



HWANG CAPITAL (MALAYSIA) BERHAD
(238969-K)

ANNUAL REPORT

2016

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting of Hwang Capital (Malaysia) Berhad will be held at the Bayan Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Thursday, 24 November 2016 at 10.45 a.m. for the following purposes: -

AGENDA

As Ordinary Business

- | | | |
|----|--|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 July 2016 and the Reports of the Directors and Auditors thereon. | |
| 2. | To approve the payment of a final single tier dividend of 3 sen per ordinary share in respect of the financial year ended 31 July 2016. | Resolution 1 |
| 3. | To re-elect the following Directors retiring under Article 66 of the Articles of Association of the Company and who, being eligible, offer themselves for re-election: -
(a) Ang Teik Siew (Ang Teik Lim Eric)
(b) Teoh Teik Kee | Resolution 2
Resolution 3 |
| 4. | To re-elect Hwang Lip Koon as Director retiring under Article 83 of the Articles of Association of the Company and who, being eligible, offers himself for re-election. | Resolution 4 |
| 5. | To re-appoint Y.A.M. Tengku Syed Badarudin Jamalullail as Director pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting. | Resolution 5 |
| 6. | To approve the payment of Directors' fees of RM180,000 in respect of the financial year ended 31 July 2016. | Resolution 6 |
| 7. | To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 7 |

As Special Business

- | | | |
|----|--|---------------------|
| 8. | Ordinary Resolution - Retention Of Independent Director

"THAT subject to the passing of the Resolution 5, approval be and is hereby given to Y.A.M. Tengku Syed Badarudin Jamalullail, who has served as an Independent Non-Executive Director of the Company for a cumulative period of more than 9 years, to continue to serve as Independent Non-Executive Director of the Company." | Resolution 8 |
| 9. | To transact any other ordinary business of the Company of which due notice shall have been given. | |

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a final single tier dividend of 3 sen per ordinary share in respect of the financial year ended 31 July 2016, if approved, will be paid on 20 December 2016 to depositors registered in the Record of Depositors at the close of business on 2 December 2016.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- a. shares transferred into the depositor's securities account before 4.00 p.m. on 2 December 2016 in respect of ordinary transfers; and
- b. shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

OOI HUI LING
(MAICSA 7045592)
Company Secretary

Penang
2 November 2016

Notes:-

1. Only members whose names appear in the Record of Depositors as at 17 November 2016 shall be eligible to attend the Meeting or to appoint proxy to attend in his/her stead.
2. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as a member to speak at the Meeting.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. A member other than an exempt authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the Meeting.
5. The Proxy Form must be deposited at the Company's Registered Office at Level 8, Wisma Sri Pinang, 60 Green Hall, 10200 Penang not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.
7. Explanatory Notes:-
 - (i) item 1 of the Agenda

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item is not put forward for voting.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. Explanatory Notes (cont'd):-

(ii) Resolution 5 – Re-appointment of Y.A.M. Tengku Syed Badarudin Jamalullail

In line with Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012, the Nomination Committee has assessed the independence of Independent Directors including the retiring Independent Non-Executive Director, Y.A.M. Tengku Syed Badarudin Jamalullail. The Nomination Committee is satisfied that Y.A.M. Tengku Syed Badarudin Jamalullail has met the criteria of independence as prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; has retained independence of character and judgement; and has the capacity to defend his view without influence of Management.

(iii) Resolution 8 - Retention Of Independent Director

Pursuant to the recommendations of the Malaysian Code on Corporate Governance 2012, the tenure of an Independent Director should not exceed a cumulative term of 9 years. The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than 9 years.

Y.A.M. Tengku Syed Badarudin Jamalullail ("Tengku") has served the Company as an Independent Non-Executive Director since February 2003 for a cumulative period of over 9 years. The Nomination Committee has assessed the independence of Tengku and recommended to the Board that Tengku be retained as an Independent Director of the Company based on the following justifications: -

- (a) Tengku has the capacity to defend his view without any influence of Management and has retained independence of character and judgment;
- (b) Tengku understands the businesses of the Group, the operating environment and challenges and therefore is able to contribute to the development of strategies and direction of the Group; and
- (c) Tengku devotes time and commitment to attend to the performance of the functions and duties as an Independent Non-Executive Director, including attendance at Board and Board Committees' meetings.

Based on the aforesaid, the Board recommends to the shareholders for approval that Tengku continues to serve as an Independent Non-Executive Director of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details Of Individuals Who Are Standing For Election As Directors

No individual is seeking election as a Director at the Twenty-Fourth Annual General Meeting of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Hwang Lip Teik

Ang Teik Siew (Ang Teik Lim Eric)

Y.A.M. Tengku Syed Badarudin Jamalullail

Teoh Teik Kee

Ooi Chooi Li

Hwang Lip Koon (*appointed w.e.f. 5 September 2016*)

AUDIT COMMITTEE

- Y.A.M. Tengku Syed Badarudin Jamalullail
Chairman / Independent Non-Executive Director
- Teoh Teik Kee
Non-Independent Non-Executive Director
- Ooi Chooi Li
Independent Non-Executive Director

COMPANY SECRETARY

Ooi Hui Ling (MAICSA 7045592)

REGISTERED OFFICE

Level 8, Wisma Sri Pinang
60 Green Hall, 10200 Penang
Malaysia
Tel : 604-263 6108
Fax : 604-263 6206

SHARE REGISTRAR

Agriteum Share Registration Services Sdn Bhd
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Tel : 604-228 2321
Fax : 604-227 2391

AUDITORS

PricewaterhouseCoopers
Chartered Accountants

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market

WEBSITE

www.hwang.com.my

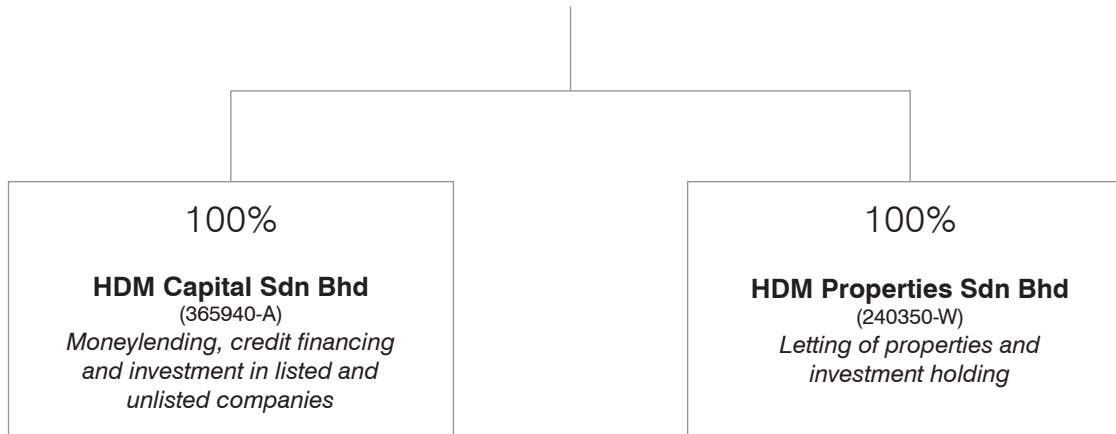
GROUP CORPORATE STRUCTURE



Hwang Capital (Malaysia) Berhad

(238969-K)

Investment Holding



CHAIRMAN'S STATEMENT

||

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 July 2016.

||

FINANCIAL AND BUSINESS REVIEW

For the financial year ended 31 July 2016 ("FY2016"), the Group's operations which comprised money lending, property letting and investment activities registered a lower operating revenue of RM62.84 million compared to RM64.78 million recorded in the financial year 2015 ("FY2015"). The lower operating revenue was primarily due to lower loan growth from money lending activities. The Group continued to be cautious and mindful about risks associated with the high household debt in the country.

The pre-tax profit for FY2016 of RM41.95 million decreased by RM16.9 million or 29.71% compared to the pre-tax profit of RM58.85 million recorded for FY2015. The reduction in profits were mainly due to lower interest income as a result of lower new loans released and higher allowance for impairment loss on loans and advances. In addition, last year's profit included contribution from a gain on disposal of an investment property last year amounting to RM11.35 million.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is an integral part of the Group's operations and practices. Hence, the Group continues to endorse the principles of sustainability in its business operations and corporate activities. It also acknowledges the importance of looking after the interest of its stakeholders, employees, customers, community at large and the environment.

The Group has taken steps to ensure a conducive, safe and healthy working environment is provided for its employees at the workplace. It recognises the importance of its employees thus employees are provided with the relevant external training programmes to upgrade their knowledge and skills within their job scope. The Group also organized lunches and dinners for the employees to foster better relationship among colleagues.

The Group continues to extend its charitable efforts and contribute to the communities through donations and sponsorship to various organizations.

The Group's 3Rs project i.e. Reduce, Reuse and Recycle is ongoing with various initiatives implemented in preserving a greener environment.

CHAIRMAN'S STATEMENT (CONT'D)

DIVIDEND

The Board is pleased to recommend a final single tier dividend of 3 sen per share for approval by shareholders at the forthcoming Annual General Meeting.

PROSPECTS

Amidst challenging economic outlook and weak consumer sentiments due to rising cost of living as a result of the effects of Goods and Service Tax and depreciation of Ringgit, we will proactively manage our business to ensure sustainability. The Group remains committed to explore opportunities to grow the loan base. We will also continue to seek and evaluate viable businesses to further enhance our performance.

The Board expects the Group to perform satisfactorily for the financial year ending 31 July 2017.

A NOTE OF APPRECIATION

I would like to take this opportunity to express my heartfelt gratitude to the management team and staff of the Group for their hard work, unwavering commitment and dedication. My special thanks to the Board members for your constant guidance and support.

Last but not least, I would also like to thank our valued shareholders, clients and bankers for their relentless support.

