group and the Company manage their interest bearing deposits placements by placing such balances on varying maturities and interest rate returns. The Group's and the Company's policy in dealing with interest bearing financial liabilities is to obtain the financing with the most favourable interest rates in the market.

Fair Value Sensitivity Analysis For Fixed Rate Instrument

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

33. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(ii) Interest Rate Risk (cont'd)

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:

	Group	
	2017 RM	**2016 RM**
Effects on profit after tax/equity		
Increase of 100 basis points	(5,750)	(12,250)
Decrease of 100 basis points	5,750	12,250

(iii) Credit Risk

The Group's and the Company's exposures to credit risk, or the risk of counterparties defaulting, arise mainly from receivables. The maximum exposure to credit risk is represented by the carrying amount of this financial asset in the statements of financial position reduced by the effects of any netting arrangements with counterparties.

The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. The Company only provides advances to subsidiary companies. For other financial assets (including cash and bank balances and fixed deposits with licensed bank), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties and financial institutions.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit Risk Concentration Profile

The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables except for the amount owing by 2 (2016: 3) major customers constituting approximately 25% (2016: 54%) of the outstanding trade receivables of the Group at reporting date.

Exposure to Credit Risk

The Group's and the Company's exposures to credit risk arise mainly from trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of these financial assets in the statements of financial position reduced by the effects of any netting arrangements with counterparties.

33. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(iii) Credit Risk (cont'd)

Ageing Analysis

The ageing analysis of the Group's trade receivables at the reporting date is as follows:

Group	**Gross amount RM**	**Individually impairment RM**	**Carrying amount RM**
2017			
Not past due	3,010,917	-	3,010,917
Past due but not impaired:			
- less than 1 month	31,694	-	31,694
- between 1 to 2 months	110,163	-	110,163
- more than 2 months	120,522	-	120,522
	3,273,296	-	3,273,296
2016			
Not past due	204,474	-	204,474
Past due but not impaired:			
- less than 1 month	342,030	-	342,030
- between 1 to 2 months	214,027	-	214,027
- more than 2 months	434,180	(111,409)	322,771
	1,194,711	(111,409)	1,083,302

Trade receivables that are neither past due nor impaired are regular customers of the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 60 days, which are deemed to have higher credit risk, are monitored individually.

Trade receivables that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

At the end of the reporting period, trade receivables that are individually impaired were those that have defaulted in payments. These receivables are not secured by any collateral or credit enhancement.

Financial guarantee

Risk management objectives, policies and process for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary company in prior years. The Company monitors on an ongoing basis the results of the subsidiary company and repayments made by the subsidiary company.

33. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(iii) Credit Risk (cont'd)

Exposure to credit risk, credit quality and collateral

There is no exposure to credit risk (2016: RM116,000) representing the outstanding banking facilities of a subsidiary company as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary company would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(iv) Liquidity Risk

The Group's and the Company's exposures to liquidity risk arise mainly from general funding and business activities. The Group and the Company practise risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

33. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(iv) *Liquidity Risk (cont'd)*

The following tables set out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

Group	**Effective Rate %**	**Carrying Amount RM**	**Contractual Undiscounted Cash Flows RM**	**On Demand or Within 1 Year RM**	**1 - 2 Years RM**	**2 - 5 Years RM**	**Total RM**
2017							
Non-derivative financial liabilities							
Trade payables	-	2,176,515	2,176,515	2,176,515	-	-	2,176,515
Other payables and accruals	-	922,746	922,746	922,746	-	-	922,746
Finance lease liabilities	4.55 - 4.70	298,548	317,000	112,164	112,164	92,672	317,000
Short term borrowings	3.86 - 6.00	575,000	575,000	575,000	-	-	575,000
		3,972,809	3,991,261	3,786,425	112,164	92,672	3,991,261
2016							
Non-derivative financial liabilities							
Trade payables	-	1,772,100	1,772,100	1,772,100	-	-	1,772,100
Other payables and accruals	-	2,797,573	2,797,573	2,797,573	-	-	2,797,573
Finance lease liabilities	4.55 - 4.70	395,744	429,164	112,164	112,164	204,836	429,164
Short term borrowings	3.76 - 9.35	1,225,000	1,225,000	1,225,000	-	-	1,225,000
		6,190,417	6,223,837	5,906,837	112,164	204,836	6,223,837

33. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(iv) Liquidity Risk (cont'd)

Company	**Average Effective Rate %**	**Carrying Amount RM**	**Contractual Undiscounted Cash Flows RM**	**On Demand or Within 1 Year RM**	**Total RM**
2017					
Non-derivative financial liabilities					
Other payables and accruals	-	48,910	48,910	48,910	48,910
Amount owing to a subsidiary company	-	12,997,005	12,997,005	12,997,005	12,997,005
		13,045,915	13,045,915	13,045,915	13,045,915
2016					
Non-derivative financial liabilities					
Other payables and accruals	-	70,396	70,396	70,396	70,396
Amount owing to a subsidiary company		11,849,755	11,849,755	11,849,755	11,849,755
		11,920,151	11,920,151	11,920,151	11,920,151

(b) Capital Risk Management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as return the capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt for the Group is calculated as short term borrowings, finance lease liabilities plus trade and other payables and accruals less cash and cash equivalents. Net debt for the Company is calculated as other payables and accruals plus amount owing to a subsidiary company less cash and cash equivalents.

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (cont'd)

The debt-to-equity ratios of the Group and of the Company as at the end of the financial year were as follows:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Trade payables	2,176,515	1,772,100	-	-
Other payables and accruals	922,746	2,797,573	48,910	70,396
Amount owing to a subsidiary company	-	-	12,997,005	11,849,755
Finance lease liabilities	298,548	395,744	-	-
Bankers' acceptances	575,000	1,225,000	-	-
	3,972,809	6,190,417	13,045,915	11,920,151
Less: Cash and cash equivalents	(13,499,452)	(19,250,678)	(12,144)	(26,355)
Net debt	(9,526,643)	(13,060,261)	13,033,771	11,893,796
Total equity	40,418,716	39,391,802	28,058,926	29,033,635
Debt-to-equity ratio	N/A	N/A	0.46	0.41

N/A: The cash and cash equivalents of the Group are sufficient to settle all the debts outstanding as at the end of the financial year.

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

(c) Classification Of Financial Instruments

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Financial Assets				
Loans and Receivables				
Trade receivables	3,273,296	1,083,302	-	-
Other receivables and deposits	161,916	434,864	1,000	1,000
Amount owing by contract customer	834,202	-	-	-
Amounts owing by subsidiary companies	-	-	26,669,578	26,249,466
Fixed deposits with licensed banks	23,030,310	25,800,000	-	-
Cash and bank balances	969,142	2,950,678	12,144	26,355
	28,268,866	30,268,844	26,682,722	26,276,821
Financial Liabilities				
Other Financial Liabilities				
Trade payables	2,176,515	1,772,100	-	-
Other payables and accruals	922,746	2,797,573	48,910	70,396
Amount owing to a subsidiary company	-	-	12,997,005	11,849,755
Finance lease liabilities	298,548	395,744	-	-
Short term borrowings	575,000	1,225,000	-	-
	3,972,809	6,190,417	13,045,915	11,920,151

33. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company reported in the financial statements approximated their fair values due to the short term nature, except for non-current portion of finance lease liabilities.

Financial instruments that are not approximately fair value are as follows:

	Level 1 RM	Level 2 RM	Level 3 RM
Group			
2017			
Financial liabilities			
Finance lease liabilities	-	-	298,548
Short term borrowings	-	-	575,000
	-	-	873,548
2016			
Financial liabilities			
Finance lease liabilities	-	-	395,744
Short term borrowings	-	-	1,225,000
	-	-	1,620,744
Company			
2017			
Financial assets			
Amount owing by subsidiary companies	-	-	26,669,578
Financial liabilities			
Amount owing to a subsidiary company	-	-	12,997,005
2016			
Financial assets			
Amount owing by subsidiary companies	-	-	26,249,466
Financial liabilities			
Amount owing to a subsidiary company	-	-	11,849,755

The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest at the end of the financial year.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

33. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair Value Hierarchy

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 31 December 2017 are as follows:

(i) Level 1: fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

(ii) Level 2: fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

(iii) Level 3: fair value is estimated using unobservable inputs for the financial assets and liabilities.

34. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as the chief operating decision makers in order to allocate resources to segments and to assess performance of the Group. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into main business segments as follows:

(a) Manufacturing

Manufacture tanks and related products, engineering works and fabrication works.