Hwang Lip Teik
Chairman

GROUP 5-YEAR FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 JULY

RESULTS

	Operating Revenue (RM'000)	Profit Before Tax (RM'000)	Profit After Tax (RM'000)
'12	397,958	98,871	75,491
'13	473,439	86,505	65,956
'14	348,701	96,521 ¹	73,284 ²
'15	64,782	47,508 ⁴	38,672 ⁵
'16	62,839	41,952	35,023

CAPITAL EMPLOYED

	Paid-up Capital (RM'000)	Shareholders' Funds (RM'000)	Assets Employed (RM'000)
'12	265,845	926,875	4,228,569
'13	265,845	961,706	4,811,104
'14	255,159	783,627	844,220
'15	255,159	827,382	840,807
'16	255,159	837,578	850,484

FINANCIAL RATIOS

	Earnings Per Share (Sen)	Net Tangible Assets Per Share (RM)	Gross Dividends Per Share (Sen)	Profit Before Tax Margin (%)	Return on Shareholders' Funds (%)
'12	26.17	2.99	10.0	24.84	8.14
'13	20.06	3.13	5.0	18.27	6.86
'14	22.93 ²	3.07	252.50 ³	27.68 ¹	9.35 ²
'15	15.16 ⁵	3.24	10.0	73.34 ⁴	4.67 ⁵
'16	13.73	3.28	3.0	66.76	4.18

¹ Excluded the effects of net gain on disposals of investment properties (before taxation), subsidiaries and associate of RM401,636,000.

² Excluded the effects of net gain on disposals of investment properties (net of taxation), subsidiaries and associate of RM398,196,000.

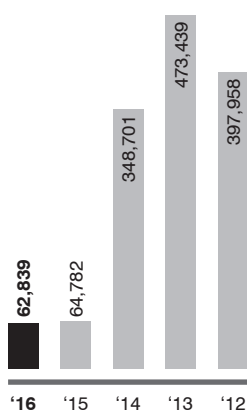
³ Included a special single tier dividend of RM2.50 per ordinary share.

⁴ Excluded the effects of net gain on disposals of investment properties (before taxation) of RM11,347,000.

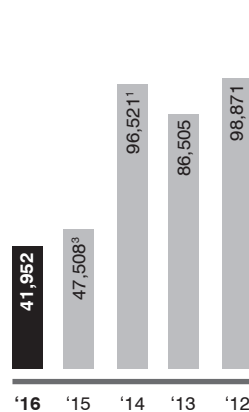
⁵ Excluded the effects of net gain on disposals of investment properties (net of taxation) of RM11,040,000.

GROUP 5-YEAR FINANCIAL HIGHLIGHTS (CONT'D)
FINANCIAL YEAR ENDED 31 JULY

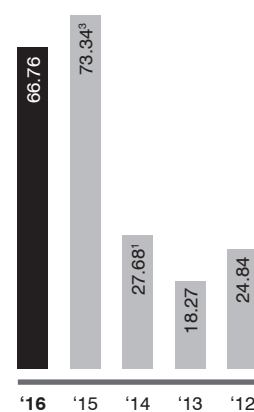
OPERATING REVENUE
(RM'000)



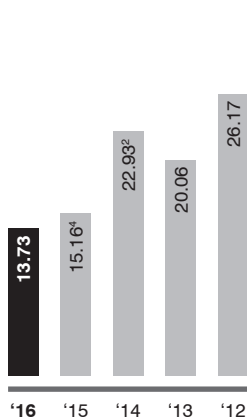
PROFIT BEFORE TAX
(RM'000)



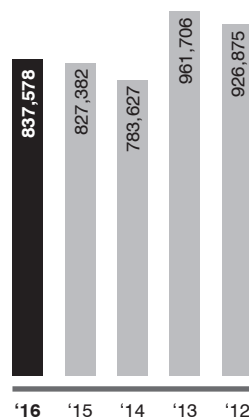
PROFIT BEFORE TAX MARGIN
(%)



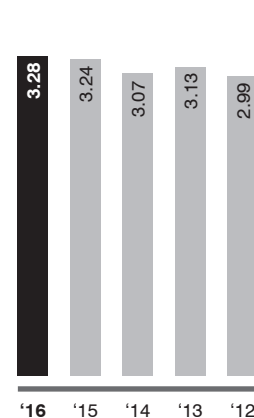
EARNINGS PER SHARE
(SEN)



SHAREHOLDERS' FUNDS
(RM'000)



NET TANGIBLE ASSETS PER SHARE
(RM)



¹ Excluded the effects of net gain on disposals of investment properties (before taxation), subsidiaries and associate of RM401,636,000.

² Excluded the effects of net gain on disposals of investment properties (net of taxation), subsidiaries and associate of RM398,196,000.

³ Excluded the effects of net gain on disposals of investment properties (before taxation) of RM11,347,000.

⁴ Excluded the effects of net gain on disposals of investment properties (net of taxation) of RM11,040,000.

PROFILE OF DIRECTORS

■ HWANG LIP TEIK

Hwang Lip Teik, aged 59, male, a Malaysian, was appointed to the Board as an Executive Director on 1 December 1992 and thereafter as Managing Director of the Company in December 2005. He was redesignated to a Non-Independent Non-Executive Director of the Company on 31 January 2007 and assumed the position as Non-Executive Chairman on 1 November 2012. He is the Chairman of the Executive Committee and a member of the Remuneration Committee and Nomination Committee of the Company.

Mr. Hwang joined HwangDBS Investment Bank Berhad (now known as Affin Hwang Investment Bank Berhad) in 1983 as Senior Manager (Trading) in charge of the trading activities of the company and was promoted to an Executive Director in January 1996 and served as Managing Director/Chief Executive Officer from 2007 to January 2011 when he was redesignated to Non-Executive Director. Mr. Hwang is currently the Executive Chairman of HDM Capital Sdn Bhd, a principal subsidiary of the Company, responsible for the overall strategy and direction of HDM Capital Sdn Bhd.

Mr. Hwang is a deemed major shareholder of the Company and brother of Mr. Hwang Lip Koon, who is the Non-Independent Non-Executive Director and a deemed major shareholder of the Company. He is also the brother in law of Mr. Teoh Teik Kee, a Non-Independent Non-Executive Director of the Company.

Mr. Hwang attended all 6 Board Meetings of the Company held during the financial year

■ HWANG LIP KOON

(appointed w.e.f. 5 September 2016)

Hwang Lip Koon, aged 44, male, a Malaysian, was appointed to the Board as Non-Independent Non-Executive Director on 5 September 2016.

Lip Koon graduated from Sydney University in 1995 with a Bachelor of Economics (major in Accounting). He is a member of the Malaysian Institute of Accountants and the Australian Society of Certified Practising Accountants.

Lip Koon started his career with Coopers & Lybrand, Kuala Lumpur in 1996 as audit assistant. In 1997, Lip Koon joined Hwang-DBS Securities Berhad (now known as Affin Hwang Investment Bank Berhad) and for the past 19 years, he had held various positions including Head of Branch/ Head of Operations, Vice President of Finance Department and Senior Vice President of Treasury & Markets Department. Lip Koon was the Client Coverage, Director of Affin Hwang Investment Bank Berhad before joining HDM Capital Sdn Bhd, the principal subsidiary of the Company in July 2016. He is currently responsible to oversee existing investment of the Group and assessing loan financing of HDM Capital Sdn Bhd.

Lip Koon is a deemed major shareholder of the Company and brother of Mr. Hwang Lip Teik, who is the Non-Executive Chairman and a deemed major shareholder of the Company. He is also the brother in law of Mr. Teoh Teik Kee, a Non-Independent Non-Executive Director of the Company.

PROFILE OF DIRECTORS (CONT'D)

■ ANG TEIK SIEW (ANG TEIK LIM ERIC)

Ang Teik Siew (Ang Teik Lim Eric), aged 63, male, a national of Singapore, was appointed to the Board of the Company on 2 April 2001 as a Non-Independent Non-Executive Director. He serves as a member of the Executive Committee and Remuneration Committee of the Company.

Mr. Ang graduated with a Bachelor of Business Administration (Honours) from the University of Singapore in 1976. His career in the banking industry commenced in 1978 when he joined DBS Bank, Singapore. He is currently Senior Executive Advisor at DBS Bank. He previously served as the Head of Capital Markets at the bank. He also sits on the Board of Sembcorp Marine Ltd and Raffles Medical Group Ltd, both of which are Singapore listed companies.

Mr. Ang attended all 6 Board Meetings of the Company held during the financial year.

■ Y.A.M. TENGKU SYED BADARUDIN JAMALULLAIL

Y.A.M. Tengku Syed Badarudin Jamalullail, aged 71, male, a Malaysian, was appointed as an Independent Non-Executive Director of the Company on 28 February 2003. Tengku is the Chairman of the Nomination Committee, Audit Committee and Remuneration Committee of the Company. He is also a member of the Executive Committee of the Company.

Tengku graduated from Cambridge University in 1968 with a Master of Arts degree in Law and History. From 1968-1978, he was employed and held various executive positions in Fraser & Neave (Malaya) Sdn Bhd. Currently, Tengku is involved in his family businesses and is the Independent Non-Executive Chairman of Fraser & Neave Holdings Berhad as well as a Director of Fraser & Neave Limited.

Tengku attended all 6 Board Meetings of the Company held during the financial year.

PROFILE OF DIRECTORS (CONT'D)

■ TEOH TEIK KEE

Teoh Teik Kee, aged 57, male, a national of Singapore, was appointed to the Board of the Company on 1 April 2013 as a Non-Independent Non-Executive Director. He serves as a member of the Audit Committee of the Company.

Mr. Teoh graduated with a Bachelor of Science (Honours) in Managerial and Administrative Studies from Aston University, Birmingham, United Kingdom and is a member of The Institute of Chartered Accountants in England and Wales.

Mr. Teoh started his career with KPMG Peat Marwick McLintock, London in 1986 before moving to join Pricewaterhouse, Singapore in 1989. In 1990, he joined DBS Bank as Treasurer and thereafter in 1993 as Senior Manager of DBS Securities Pte Ltd where he served as Head of China desk responsible for the corporate finance activities in China, Hong Kong and Taiwan. From DBS Securities, he joined Hwang-DBS Securities Berhad (now known as Affin Hwang Investment Bank Berhad) in 1996 and had served as General Manager (Shah Alam Branch) before venturing into his own business in 2001. From November 2004 to 2010, he was the Executive Director of ecoWise Holdings Limited, a public listed company in Singapore. Mr. Teoh currently sits on the Board of Luzhou Bio-Chem Technology Limited, a Singapore listed company.

Mr. Teoh is the brother in law of Mr. Hwang Lip Teik and Mr. Hwang Lip Koon, both of whom are deemed major shareholders of the Company. Mr. Hwang Lip Teik is the Non-Executive Chairman of the Company and Mr. Hwang Lip Koon is the Non-Independent Non-Executive Director of the Company.

Mr. Teoh attended 5 out of the 6 Board Meetings of the Company held during the financial year.

■ OOI CHOOI LI

Ooi Chooi Li, aged 53, female, a Malaysian, was appointed to the Board of the Company on 23 April 2014 as an Independent Non-Executive Director. She serves as a member of the Audit Committee and Nomination Committee of the Company.