(b) Construction

Construction as sub-contractors related to civil engineering works.

(c) Investment

Investment holdings and comprise companies providing management services and dormant companies.

The Executive Directors assess the performances of the operating segments based on operating profits or losses which is measured differently from those disclosed in the consolidated financial statements.

The Executive Directors are of the opinion that all inter segment transactions are entered into in the normal course of business and are at arm's length basis in a manner similar to transactions with third parties.

34. OPERATING SEGMENTS (CONT'D)

Business segments

Group *2017*	**Manufacturing RM**	**Construction RM**	**Investment RM**	**Eliminations RM**	**Total RM**
Revenue					
External revenue	18,812,663	1,262,310	-	-	20,074,973
Inter-segment revenue	-	-	87,000	(87,000)	-
External revenue	18,812,663	1,262,310	87,000	(87,000)	20,074,973
Results					
Segment results	1,268,809	221,360	(376,014)	-	1,114,155
Interest income	819,513	-	83,558	-	903,071
Interest expenses	(36,617)	-	-	-	(36,617)
Profit/(loss) before tax	2,051,705	221,360	(292,456)	-	1,980,609
Income tax expense	(138,074)	-	(21,289)	-	(159,363)
Profit/(loss) after tax	1,913,631	221,360	(313,745)	-	1,821,246
Assets					
Segment assets	43,519,092	834,202	238,231	-	44,591,525
Liabilities					
Segment liabilities	3,403,949	690,950	77,910	-	4,172,809
Other information					
Depreciation	760,460	-	(6,080)	-	754,380
Included in the measure of segment assets are:					
Additions to non-current assets other than financial instruments and deferred tax assets	319,208	-	-	-	319,208

34. OPERATING SEGMENTS (CONT'D)

Business segments (cont'd)

Group *2016*	Manufacturing RM	Investment RM	Eliminations RM	Total RM
Revenue				
External revenue	18,745,524	-	-	18,745,524
Inter-segment revenue	-	372,334	(372,334)	-
External revenue	18,745,524	372,334	(372,334)	18,745,524
Results				
Segment results	12,304,381	11,377,587	-	23,681,968
Interest income	4,039	1,124	-	5,163
Interest expenses	(582,757)	-	-	(582,757)
Profit/(loss) before tax	11,725,663	11,378,711	-	23,104,374
Income tax expense	(362,161)	(695,272)	-	(1,057,433)
Profit/(loss) after tax	11,363,502	10,683,439	-	22,046,941
Assets				
Segment assets	43,448,105	2,525,589	-	45,973,694
Liabilities				
Segment liabilities	5,633,644	948,248	-	6,581,892
Other information				
Depreciation	886,607	6,816	-	893,423
Included in the measure of segment assets are:				
Additions to non-current assets other than financial instruments and deferred tax assets	21,739	-	-	21,739

34. OPERATING SEGMENTS (CONT'D)

Geographical information

Group *2017*	Malaysia RM	Republic of China RM	Elimination RM	Total RM
Revenue				
External	20,074,973	-	-	20,074,973
Inter-segment revenue	87,000	-	(87,000)	-
	20,161,973	-	(87,000)	20,074,973
Results				
Operating results	1,348,128	(233,973)	-	1,114,155
Interest income	903,071	-	-	903,071
Interest expenses	(36,617)	-	-	(36,617)
Profit/(loss) before tax	2,214,582	(233,973)	-	1,980,609
Income tax expense	(157,829)	(1,534)	-	(159,363)
Profit/(loss) after tax	2,056,753	(235,507)	-	1,821,246
Assets				
Segment assets	44,346,250	245,275	-	44,591,525
Liabilities				
Segment liabilities	4,172,809	-	-	4,172,809
Other information				
Depreciation	754,380	-	-	754,380
Included in the measure of segment assets are:				
Additions to non-current assets other than financial instruments and deferred tax assets	319,208	-	-	319,208

34. OPERATING SEGMENTS (CONT'D)

Geographical information (cont'd)