Ms. Ooi graduated from the National University of Singapore in 1987 with a Bachelor of Laws LL.B (Hons) and was admitted as an advocate and solicitor of the Supreme Court of Singapore in March 1988. She was called to the Malaysian Bar in February 1989. She has been practicing law in Malaysia for more than 25 years. Currently, she is a partner of a legal firm in Penang and her areas of practice are in conveyancing and banking laws.

Ms. Ooi attended all 6 Board Meetings of the Company held during the financial year.

Additional information on the Board of Directors:-

Conflict of Interest

None of the Directors have any conflict of interest with the Company.

Family Relationship with any Director and/or Major Shareholder

Save for the family relationship as disclosed above, none of the Directors have any family relationship with other Directors and/or major shareholders of the Company.

Conviction of Offences

None of the Directors have convicted any offences (other than traffic offences, if any) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT

■ KANG CHOOI YONG

Kang Chooi Yong, aged 48, female, a Malaysian, is the Senior Vice President of the principal subsidiary of the Company, HDM Capital Sdn Bhd. Ms. Kang is currently responsible to oversee daily operations of HDM Capital Sdn Bhd and to develop strategies for all business aspects of HDM Capital Sdn Bhd.

Ms. Kang graduated from University of New South Wales, Australia with a Bachelor of Commerce with Merits (major in Accounting) and Bachelor of Laws.

Upon graduation, she commenced her career as a tax assistant in an international accounting firm. During that period, she dealt with various tax related matters including preparing presentation for tax seminar to public. After leaving the accounting firm, she joined a well established legal firm until June 1997. During the three years' period as an Advocate & Solicitor of the High Court of Malaya, she has exposure to corporate finance, commercial law, conveyancing and banking law.

In 1997, she joined Hwang-DBS Securities Bhd (now known as Affin Hwang Investment Bank Berhad) and was assigned to set up the Compliance Department. From 1997 to 2004, she managed the Compliance Department, reporting to the Executive Director of Compliance. In 2004, she was transferred to the Business Development Department and took charge of business development activities. In 2012, Ms Kang was appointed as Head of Retail Sales, overseeing retail business and remisiers. Since she joined Hwang group, she was also involved in HDM Capital Sdn Bhd's activities.

Ms. Kang does not have any family relationship with any Directors or major shareholders of the Company, has no conflict of interest with the Company, has also not been convicted of any offences (other than traffic offences, if any) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“the Board”) supports and is committed to the principles of corporate governance as embodied in the Malaysian Code on Corporate Governance 2012 (“the Code”). Towards this end, the Board takes every step to ensure that the principles of corporate governance and best practices are observed and practiced throughout the Group.

The Board is pleased to provide the following statement, which outlines the corporate governance practices that are in place and which sets out how the Company has applied the principles of the Code. Any recommendations of the Code which have not been complied or practiced by the Company are indicated in the body of this statement.

1. CLEAR ROLES AND RESPONSIBILITIES

(a) Board Charter

The Board is guided by its Charter which sets out amongst others the roles, composition and responsibilities of the Board of Directors of the Company, the Board Committees, proceedings of the Board, time commitment, assessment of Directors and training. The conduct of the Board is also governed by the Memorandum & Articles of Association (“M&A”) of the Company and the relevant laws and regulations in Malaysia.

A copy of the Board Charter is available on the Company’s website.

(b) Responsibilities Of The Board And Management

The Board is charged with the responsibility of leading and managing the Group and setting the strategic directions of the Group. The responsibilities of the Board includes:-

- overseeing the conduct of the Group’s businesses;
- reviewing and adopting strategic business plans for key subsidiaries of the Group;
- identifying principal risks and ensures the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, assessing training needs and fixing the compensation of Directors;
- ensures senior management are of sufficient calibre and provide for orderly succession of senior management;
- reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- reviewing financial statements.

The Company which is an investment holding company, does not have an Executive Director on its Board. However, the Board of the Company provides leadership, discusses strategic business directions and plans for the Group.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1. CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(b) Responsibilities Of The Board And Management (cont'd)

The Board monitors the performance of subsidiaries and their business strategies through various management reports which are tabled to the Board and Audit Committee for discussion during Board's and Audit Committee's Meetings to ensure that the direction and control of the Group's businesses are firmly in hand.

The Company is led and managed by an experienced Board comprising members with a wide range of business, banking, audit and legal background. The Board presently comprised 6 Non-Executive Directors, 2 of whom are independent. The Code recommends that the Board should comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. The Chairman of the Company, Mr. Hwang Lip Teik, is not an Independent Chairman. The Board is comfortable that the current composition of the Board which comprises all Non-Executive Directors, out of which 1/3 are independent is able to exercise objective judgment. The strong composition of Non-Executive Directors coupled with Directors who have in depth knowledge of businesses of the Group provides an effective check and balance to the decision-making process of the Board and to the overall management of the Group. The Board is also satisfied with Mr. Hwang Lip Teik's performance, who has shown strong leadership as Chairman of the Company and ensures the smooth functioning of the Board including providing avenues for all Directors to participate openly in discussion of issues.

(c) Code Of Ethics And Business Conduct

The Board has formalised a Code Of Ethics And Business Conduct which sets forth the expectations of the Company for its Directors and describes sound principles and standards of good practice that each Director is expected to uphold. It is formulated to enhance the standard of corporate governance and promote ethical conduct of the Directors with a view to achieving the following objectives:-

- to establish a uniform ethical standard for Directors emphasising conduct free from conflicts of interest; and
- to uphold the spirit of corporate responsibility and accountability in line with the governing laws, regulations and guidelines.

Directors are required to uphold the highest integrity in discharging their duties and in dealing with stakeholders, customers, employees and regulators. Each Director must comply not only with the letter but also the spirit of the Code Of Ethics And Business Conduct.

A summary of the Code Of Ethics And Business Conduct is available on the Company's website.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1. CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(d) Promoting Sustainability

The Board is committed to promote sustainability practices in the Group with a good balance of environmental, social and governance aspects of business. A report of the Group's corporate responsibility initiatives are set out in page 7 of this Annual Report.

(e) Board Meetings And Access To Information And Advice

The Board met for a total of 6 times during the FY2016. All Directors fulfilled the requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") in relation to their attendance at Board Meetings. Details of Directors' attendance at Board Meetings are outlined in the Profile of Directors section of this Annual Report.

Directors are provided with Notice of the Board Meetings and board papers for each agenda item in advance of each Board Meeting to ensure that Directors have sufficient time to study them and be prepared for discussion. Any additional information requested by Directors is readily available. The Board also has a formal schedule of matters reserved to it for deliberation and decision. Minutes of Meetings are maintained.

The Group has a policy on information to be brought to the Board's attention. In accordance to the policy, all material information are to be tabled to the Board on a timely basis in order for the Board to be kept abreast with the performance and business activities of the Group.

Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed and all necessary information are obtained from Directors both for the Company's own records and for purposes of meeting statutory obligations. The Company Secretary played an advisory role to the Board, updates the Board on material changes in the laws and assists the Board in meeting its regulatory obligations. The Company Secretary attends all Board and Board Committees' meetings and ensure that meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained.

Directors also have access to independent professional advice at the Company's expense in furtherance of their duties.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

2. STRENGTHEN COMPOSITION

The Board has set up various Committees to assist the Board in the management of the Group's businesses and discharge of its duties. The functions and terms of reference of the Committees as well as authority delegated by the Board to these Committees have been clearly defined by the Board.

The Committees set up by the Board are:-

Committee

- (a) Executive Committee
- (b) Audit Committee
- (c) Nomination Committee
- (d) Remuneration Committee

(a) Executive Committee

The Executive Committee comprises of 2 Non-Independent Non-Executive Directors and 1 Independent Non-Executive Director. It meets as and when necessary.

The Executive Committee evaluates the Group's strategic plans and recommends to the Board new business ventures, expansion and diversification opportunities. It generally assists the Board in overseeing the business affairs of the Group.

(b) Audit Committee

Composition of the Audit Committee, other pertinent information about the Audit Committee and its activities are highlighted in the Audit Committee Report set out in pages 29 and 30 of this Annual Report.

(c) Nomination Committee

The Nomination Committee comprises 2 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director. The Nomination Committee is chaired by a Senior Independent Director of the Company. It meets as and when required but the full Committee shall meet at least once a year.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

2. STRENGTHEN COMPOSITION (CONT'D)**(c) Nomination Committee (cont'd)**

The Nomination Committee is authorized by the Board to:-

- review annually the composition and size of the respective Boards of the Group and determine the appropriate Board balance;
- review and recommend to the respective Boards the required mix of skills, experience, qualification and other core competencies required of a Director and CEO(s)(if any);
- recommend and assess nominees for directorship, Board committees and CEO(s)(if any). This includes taking into consideration Boardroom diversity by ensuring that suitably qualified women candidates are sought as part of its recruitment exercise;
- recommend to the respective Boards the removal of Directors and CEO(s)(if any) if they are ineffective, errant or negligent in discharging their responsibilities;
- establish a mechanism for the annual assessment of the effectiveness of the Board as a whole, the contribution of each Director, the contribution of the Board's various committees;
- ensure that all Directors receive appropriate continuous training; and
- oversee the appointment, management succession planning and performance evaluation of the CEO(s)(if any).

The Nomination Committee is entrusted with the responsibility of conducting an annual evaluation of each Director on their effectiveness and independence. This assessment process includes discussion by the Nomination Committee on the performance of each Director and results of the assessment will be recorded in the respective Evaluation Forms to be kept by the Company Secretary. The recommendations of the Nomination Committee will be presented to the Board for consideration. The Board has adopted the Policy On Directors' Tenure And Effectiveness ("the Policy") which serves as a guide for the Nomination Committee when assessing the effectiveness of each Director and their independence (in the case of Independent Directors). As outlined in the Policy, the following factors would be taken into consideration by the Nomination Committee when evaluating the performance and effectiveness of a Director:-

- depth of knowledge and understanding of the businesses of the Group and whether equipped with appropriate skills to meet job requirements;
- ability to contribute towards the setting of strategic direction of the Group and achievement of the Group's goals;
- time commitment including attendance and participation in Board/Committees' meetings and directorships held in other companies;
- ability to constructively challenge business propositions put forward by Management;
- ensures that adequate systems and controls to safeguard the interests of the Group are in place;
- continuous updating of knowledge and enhancing of skills through attendance of business related trainings; and
- in the case of Independent Directors, met the criteria of independence outlined in the Policy and able to ensure effective checks and balances in the Board's decision making process.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

2. STRENGTHEN COMPOSITION (CONT'D)**(c) Nomination Committee (cont'd)**

The Board has yet to formalize a policy on Boardroom diversity and does not set any specific diversity targets in the Boardroom. Nonetheless, The Company already has a well-diversified Board and the current composition of the Board with a female director serves well to Recommendation 2.2 of the Code. The Company recognizes and embraces the benefits of having a diverse Board, and seeing increasing diversity at Board level as an essential element in maintaining a competitive advantage. Diversity will be considered in determining the optimum composition of the Board and all appointments will be based on merit, having due regard to the overall effectiveness of the Board.