Group *2016*	Malaysia RM	Republic of China RM	Elimination RM	Total RM
Revenue				
External	18,745,524	-	-	18,745,524
Inter-segment revenue	372,334	-	(372,334)	-
External	19,117,858	-	(372,334)	18,745,524
Results				
Operating results	23,699,932	(17,964)	-	23,681,968
Interest income	5,163	-	-	5,163
Interest expenses	(582,757)	-	-	(582,757)
Profit/(loss) before tax	23,122,338	(17,964)	-	23,104,374
Income tax expense	(1,057,433)	-	-	(1,057,433)
Profit/(loss) after tax	22,064,905	(17,964)	-	22,046,941
Assets				
Segment assets	45,223,605	750,089	-	45,973,694
Liabilities				
Segment liabilities	6,581,892	-	-	6,581,892
Other information				
Depreciation	893,423	-	-	893,423
Included in the measure of segment assets are:				
Additions to non-current assets other than financial instruments and deferred tax assets	21,739	-	-	21,739

Major Customers

Information about major customers

Group

Segment	2017 No. of Customers*	2017 Revenue RM	2016 No. of Customers*	2016 Revenue RM
Manufacturing	2	4,933,650	3	9,064,555

* - Revenue from each customer is equal to or more than 10% of the Group's revenue.

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Regularisation Plan

On 9 March 2017, the Company announced that Bursa Securities has granted the Company an extension of time up to 28 March 2017 to submit a regularisation plan to the regulatory authorities.

On 10 March 2017, the Company announced that the Proposed Regularisation Plan has been submitted to Bursa Securities.

On 19 July 2017, the Company announced that Bursa Securities has approved the Proposed Regularisation Plan of the Company.

On 8 November 2017, the Company announced on the completion of the implementation of the Regularisation Plan.

36. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 27 April 2018 by the Board of Directors.

Analysis of Shareholdings

as at 30 March 2018

Issued and Fully Paid-Up Capital	:	RM38,385,554
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote Per Share

Distribution of Shareholdings

Size of Shareholdings	**No. of Shareholders**	**% of Shareholders**	**No. of Shares Held**	**% of Issued Capital**
1-99	426	22.12	20,132	0.05
100-1,000	128	6.65	72,350	0.16
1,001-10,000	1,150	59.71	3,154,228	6.95
10,001-100,000	173	8.98	5,420,488	11.94
100,001-less than 5% of issued shares	46	2.39	15,273,208	33.65
5% and above of issued shares	3	0.15	21,442,094	47.25
Total	1,926	100.00	45,382,500	100.00

Thirty Largest Shareholders

	Name	**No. of Shares Held**	**% of Issued Capital**
1	HO CHENG SAN	16,093,535	35.46
2	CHARLES ROSS MCKINNON	2,728,800	6.01
3	CN ASIA ENGINEERING SDN. BHD.	2,619,759	5.77
4	CHARLES ROSS MCKINNON	1,450,000	3.20
5	TENGKU AB MALEK BIN TENGKU MOHAMED	1,186,900	2.62
6	OON KIM WOON	1,110,400	2.45
7	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AU KWAN SENG (E-KLC)	747,100	1.65
8	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI KUET FAR (DAMANSARA UTAMA-CL)	722,600	1.59
9	LEE HUI LEONG	632,000	1.39
10	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	614,308	1.35
11	ANGELINE CHAN KIT FONG	562,950	1.24
12	YEW SIEW CHOO	451,100	0.99
13	CHONG MONG YUEN	389,400	0.86
14	GRANDSTEAD SDN BHD	347,900	0.77
15	LEE WAN HOOI	338,600	0.75
16	GOH CHIN CHOOI	331,000	0.73
17	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD (RETAIL CLIENTS)	310,800	0.68
18	ANG PEK SEE	310,000	0.68
19	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	304,000	0.67
20	LEE KOOI YIN	303,000	0.67
21	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW (M&A)	266,400	0.59
22	CHIN CHEE LEONG	250,000	0.55

Thirty Largest Shareholders (cont'd)

	Name	No. of Shares Held	% of Issued Capital
23	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO HOCK CHUAN (M&A)	250,000	0.55
24	THAM KAH FOOK	248,600	0.55
25	TAN SHIE KHAI	239,600	0.53
26	KEW CHIN FAH	238,400	0.52
27	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHONG CHENG YEE	235,000	0.52
28	DANCOMAIR ENGINEERING SDN. BHD.	228,800	0.50
29	LEE WAN HOOI	216,300	0.48
30	KEW YUEN CHENG	200,000	0.44
	Total	33,927,252	74.76