The Nomination Committee has met once during the financial year, to review and recommend the re-election of Directors who are subject to retirement by rotation at the Annual General Meeting of the Company as well as to carry out an annual review on:-

- the effectiveness of the Board, the Board Committees and the contribution and performance of each individual Director;
- the composition and size of respective Boards of the Group and the board balance between Executive Directors, Non-Executive Directors and Independent Directors;
- the independency of Independent Directors;
- the required mix of skills, experience, qualification and other core competencies of the respective Boards of the Group; and
- the training programmes attended by the Directors during the financial year.

(d) Remuneration Committee

The Remuneration Committee comprises 1 Independent Non-Executive Director and 2 Non-Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director. It meets as and when required but the full Committee shall meet not less than once a year.

The Remuneration Committee's objective is to provide a formal and transparent procedure for developing remuneration policy for Directors and CEO(s) (if any) and ensure that compensation is competitive and consistent with the Group's culture, objectives and strategy. The Remuneration Committee is authorised by the Board to:-

- recommend a framework for the remuneration of Directors and CEO(s) (if any) for the Board's approval;
- recommend specific remuneration package for Executive Director(s) and CEO(s) (if any) of the Group; and
- recommend remuneration package for Non-Executive Directors.

All Directors are provided with directors' fees. The directors' fees are approved by the shareholders at the Annual General Meeting ("AGM"). Audit Committee Members and Independent Directors of other Board Committees are also remunerated with meeting allowances. The Group also reimburses reasonable expenses incurred by Directors in the course of carrying out their duties as Directors.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

2. STRENGTHEN COMPOSITION (CONT'D)

(d) Remuneration Committee (cont'd)

The details of Directors' remuneration (including their remuneration for services rendered on group basis) for the FY2016 are as follows:-

	Salary (RM)	Fee & Meeting Allowance (RM)	Other Emoluments* (RM)	Total (RM)
Non-Executive Directors #^:				
- received from the Company	1,200,000	219,000	300,500	1,719,500
- received on group basis	1,200,000	291,000	917,820	2,408,820

The number of Directors in office at the end of the financial year and their total remuneration received from the Company and the Group categorized into the various bands are as follows:-

	Number of Directors	
	Received from the Company	Received on Group basis
Non-Executive Directors #^:		
RM50,000 and below	4	2
RM50,001 - RM100,000	-	2
RM300,001 - RM350,000	1	-
RM2,150,001 - RM2,220,000	-	1

Notes:-

* Other emoluments comprise bonus, allowances, EPF and SOCSO contributions and estimated monetary value of benefits-in-kind.

^ Excluding a director appointed subsequent to the FY2016.

1 Non-Executive Director of the Company also serve as Executive Director of a principal subsidiary of the Company. 2 Non-Executive Directors of the Company also serve as Non-Executive Directors of a principal subsidiary of the Company.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

3. REINFORCE INDEPENDENCE**(a) Assessment Of Independent Directors**

During the financial year, the Nomination Committee has conducted an assessment of the performance of all Directors and was satisfied with the results of the assessment on individual Directors. The assessment of the Independent Directors also took into consideration whether they were able to exercise independent judgment objectively and whether they met the criteria of independence as prescribed by the Main Market Listing Requirements ("LR") of Bursa Securities. The Independent Non-Executive Directors of the Company have executed the Declaration of Independence, confirming their independence pursuant to the LR as well as the Company's Policy on Directors' Tenure and Effectiveness.

(b) Tenure Of Independent Directors

The Code recommends that the tenure of an Independent Director should not exceed a cumulative term of 9 years. The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than 9 years. Y.A.M. Tengku Syed Badarudin Jamalullail, an Independent Director of the Company has served the Company for over 13 years since February 2003. The Nomination Committee has assessed and is satisfied that Y.A.M. Tengku Syed Badarudin Jamalullail:-

- (a) has the capacity to defend his view without any influence of Management and has retained independence of character and judgment;
- (b) understands the businesses of the Group, the operating environment and challenges and therefore is able to contribute to the development of strategies and direction of the Group; and
- (c) is able to devote time and commitment to attend to the performance of the functions and duties as an Independent Director, including attendance at Board and Board Committees' Meetings.

The Board is also satisfied that the length of service of Y.A.M. Tengku Syed Badarudin Jamalullail will not compromise his independence nor impede his duties as an Independent Director and hence will be seeking shareholders' approval at the forthcoming AGM of the Company that Y.A.M. Tengku Syed Badarudin Jamalullail continues to serve as an Independent Director of the Company.

(c) Separation Of Roles Of Chairman And CEO

The Chairman of the Company is a Non-Executive Director and the Company being an investment holding company does not have a CEO position.

(d) Retirement and Re-election of Directors

In accordance with the Company's M&A, all Directors shall retire from office at least once in every 3 years and are eligible to offer themselves for re-election. Directors who are appointed by the Board are subject to election by the shareholders at the next AGM following their appointments. Directors over 70 years of age are required to submit themselves for re-appointment annually in accordance to Section 129(6) of the Companies Act, 1965.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

4. FOSTER COMMITMENT**(a) Time Commitment**

As provided in the Board Charter, the Board expects its members to allocate sufficient time to carry out their responsibilities. The Board will obtain this commitment from its members at the time of appointment. For existing Directors, they are required to notify the Chairman before accepting new directorship. The notification shall include a commitment that they will continue to be in a position to allocate sufficient time to meet the expectation of their role as a Director. In line with the LR of Bursa Securities, each Director shall not hold more than 5 directorships in listed companies.

(b) Directors' Training

The Board acknowledges the importance of continuous education and training to enable effective discharge of its duties and encourages Directors to attend talks, training programmes and seminars to update themselves on new developments in the business environment. All Directors have attended the Mandatory Accreditation Training Programme ("MAP"). The Board through the Nomination Committee has and will continue to evaluate and determine the training needs of its Directors on an annual basis.

During the FY2016, all Directors have attended training courses. Some of the training programmes/seminars/lectures attended by Directors during the financial year were:-

- A Practical Insight and Managing Shareholders' Expectations
- Singapore Equities Dialogue 2016: Navigating the Path to Growth
- Presentation and Q&A on SGX's Sustainability Reporting requirement
- China's new economic course: Navigating turbulence
- CG Breakfast Series with Directors – The Board's Response in Light of Rising Shareholders' Engagements
- Directors' Continuing Education Programme 2015 – New Auditor's Report, Impairment of Assets and Valuation of Investments, Cyber Security and IT Risks Management, Directors' and Officers' Liability Insurance
- Board Chairman Series Part 2 – Leadership Excellence from the Chair
- CG Breakfast Series: Board Reward & Recognition
- CG Breakfast Series: Future of Auditor Reporting – The Game Changer for Boardroom
- Nominating Committee Programme Part 2 – Effective Board Evaluations
- Launch of the Board Risk Committee Guide & ASEAN Corporate Governance Scoreboard
- Directors' Continual Training – The working of ACRA's Financial Reporting Surveillance Programme, Goods and Services Tax Briefing and Corporate Governance Briefing
- SID Directors' Conference 2015: Boards and Innovation
- Launch of Nominating Committee Guide
- Risk Management & Internal Control – Is Our Line of Defence Adequate and Effective?

Visits by the Directors to the Group's businesses and meetings with senior management are also arranged for enhancement of their knowledge particularly in respect of the operations of the Group.

The Board were also updated during the Board Meetings from time to time on regulatory and statutory developments relating to the duties and responsibilities of Directors as well as compliance affecting the Group.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING**(a) Financial Reporting**

The Board aims to present a balanced and clear assessment of the Group's financial positions and prospects in the financial statements and quarterly announcements to shareholders, investors and regulatory authorities in line with the financial reporting standards.

The Board is assisted by the Audit Committee to oversee the financial reporting processes and the quality of financial reporting of the Group. All quarterly financial reports and financial statements are reviewed and discussed by the Audit Committee before they are tabled to the Board for consideration. The Statement of Directors' Responsibility in respect of the preparation of the annual audited financial statements is set out in paragraph 8 herein.

(b) Assessment Of Independence Of External Auditors

The Company has in placed a Policy and Procedures For Engagement of Statutory Auditors In Relation To Non-Audit Services ("Non-Audit Services Policy"). Under the Non-Audit Services Policy, the assessment of the objectivity and independence of the auditors lies with the Board which delegates the functions to the Audit Committee. Provision of non-audit services by the statutory auditors must be assessed and approved by the Audit Committee of the Company. The Audit Committee assesses and ensures that the provision of non-audit services by the auditors do not interfere with the exercise of independent judgment by the auditors and shall not be in conflict with its functions as statutory auditors. Factors to be considered by the Audit Committee are outlined in the Non-Audit Services Policy. The statutory auditors had given written assurance that for the audit of the financial statements of the Group for the FY2016, they have maintained their independence in accordance with their internal requirement and with the provisions of the By-Laws On Professional Independence of the Malaysian Institute of Accountants.

(c) Relationship with External Auditors

Through the Audit Committee, the Group has established a formal and transparent relationship with the external auditors.

The external auditors are invited to discuss the annual financial statements, their audit plan, audit findings and other special matters when necessary. In addition, the Independent members of the Audit Committee also meet the external auditors without the presence of Management twice a year.

6. RECOGNIZE AND MANAGE RISKS**(a) Internal Control And Risk Management**

The Board recognizes that it has overall responsibility for maintaining a system of internal controls and risk management for the Group that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations, as well as with internal procedures and guidelines.

The Statement On Risk Management And Internal Control which provides an overview of the state of internal control within the Group, is set out in pages 27 and 28 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

6. RECOGNIZE AND MANAGE RISKS (CONT'D)**(b) Internal Audit**

The Company has outsourced the internal audit function to an external professional services firm which reports directly to the Audit Committee. For reviews undertaken by the Internal Auditors during the financial year, please refer to the Audit Committee Report found at pages 29 and 30 of this Annual Report.

7. CORPORATE DISCLOSURE AND RELATIONS WITH SHAREHOLDERS

The Board recognizes the importance of accountability to its shareholders through proper and equal dissemination of information to its shareholders. Towards this end, the Board has established a Group Policy On Corporate Disclosure which provides guidance to the Board, management and employees on the Group's disclosure requirements and practices in disseminating material information to and in dealing with stakeholders, analysts, media and the investing public. The disclosure of material information is guided by the provisions of the LR.

The Company reaches out to its shareholders through:-

- (a) the distribution of its annual report
- (b) quarterly financial results announcements
- (c) various disclosures and announcements made to Bursa Securities
- (d) the Company's website at www.hwang.com.my which shareholders can access for information.

The Company's website at www.hwang.com.my contains the Company's corporate information including the Annual Reports, Board Charter, terms of references of Audit Committee and Nomination Committee, summarised version of the Directors' Code of Ethics And Business Conduct and movement of share price for the investing public's consumption.

The AGM is the principal forum for dialogue with shareholders, where shareholders are at liberty to raise questions pertaining to the agenda for discussion at the meeting.

Notice of the meeting and related documents are sent to shareholders at least 21 days before the meeting is to be held.

In line with the recent amendments to the LR, poll voting would be adopted for all resolutions set out in the Notice of AGM.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

8. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the Report of the Auditors set out in pages 42 and 43 of this Annual Report, is made with a view of enabling shareholders to distinguish the respective responsibilities of the Directors and the auditors in relation to the financial statements.

The Directors are required by the Companies Act, 1965 to prepare financial statements which give a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of each financial year and of the results for the financial year.

The Directors consider that in preparing the financial statements set out in pages 44 to 111, which have been prepared on a going concern basis, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used and that accounting standards which they consider applicable have been followed.

The Directors have the responsibility for taking reasonable steps to ensure that the Company and its subsidiaries cause to be kept such accounting and other records, that will sufficiently explain the transactions of the Company and its subsidiaries, that will at any time enable the financial position of the Company and its subsidiaries to be readily and properly audited, and that will enable the Directors to ensure that the financial statements comply with the requirements of the Companies Act, 1965.

The Directors also have a general responsibility to take such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

BOARD RESPONSIBILITY

The Board recognises the importance of maintaining a sound internal control system and risk management practices as well as good corporate governance. The Board affirms its overall responsibility for the internal control system of the Group, which includes the establishment of appropriate control environment and risk management framework as well as review of its adequacy and effectiveness to ensure that the value of shareholders' investments and the assets of the Group are safeguarded.

In view of the inherent limitations in any internal control system, the system is designed to manage rather than eliminate risks. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, fraud or loss. The internal control system includes internal, financial, operational, management information systems, organisation and compliance controls.

The risk management and internal control system of the Group involve management and personnel from both business and support units. The Board is responsible for determining key strategies and policies to address significant risks and control issues, whilst functional managers are responsible for the effective implementation of the Board's policies by designing, operating, monitoring and managing risks and control processes.

The Board has received assurance from the Senior Vice President, Corporate Affairs and Investment and the Head of Finance that the risk management and internal control system of the Group are, in all material aspects, operating adequately and effectively.

RISK MANAGEMENT FRAMEWORK

The Board regards risk management as an integral part of the Group's business operations, and that management of business risks continues to play an important role in ensuring that the business protects shareholders' value.

The Group has an ongoing process in place for identifying, evaluating, managing and reporting significant risks that may affect the achievement of its business objectives throughout the financial year under review and up to the date of this report. This process is reviewed by the Board from time to time to ensure that proper management of risks and appropriate measures are taken timely to mitigate any identified weaknesses in the control environment.

KEY INTERNAL CONTROL PROCESSES

The key elements of the internal control system of the Group which have been reviewed by the Board are described below:

- A clearly defined organisational structure with defined lines of job responsibilities and reporting lines, which assists in ensuring effective communication of risk control objectives as well as establishment of authority and accountability.
- Documented Delegation of Authority ("DoA") for key aspects of the businesses which provides a sound framework of authority and accountability within the organisation and facilitates proper corporate decision making at the appropriate level in the organisation's hierarchy. The authority limits as documented in the DoA are subject to periodic review as to its implementation and continuing suitability in meeting the business objectives and operational needs of the Group.
- All material information, which includes material contracts and new business initiatives, are tabled/circulated to the Board on a timely basis in order for the Board to be kept abreast with the performance and business activities of the Group. Information provided includes background or explanatory information relating to the subject matter brought before the Board, financial implications and rationale for the proposal. Minutes of meetings are maintained.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

KEY INTERNAL CONTROL PROCESSES (CONT'D)

The key elements of the internal control system of the Group which have been reviewed by the Board are described below: (cont'd):

- Comprehensive financial information, which covers analysis of financial performance and key financial ratios, are regularly provided to the Board. The finance functions of the Group ensure maintenance of proper accounting records and the reliability of the financial information in accordance with the statutory requirements.
- Financial budget and business plan of the companies in the Group are discussed and reviewed by the Board annually. Variances to the budget are reviewed periodically and the Board is updated with explanations for any major variances.
- Maintaining the professionalism and competence of the human resources of the Group through established recruitment procedures, performance appraisal system and training. All personnel are required to strictly adhere to the Code of Conduct of the Group.
- The internal audit functions of the Group are outsourced to BDO Governance Advisory Sdn. Bhd., which is mandated to perform periodic reviews on the adequacy and integrity of the risk management and internal control system of the Group. The results of reviews of the internal control and risk management processes by the Group internal auditors are reported to the Audit Committee. Periodic follow-up reviews are also conducted to ensure adequate and timely implementation of the Management's action plans. The work of the internal auditors focuses on areas of priority based on their annual risk assessment and the annual strategic audit plans approved by the Audit Committee. The Group internal auditors report to the Audit Committee.
- The Audit Committee holds regular meetings to discuss findings by both the internal and external auditors on the state of the internal control system and risk management processes and to make recommendations for improvement. Thereafter, the minutes of the Audit Committee meetings are tabled to the Board for review.

EFFECTIVENESS OF RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROL SYSTEM

The Board confirms that there is an ongoing process that has been in place throughout the financial year ended 31 July 2016 for identifying, evaluating and managing significant risks faced by the Group and that it has reviewed the adequacy and effectiveness of the risk management and internal control system within the Group for the financial year and has taken account of any material development up to the date of approval of this Statement. The process is regularly reviewed by the Board. No material losses were incurred during the financial year as a result of weaknesses in internal controls.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised 2015) issued by the Malaysian Institute of Accountants. RPG 5 (Revised 2015) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group.

This statement is made in accordance with the resolution of the Board of Directors dated 22 September 2016.

AUDIT COMMITTEE REPORT

Activities Of The Audit Committee

During the FY2016, 4 meetings were held by the Audit Committee (“Committee”) of the Company. The Committee comprises the following members and details of attendance of each member at the Committee’s meetings held during the financial year are as follows: -

Composition of The Committee	No. Of Meetings Attended
1. Y.A.M. Tengku Syed Badarudin Jamalullail (Chairman/Independent Non-Executive Director)	4 out of 4 meetings
2. Teoh Teik Kee (Member/Non-Independent Non-Executive Director)	4 out of 4 meetings
3. Ooi Chooi Li (Member/Independent Non-Executive Director)	4 out of 4 meetings

The Terms & Reference of the Committee can be viewed on the Company's website at www.hwang.com.my.

During the financial year, the Committee performed the duties as set out in its Terms of Reference. The main areas of focus of the Committee are set out below and where necessary, the Committee directed actions to be taken by Management:-

- The audited financial statements for FY2016 and unaudited quarterly financial results announcements of the Group focusing particularly on any changes in or implementation of accounting policies and practices, significant and unusual events and compliance with accounting standards and other legal requirements. The legal and regulatory environment was monitored and consideration given to changes in law, regulation, accounting policies and practices including the new Auditor Reporting Standards – ISA 701 on key audit matters, and the additional disclosure requirements under the amended LR of Bursa Securities.
- The external auditor’s scope of work and the audit plan and their audit fees.
- The adequacy of the internal audit plans, the implementation of the approved audit plans and resource requirements of the internal audit function.
- The internal audit reports which highlighted the audit issues, recommendations and management’s response.
- Group’s related party transactions.
- Disclosure requirements in the Annual Report of the Company in compliance with the provisions of the LR of Bursa Securities in relation to the Corporate Governance Statement, Audit Committee Report, Statement on Risk Management and Internal Control and financial results.
- The objectivity, performance and independence of the external auditors and internal auditors. Based on the assessment of the objectivity, performances, independence, capability and adequacy of resources of the internal and external auditors, the Committee had recommended the reappointment of internal and external auditors of the Group to the Board for approval. Resolution concerning the reappointment of external auditors will be proposed to shareholders at the forthcoming AGM to be held in November 2016.
- Audits and accounting findings in respect of the financial statements of the Company and its subsidiaries. There were neither findings nor internal control recommendations from the external auditors arising from their statutory audit of the Company and its subsidiaries for the FY2016.

AUDIT COMMITTEE REPORT (CONT'D)

Activities Of The Audit Committee (cont'd)

The Committee acted as a forum for discussion of internal control, risk management, compliance issues and other related matters that contributed to the Group's overall governance profile and transparency, as well as Board's review of the effectiveness of the Group's system of internal controls.

During the financial year, the Independent members of the Committee met the external auditors twice without the presence of management whereby matters discussed include issues or observations noted by the external auditors during the course of their audit.

Internal Audit Functions

The Group has outsourced the internal audit function to an external professional services firm which reports directly to the Committee. The internal auditors adopted risk based approach in arriving at the areas to be reviewed and the scope of the internal audit function is broad and includes those systems of internal controls that are in place to achieve the following objectives:

- Compliance with legislation, regulations, policies and procedures;
- Economy and efficiency of operations;
- Safeguarding of assets;
- Reliability and integrity of financial and operational information; and
- Achievement of operational objectives.

The internal auditors carry out audit assignments based on audit plan that is reviewed and approved by the Committee. During the financial year, internal auditors undertook independent reviews of the system of internal controls and risk management processes in key aspects of business operations of core subsidiary company, HDM Capital Sdn Bhd. The main area of audits were on the credit management of term loan financing, financial reporting and month end closing procedures and controls. Audit findings and areas of concern that need improvements were highlighted in the internal audit reports and reviewed by the Committee. The internal auditors also monitored management's corrective action plans in order to obtain assurance that all key risks and control concerns have been duly addressed. The total cost incurred in discharging the internal audit function for the FY2016 was RM26,680.