Substantial Shareholders

		No. of Shares Held		% of Issued Capital	
	Name	Direct	Indirect	Direct	Indirect
1	HO CHENG SAN	16,093,535	3,182,709*#	35.46	7.01
2	CHARLES ROSS MCKINNON	4,178,900	-	9.21	-
3	ANGELINE CHAN KIT FONG	562,950	18,713,294*#	1.24	41.23
4	CN ASIA ENGINEERING SDN. BHD.	2,619,759	-	5.77	-

* *Deemed interested by virtue of his substantial shareholdings in CN Asia Engineering Sdn Bhd.*
# *Deemed interested by virtue of shares held by spouse.*

Directors' Shareholdings

	No. of Shares Held		% of Issued Capital	
Name	Direct	Indirect	Direct	Indirect
DATO' HILMI BIN MOHD NOOR	-	-	-	-
HO CHENG SAN	16,093,535	3,182,709*#	35.46	7.01
ANGELINE CHAN KIT FONG	562,950	18,713,294*#	1.24	41.23
CHONG YING CHOY	-	-	-	-
LEE KING LOON	-	-	-	-
ARIFFIN BIN KHALID	-	-	-	-

* *Deemed interested by virtue of his substantial shareholdings in CN Asia Engineering Sdn Bhd.*
# *Deemed interested by virtue of shares held by spouse.*

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CN ASIA CORPORATION BHD
(399442-A)
(Incorporated In Malaysia)

PROXY FORM

(To be completed in block letters)

No. of Shares held	CDS Account No.

*I/We ____

I/C or Passport or Company No. ______________________ of ______________________

____

being a *member/members of the abovenamed Company, hereby appoint *THE CHAIRMAN OF THE MEETING or:

Full name (in Block Letters)	I/C/Passport No.	Proportion of shareholdings	
		No. of Shares	%
Address			

Full name (in Block Letters)	I/C/Passport No.	Proportion of shareholdings	
		No. of Shares	%
Address			

as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf at the 22nd Annual General Meeting ("AGM") of the Company to be held at Hang Jebat Room, Level 3, Philea Mines Beach Resort, Jalan Dulang, MINES Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia on Thursday, 21 June 2018 at 10.00 a.m. or any adjournment thereof, in respect of *my/our shareholdings in the manner indicated above:

ORDINARY RESOLUTION		For	Against
1	To approve payment of Directors' fees and benefits in respect of the financial year ended 31 December 2017.		
2	To approve payment of Directors' fees and benefits for the period from 1 January 2018 until the next AGM.		
3	To re-elect Dato' Hilmi bin Mohd Noor as Director.		
4	To re-elect Mr Chong Ying Choy as Director.		
5	To re-appoint Messrs Siew Boon Yeong & Associates as Auditors for the ensuing year and to authorise the Board to fix their remuneration.		
6	To retain Dato' Hilmi bin Mohd Noor as Independent Director.		
7	To retain Mr Chong Ying Choy as Independent Director.		
8	To empower the Board to allot and issue shares.		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Dated this .... day of 2018

Tel No. (during office hours) and email address

Signature(s) of member
(If member is a corporation, this form should be executed under common seal)

Notes:
Members entitled to attend

1. *Only depositors whose names appear in the record of depositors as at 13 June 2018 shall be regarded as members and entitled to attend, speak and vote at the meeting or appoint a proxy or proxies to attend and/or vote in his stead.*

Appointment of Proxy

2. *A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend, participate, speak and vote at the same meeting instead of him and that a proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.*
4. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) the securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy in the case of an individual shall be under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. Any alteration to the proxy form must be initialed.*
6. *The proxy form must be deposited at the registered office of the Company at Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia (Attn.: The Company Secretaries), not less than twenty-four (24) hours before the time appointed for taking of the poll or any adjournment thereof.*
7. *By submitting the duly executed proxy form, a member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purposes of this meeting and any adjournment thereof.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

CN ASIA CORPORATION BHD
(399442-A)
Lot 7907, Batu 11
Jalan Balakong
43300 Seri Kembangaan
Selangor Darul Ehsan
Malaysia

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cnasia.com

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(Incorporated In Malaysia)

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