OTHER COMPLIANCE INFORMATION

1. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts (not being contracts entered into in the ordinary course of business) subsisting as at 31 July 2016 or if not then subsisting, entered into since the end of the previous financial year by the Company or its subsidiaries, which involved the interests of the Directors or major shareholders.

2. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

As at 30 September 2016, the status of utilisation of proceeds raised from the disposal of 100% equity interest in HwangDBS Investment Bank Berhad and its subsidiaries and associate in the financial year ended 31 July 2014 is as follows:-

Purpose	Note	Proposed Utilisation RM'000	Amount Utilised RM'000	Unutilised RM'000
Special cash dividend to shareholders		637,897	637,897	-
General working capital requirements		73,683	73,683	-
General investment in liquid assets		75,000	75,000	-
Potential acquisition of new business	(i)	250,000	-	250,000
Repayment of borrowings		310,000	310,000	-
Expenses incurred on disposals of subsidiaries and associate		14,000	14,000	-
		1,360,580	1,110,580	250,000

Note:-

- (i) The initial intended timeframe for utilisation of the proceeds allocated for potential acquisition of new business was within twelve months from the date of completion of disposals of subsidiaries and associate on 7 April 2014. The timeframe was subsequently extended for a twelve-month period from 7 April 2015. Pending identification of a potential viable business, the timeframe is further extended for another twelve months from 7 April 2016.

Proceeds not utilised as at 30 September 2016 are invested in unit trusts and deposits with financial institutions.

3. AUDIT AND NON-AUDIT FEES

The audit fees paid/payable to the auditors of the Company by the Company and the group for FY2016 amounted to RM76,500 and RM138,000 respectively.

The non-audit fees paid/payable to the auditors of the Company by the Company and the group for FY2016 amounted to RM9,000.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2016

Authorised Capital	:	RM1,000,000,000.00
Issued and Fully Paid	:	RM255,158,900.00
Class of Shares	:	Ordinary Shares of RM1.00 each fully paid
No. of Shareholders	:	2,196
Voting Right	:	One vote per ordinary share

Distribution Schedule of Shareholders

Size of Holdings	No. of Shareholders	%	No. of Shares	% of Issued Share Capital
Less than 100	15	0.68	473	0.00
100 - 1,000	1,263	57.51	1,210,532	0.47
1,001 - 10,000	776	35.34	2,930,087	1.15
10,001 - 100,000	120	5.46	3,283,350	1.29
100,001 - less than 5% of issued shares	19	0.87	39,632,677	15.53
5% and above of issued shares	3	0.14	208,101,781	81.56
	2,196	100.00	255,158,900	100.00

Thirty Largest Shareholders

Name of Shareholders	No. of Shares	% of Issued Share Capital
1 Hwang Enterprises Sdn Bhd	128,101,781	50.20
2 DBS Vickers Securities (Malaysia) Pte Ltd (in liquidation)	60,000,000	23.51
3 HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hwang Enterprises Sdn Bhd	20,000,000	7.84
4 CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An For DBS Bank Ltd	10,600,000	4.15
5 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hwang Lip Teik	8,500,000	3.33
6 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hwang Enterprises Sdn Bhd	8,000,000	3.14
7 Chua Holdings Sdn Bhd	4,171,658	1.63
8 Hwang Lip Teik	1,890,119	0.74
9 Southern Consortium Sdn Bhd	1,772,000	0.69

ANALYSIS OF SHAREHOLDINGS (CONT'D)
AS AT 30 SEPTEMBER 2016

Thirty Largest Shareholders (cont'd)

Name of Shareholders		No. of Shares	% of Issued Share Capital
10	Wang Hui Tzu	1,000,000	0.39
11	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd	820,100	0.32
12	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank For Joyce Matilda A/P James Devaraj David	549,000	0.22
13	Chui Kah Peng	387,700	0.15
14	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chee Shu Ying	343,500	0.13
15	Maybank Nominees (Tempatan) Sdn Bhd Ho Fook Seng @ Ho Pock Seng	300,000	0.12
16	Lim Kuan Gin	250,000	0.10
17	Maybank Nominees (Tempatan) Sdn Bhd Chee Shu Ying	245,500	0.10
18	Yayasan Melaka	203,100	0.08
19	Hong Bee Hardware Company, Sdn. Berhad	200,000	0.08
20	CBH Holdings Sdn.Bhd.	150,000	0.06
21	Ang Koh Seng	130,000	0.05
22	Foo Say Jong	120,000	0.05
23	Yeoh Tiong Lay	100,000	0.04
24	Ho Fook Seng @ Ho Pock Seng	98,000	0.04
25	Chia Choon Kwang @ Chai Choon Kwang	90,000	0.04
26	Eddy Toh Tze Shyeng	75,100	0.03
27	Ng Teck Lin	70,500	0.03
28	Yau Min Lan	70,000	0.03
29	Maybank Nominees (Tempatan) Sdn Bhd Chuah Seong Aun	60,000	0.02
30	Tan Tai Ngee	53,000	0.02
Total:		248,351,058	97.33

ANALYSIS OF SHAREHOLDINGS (CONT'D)
AS AT 30 SEPTEMBER 2016**Substantial Shareholders**

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 30 September 2016 were as follows:-

Name of Shareholders		Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
Hwang Lip Teik	(a)	10,390,119	4.07	156,101,781	61.18
Hwang Lip Koon	(a)	-	-	156,101,781	61.18
Hwang Enterprises Sdn Bhd		156,101,781	61.18	-	-
DBS Vickers Securities (Malaysia) Pte Ltd (in liquidation)		60,000,000	23.51	-	-
DBS Securities Holding Pte Ltd (in liquidation)	(b)	-	-	60,000,000	23.51
DBS Vickers Securities Holdings Pte Ltd	(c)	-	-	60,000,000	23.51
DBS Bank Ltd.	(d)	10,600,000	4.15	60,000,000	23.51
DBS Group Holdings Ltd	(e)	-	-	70,600,000	27.67
Maju Holdings Pte Ltd	(f)	-	-	70,600,000	27.67
Temasek Holdings (Private) Limited	(g)	-	-	70,600,000	27.67
Minister for Finance, Singapore	(h)	-	-	70,600,000	27.67

Notes:

- (a) Deemed interested through Hwang Enterprises Sdn Bhd
(b) Deemed interested through DBS Vickers Securities (Malaysia) Pte Ltd (in liquidation)
(c) Deemed interested through DBS Securities Holding Pte Ltd (in liquidation)
(d) Deemed interested through DBS Vickers Securities Holdings Pte Ltd
(e) Deemed interested through DBS Bank Ltd
(f) Deemed interested through DBS Group Holdings Ltd
(g) Deemed interested through DBS Group Holdings Ltd and Maju Holdings Pte Ltd
(h) Deemed interested through Temasek Holdings (Private) Limited

ANALYSIS OF SHAREHOLDINGS (CONT'D)
AS AT 30 SEPTEMBER 2016

Directors' Shareholdings

In the Company

Name of Directors		Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
Hwang Lip Teik	(a)	10,390,119	4.07	156,101,781	61.18
Ang Teik Siew (Ang Teik Lim Eric)		-	-	-	-
Y.A.M. Tengku Syed Badarudin Jamalullail		-	-	-	-
Teoh Teik Kee		-	-	-	-
Ooi Chooi Li		-	-	-	-
Hwang Lip Koon	(a)	-	-	156,101,781	61.18

Note:

(a) Deemed interested through Hwang Enterprises Sdn Bhd

In the related corporation – Hwang Enterprises Sdn Bhd

Name of Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Hwang Lip Teik	6,160,000	61.60	-	-
Hwang Lip Koon	2,289,000	22.89	-	-

By virtue of their interest in shares in the Company, both Hwang Lip Teik and Hwang Lip Khoon are also deemed to have interest in the shares in all the subsidiaries to the extent that the Company has interest.

Save as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations.

PARTICULARS OF PROPERTIES HELD

BY HWANG CAPITAL GROUP

Location	Description of Property	Tenure	Approximate Area (Sq. Ft.)	Approximate Age (Years)	Net Book Value as at 31/07/2016 (RM)	Date of Acquisition
Levels 2, 3 & 4, Wisma Sri Pinang, 60 Green Hall, 10200 Penang	Office	Freehold	25,399	32	4,160,367	01/03/1993
Level 7, Wisma Sri Pinang, 60 Green Hall, 10200 Penang	Office	Freehold	9,483	32	1,853,311	10/03/1994
Level 8, Wisma Sri Penang, 60 Green Hall, 10200 Penang	Office	Freehold	8,568	28	1,317,168	10/03/1994
A 7-storey building bearing address Wisma Sri Penang II, 42 Green Hall, 10200 Penang	Office	Freehold	36,187	18	8,695,358	01/08/1996
Unit 19-3A, D'Mayang Condominium, 16, Jalan Mayang, 50450 Kuala Lumpur	Residential	Freehold	1,593	22	559,903	06/10/1995
21, Lorong Perwira 7, Taman Perwira, 14100 Simpang Ampat, Seberang Perai Tengah, Penang	Residential	Freehold	1,092	19 1/2	56,365	29/09/1998
Grant Nos. 44963, 44964 and 44965, Lot Nos. 288, 289 and 290 all of North East District, Tanjung Bungah, Penang	Vacant land	Freehold	39,460	-	1,229,810	12/06/2001
Level 7, Johor Bahru City Square (Office Tower), 106-108, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor	Office	Leasehold 99 years expiring in 2091	18,648	17	4,914,289	20/06/2001
No. 70 A, B & C, Jalan Mawar Satu, Taman Pekan Baru, 08000 Sungai Petani, Kedah	Shoplot	Leasehold 99 years expiring in 2091	5,250	19 1/2	517,937	29/04/2002
No. 2 & 4, Jalan Perda Barat, Bandar Perda, 14000 Bukit Mertajam, Penang	Shoplot	Freehold	3,930	17	1,391,167	11/06/2007

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DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

The directors submit their report together with the audited financial statements of the group and of the company for the financial year ended 31 July 2016.

PRINCIPAL ACTIVITIES

The principal activity of the company during the financial year is that of investment holding. The principal activities of the subsidiaries are as set out in note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to equity holders of the company	35,023	21,762

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.

DIVIDENDS

The dividend paid by the company since the end of the previous financial year is as follows:

	RM'000
In respect of the financial year ended 31 July 2015:	
Final single tier dividend of 10.0 sen per share, paid on 18 December 2015	25,516

The directors now recommend the payment of a final single tier dividend of 3.0 sen per share, amounting to RM7,654,767 in respect of the financial year ended 31 July 2016, based on the issued and paid-up share capital of the company as at 31 July 2016, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the company. This proposed dividend will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 July 2017 when approved by the shareholders.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

SHARE CAPITAL

There was no change in the issued and paid-up share capital of the company during the financial year.

DIRECTORS' REPORT (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

DIRECTORS

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

Hwang Lip Teik
Ang Teik Siew (Ang Teik Lim Eric)
Y.A.M. Tengku Syed Badarudin Jamalullail
Teoh Teik Kee
Ooi Chooi Li
Hwang Lip Koon (appointed on 5 September 2016)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the company and its related corporations during the financial year are as follows:

	Number of ordinary shares of RM1 each			
	1 August 2015	Addition	Disposal	31 July 2016
The company				
Direct interest				
Hwang Lip Teik	10,390,119	-	-	10,390,119
Teoh Teik Kee	256,000	-	(256,000)	-
Indirect interest				
Hwang Lip Teik	68,102,000	87,597,981	(430,000)	155,269,981
	Number of ordinary shares of RM1 each			
	1 July 2016	Addition	Disposal	31 July 2016
Hwang Enterprises Sdn. Bhd.				
Direct interest				
Hwang Lip Teik	6,160,000	-	-	6,160,000

By virtue of his interests in shares in the company, Hwang Lip Teik is also deemed to have interests in the shares in all the subsidiaries to the extent that the company has interests.

Other than the above, none of the other directors in office at the end of the financial year had any interest in the shares in the company and its related corporations.

DIRECTORS' REPORT (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than the directors' remuneration as shown in note 27 to the financial statements) by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than benefits that may be deemed to have arisen in relation to transactions entered into in the ordinary course of business as disclosed in note 33 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 by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the group and of the company were made out, the directors took reasonable steps:

- (a) to ascertain the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

- (a) which would render the amounts written off or allowed for bad and doubtful debts of the group and of the company inadequate to any material extent or the values attributed to current assets of the group and of the company misleading; and
- (b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the group and of the company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the group and of the company for the financial year in which this report is made except for the subsequent events disclosed in note 41 to the financial statements; and
- (b) no charge has arisen on the assets of any company in the group which secures the liability of any other person nor has any contingent liability arisen in any company in the group.

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

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

IMMEDIATE AND ULTIMATE HOLDING COMPANY

Subsequent to 1 July 2016, the directors regard Hwang Enterprises Sdn. Bhd., a company incorporated in Malaysia, as the immediate and ultimate holding company.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are as disclosed in note 40 to the financial statements.

OTHER MATTERS

The supplementary information set out on page 112 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

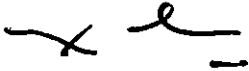
AUDITORS

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

In accordance with a resolution of the Board of Directors dated 22 September 2016.



Y.A.M. TENGKU SYED BADARUDIN JAMALULLAIL
Director



HWANG LIP TEIK
Director

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HWANG CAPITAL (MALAYSIA) BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Hwang Capital (Malaysia) Berhad on pages 44 to 111, which comprise the statements of financial position of the group and of the company as at 31 July 2016, and the statements of income, comprehensive income, changes in equity and cash flows of the group and of the company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out in Notes 1 to 42.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)
TO THE MEMBERS OF HWANG CAPITAL (MALAYSIA) BERHAD

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 112 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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



PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants



ONG CHING CHUAN
(No. 2907/11-17 (J))
Chartered Accountant

Penang
22 September 2016

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current assets					
Property, plant and equipment	5	2,550	2,866	3	65
Investment properties	6	22,819	23,480	-	-
Intangible assets	7	378	503	-	16
Investments in subsidiaries	8	-	-	32,000	32,000
Securities available-for-sale ("AFS")	9	7,304	3,752	4,567	1,491
Other investments	10	470	473	413	416
Loans, advances and financing	11	291,302	309,225	-	-
Deferred tax assets	12	4,189	3,515	65	18
		329,012	343,814	37,048	34,006
Current assets					
Securities available-for-sale ("AFS")	9	427,404	422,276	427,404	422,276
Loans, advances and financing	11	62,892	58,169	-	-
Trade receivables	13	98	56	-	-
Amounts due from subsidiaries	33(c)	-	-	201,488	227,582
Other receivables, deposits and prepayments	14	5,686	5,955	486	73
Tax recoverable		524	-	-	-
Deposits, cash and bank balances	15	24,868	10,537	21,517	7,591
		521,472	496,993	650,895	657,522
Total assets		850,484	840,807	687,943	691,528
Non-current liabilities					
Deferred tax liabilities	12	173	174	-	-
Current liabilities					
Other payables and accruals	16	12,459	12,685	610	412
Taxation		274	566	232	474
		12,733	13,251	842	886
Total liabilities		12,906	13,425	842	886
Equity attributable to equity holders of the company					
Share capital	17	255,159	255,159	255,159	255,159
Reserves	18	582,419	572,223	431,942	435,483
Total equity		837,578	827,382	687,101	690,642
Total liabilities and equity		850,484	840,807	687,943	691,528

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

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Operating revenue	19	62,839	64,782	26,230	25,621
Net gain on disposals of investment properties	20	-	11,347	-	-
Other income	21	2,656	5,034	167	2,090
Personnel costs	22	(9,275)	(9,032)	(1,052)	(514)
Depreciation and amortisation (Allowances)/Write back of allowances for impairment loss on:	23	(1,178)	(1,357)	(77)	(262)
- loans, advances and financing	24	(7,692)	(5,428)	-	-
- trade receivables	13	(107)	-	-	-
- investments in subsidiaries		-	-	-	11
Other expenses	25	(5,267)	(5,992)	(1,048)	(627)
		41,976	59,354	24,220	26,319
Finance costs	26	(24)	(499)	-	-
Profit before taxation		41,952	58,855	24,220	26,319
Taxation	28	(6,929)	(9,143)	(2,458)	(2,840)
Profit for the financial year		35,023	49,712	21,762	23,479
Attributable to:					
Equity holders of the company		35,023	49,712	21,762	23,479
Basic earnings per share attributable to equity holders of the company (sen)	29	13.73	19.48		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

	Note	Group		Company	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Profit for the financial year		35,023	49,712	21,762	23,479
Other comprehensive income:	30				
Items that may be reclassified subsequently to profit or loss					
Net change in fair value of securities AFS		689	422	213	32
Total comprehensive income for the financial year		35,712	50,134	21,975	23,511
Attributable to:					
Equity holders of the company		35,712	50,134	21,975	23,511

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

	Note	Attributable to equity holders of the company						Total equity RM'000
		Issued and fully paid ordinary shares of RM1 each		Capital redemption reserve RM'000	Share premium RM'000	AFS reserve RM'000	Retained profits RM'000	
		Number of shares '000	Nominal value RM'000					
Group								
At 1 August 2015		255,159	255,159	10,686	17,029	422	544,086	827,382
Profit for the financial year		-	-	-	-	-	35,023	35,023
Other comprehensive income for the financial year	30	-	-	-	-	689	-	689
Total comprehensive income for the financial year		-	-	-	-	689	35,023	35,712
Final dividend in respect of the financial year ended 31 July 2015	31	-	-	-	-	-	(25,516)	(25,516)
At 31 July 2016		255,159	255,159	10,686	17,029	1,111	553,593	837,578
At 1 August 2014		255,159	255,159	10,686	17,029	-	500,753	783,627
Profit for the financial year		-	-	-	-	-	49,712	49,712
Other comprehensive income for the financial year	30	-	-	-	-	422	-	422
Total comprehensive income for the financial year		-	-	-	-	422	49,712	50,134
Final dividend in respect of the financial year ended 31 July 2014		-	-	-	-	-	(6,379)	(6,379)
At 31 July 2015		255,159	255,159	10,686	17,029	422	544,086	827,382

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

	Note	Issued and fully paid ordinary shares of RM1 each		Non-distributable			Distributable	Total equity RM'000
		Number of shares '000	Nominal value RM'000	Capital redemption reserve RM'000	Share premium RM'000	AFS reserve RM'000	Retained profits RM'000	
Company								
At 1 August 2015		255,159	255,159	10,686	17,029	32	407,736	690,642
Profit for the financial year		-	-	-	-	-	21,762	21,762
Other comprehensive income for the financial year	30	-	-	-	-	213	-	213
Total comprehensive income for the financial year		-	-	-	-	213	21,762	21,975
Final dividend in respect of the financial year ended 31 July 2015	31	-	-	-	-	-	(25,516)	(25,516)
At 31 July 2016		255,159	255,159	10,686	17,029	245	403,982	687,101
At 1 August 2014		255,159	255,159	10,686	17,029	-	390,636	673,510
Profit for the financial year		-	-	-	-	-	23,479	23,479
Other comprehensive income for the financial year	30	-	-	-	-	32	-	32
Total comprehensive income for the financial year		-	-	-	-	32	23,479	23,511
Final dividend in respect of the financial year ended 31 July 2014		-	-	-	-	-	(6,379)	(6,379)
At 31 July 2015		255,159	255,159	10,686	17,029	32	407,736	690,642

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

Note	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
OPERATING ACTIVITIES				
Profit for the financial year	35,023	49,712	21,762	23,479
Adjustments for:				
Depreciation and amortisation:				
- property, plant and equipment	387	550	61	213
- investment properties	661	662	-	-
- intangible assets	130	145	16	49
Net gain on disposals of:				
- property, plant and equipment	(40)	(40)	(40)	-
- investment properties	-	(11,347)	-	-
- securities AFS	-	(2,087)	-	(2,087)
- other investments	(2)	(26)	(2)	(26)
Property, plant and equipment written off	2	29	-	-
Net unrealised gain on foreign exchange	(6)	-	(6)	-
Allowances/(Write back of allowances) for impairment loss on:				
- loans, advances and financing	8,145	5,734	-	-
- trade receivables	107	-	-	-
- investments in subsidiaries	-	-	-	(11)
Interest expense	24	499	-	-
Income distributions from securities AFS	(15,435)	(13,772)	(15,292)	(13,701)
Taxation	6,929	9,143	2,458	2,840
	902	(10,510)	(12,805)	(12,723)
	35,925	39,202	8,957	10,756
Changes in operating assets and liabilities:				
Decrease/(Increase) in receivables	5,005	17,235	(404)	(1)
Increase/(Decrease) in payables	820	(17,319)	198	(14,440)
Cash generated from/(used in) operations	41,750	39,118	8,751	(3,685)
Taxation paid	(8,240)	(9,262)	(2,747)	(2,400)
Net operating cash flow	33,510	29,856	6,004	(6,085)

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

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

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
INVESTING ACTIVITIES					
Proceeds from disposals of:					
- property, plant and equipment		41	78	41	-
- investment properties		-	24,331	-	-
- other investments		5	110	5	110
Purchases of:					
- property, plant and equipment	5	(75)	(519)	-	(6)
- intangible assets		(5)	(501)	-	-
Net purchase of securities AFS		(7,991)	(101,758)	(7,991)	(99,887)
Income distributions from securities AFS received		15,408	13,701	15,266	13,701
Repayment of advances by subsidiaries		-	-	26,094	26,935
Capital distributions by subsidiaries (in liquidation)		-	-	-	137
Net investing cash flow		7,383	(64,558)	33,415	(59,010)
FINANCING ACTIVITIES					
Dividend paid		(25,516)	(6,379)	(25,516)	(6,379)
Interest paid on borrowings		(24)	(503)	-	-
Net repayment of borrowings		-	(30,800)	-	-
Net financing cash flow		(25,540)	(37,682)	(25,516)	(6,379)
Net change in cash and cash equivalents		15,353	(72,384)	13,903	(71,474)
Cash and cash equivalents at beginning of the financial year		8,631	81,015	6,920	78,394
Cash and cash equivalents at end of the financial year	32	23,984	8,631	20,823	6,920

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

1 GENERAL INFORMATION

The principal activity of the company during the financial year is that of investment holding. The principal activities of the subsidiaries are as set out in note 8 to the financial statements. There have been 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 listed on the Main Market of Bursa Malaysia Securities Berhad.

The company's registered office and principal place of business is located at:

Level 8 Wisma Sri Pinang
60 Green Hall
10200 Penang

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the group and of the company have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies in note 3 to the financial statements and are in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the financial year. It also requires directors to exercise their judgment in the process of applying the accounting policies of the group and of the company. Although these estimates and assumptions are based on the management and directors' best knowledge of current events and actions, actual results may differ from those estimates.

The area involving a higher degree of judgment or complexity, or area where assumptions and estimates are significant to the financial statements is disclosed in note 4 to the financial statements.

- (a) MFRSs which are relevant to the group and the company and have not been early adopted

Effective for accounting period beginning on or after 1 January 2016

- Amendments to MFRS 5, Non-current Assets Held For Sale and Discontinued Operations (*Annual Improvements to MFRSs 2012-2014 Cycle*)
Introduce specific guidance for cases when an entity reclassifies an asset from held-for-sale to held-for-distribution to owners (or vice-versa), or when a held-for-distribution plan is discontinued. The amendments clarify that change of disposal method is considered a continuation of the original plan of disposal and does not change the date of classification of assets as either held-for-sale or held-for-distribution.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**

(a) MFRSs which are relevant to the group and the company and have not been early adopted (cont'd)

Effective for accounting period beginning on or after 1 January 2016 (cont'd)

- Amendment to MFRS 7, Financial Instruments: Disclosures
(Annual Improvements to MFRSs 2012-2014 Cycle)
Provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.
- Amendments to MFRS 10, MFRS 12 and MFRS 128, Investment Entities: Applying the Consolidation Exception
Provide clarifications on the exemption from preparing consolidated financial statements for an intermediate parent entity, a subsidiary providing services that relate to the parent's investment activities, application of the equity method by a non-investment entity investor to an investment entity investee and the disclosures required.
- Amendments to MFRS 101, Disclosure Initiative
The narrow-focus improvements to disclosure requirements aim to improve the effectiveness of disclosures and are designed to encourage entities to apply professional judgment in determining the information to be disclosed in the financial statements.
- Amendments to MFRS 116 and MFRS 138, Clarification of Acceptable Methods of Depreciation and Amortisation
Provide additional guidance on the methods to calculate depreciation or amortisation of property, plant and equipment or intangible assets respectively. The Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed. The Amendments to MFRS 138, on the other hand, introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate.
- Amendments to MFRS 127, Equity Method in Separate Financial Statements
Allow an entity to elect for using equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.
- Amendment to MFRS 134, Interim Financial Reporting
(Annual Improvements to MFRSs 2012-2014 Cycle)
Clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' as used in the standard. It requires such disclosures to be either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

Effective for accounting period beginning on or after 1 January 2017

- Amendments to MFRS 107, Disclosure Initiative
Require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

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

- (a) MFRSs which are relevant to the group and the company and have not been early adopted (cont'd)

Effective for accounting period beginning on or after 1 January 2017 (cont'd)

- Amendments to MFRS 112, Recognition of Deferred Tax Assets for Unrealised Losses
Clarify that in assessing whether deferred tax assets should be recognised, deductible temporary difference arising from unrealised losses on fixed-rate debt instrument measured at fair value should be compared with the entity's future taxable profits, excluding the effects of reversal of those temporary differences and tax law restrictions with regards to the utilisation of the deduction of the losses should also be considered.

Effective for accounting period beginning on or after 1 January 2018

- MFRS 9, Financial Instruments
(Complete version issued in November 2014)
It retains but simplifies the mixed measurement model in MFRS 139, Financial Instruments: Recognition and Measurement as well as establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception, to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in OCI rather than income statement, unless this creates an accounting mismatch.

MFRS 9 introduces a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- MFRS 15, Revenue from Contracts with Customers
Deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of the standard is that an entity recognises revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of the goods or services and thus, has the ability to direct the use and obtain the benefits from the goods or services. The standard includes new disclosures (quantitative and/or qualitative information) in respect of the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

MFRS 15 will be replacing MFRS 118, Revenue and the related interpretations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**

- (a) MFRSs which are relevant to the group and the company and have not been early adopted (cont'd)

Effective for accounting period beginning on or after 1 January 2019

- Clarifications to MFRS 15, Revenue from Contracts with Customers
Clarify on the application of the following principles:
 - (a) identifying whether performance obligations are distinct;
 - (b) determining whether an entity is a principal or an agent; and
 - (c) assessing whether revenue from a licence of intellectual property is recognised over time or at a point in time.

The Clarifications also introduce two additional new practical expedients to simplify transition to reduce the effort and cost of initial application of MFRS 15. There is no change in underlying principles of MFRS 15.

- MFRS 16, Leases
MFRS 16 will supersede MFRS 117, Leases and the related interpretations. It eliminates the distinction between finance lease (on balance sheet) and operating lease (off balance sheet). For lessee accounting, it applies a "right-of-use" approach which requires a lessee to recognise assets and liabilities for the rights and obligations created by lease contracts. There is no significant change to lessor accounting, except for certain improved or enhanced disclosures.

The adoption of the above MFRSs is not expected to have any significant impact on the financial statements of the group and of the company except for MFRS 9 and MFRS 15, of which the financial effects of adoption will be assessed by the group and the company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

The consolidated financial statements of the group include the financial statements of the company and all its subsidiaries made up to the end of the financial year.

Subsidiaries are all those entities over which the company has control. The company controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

Subsidiaries are consolidated using the acquisition method. Subsidiaries are consolidated from the date the group obtains control over the subsidiaries to the date control ceases. The consideration transferred for acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. Any gain arising from bargain purchase is recognised in profit or loss.

Any contingent consideration to be transferred is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is classified as a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gain or loss arising from inter-company transactions are eliminated and the consolidated financial statements reflect external transactions only. Losses resulting from intragroup transactions, which indicate an impairment loss, will be recognised in the consolidated income statements. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When an entity loses control of a subsidiary, the assets and liabilities and related equity components of the former subsidiary will be derecognised. All amounts previously recognised in other comprehensive income in relation to the former subsidiary shall be accounted for on the same basis as if the parent had directly disposed of the related assets or liabilities. Any investment retained in a former subsidiary is measured at its fair value at the date when control is lost and shall be regarded as the fair value or cost on initial recognition of the investment retained. Any resulting gain or loss arising from loss of control of a subsidiary, which comprises the difference between the fair value of considerations received and the group's share of its net assets of that subsidiary as of the date when control is lost and gain or loss arising from remeasurement of investment retained in the former subsidiary to its fair value, is recognised in profit or loss.

(b) Investments in subsidiaries

In the separate financial statements of the company, investments in subsidiaries are stated at cost less accumulated impairment losses. When the company loses control of a subsidiary, the difference between the fair value of considerations received and the carrying amount is recognised as the gain or loss in profit or loss of the company on derecognition of a subsidiary.

The accounting policy on the recognition and measurement of impairment loss is disclosed in note 3(g) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(c) Property, plant and equipment**

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

Capital work in progress is not depreciated. Depreciation of assets under capital work in progress commences when the assets are ready for their intended use and transferred to the respective classes of assets. Depreciation of other property, plant and equipment is calculated to write off the cost of each asset over its expected useful life on the straight line basis. The principal annual depreciation rates are as follows:

	%
Apartments, buildings and office units	2
Furniture, fixtures and fittings	10 - 20
Office equipment	20
Computer equipment	20 - 33 1/3
Motor vehicles	20
Renovations	10 - 20

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts of assets and are included in profit or loss.

The accounting policy on the recognition and measurement of impairment losses is disclosed in note 3(g) to the financial statements.

(d) Investment properties

Investment properties are properties which the group holds with the intention to earn rentals or for capital appreciation or both, and are not occupied by the group. These include land held for a currently undetermined future use. Such properties are initially recognised at cost including any directly attributable expenditure. Subsequently, investment properties are stated at cost less accumulated depreciation and impairment losses.

Freehold land is not depreciated. Buildings and office units are depreciated at a principal annual rate of 2% on the straight line basis to write off the cost of each asset over its expected useful life.

Transfer to, or from investment properties when, and only when, there is a change in use of the properties is made at the carrying amounts of the properties at the date of transfer.

Gains or losses on disposals of investment properties are determined by comparing proceeds with carrying amounts of assets and are included in profit or loss.

The accounting policy on the recognition and measurement of impairment loss is disclosed in note 3(g) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Intangible assets

Computer software which are not integral parts of the related hardware are classified as intangible assets with finite useful lives.

Computer software are stated at cost less accumulated amortisation and impairment losses. Computer software are amortised over their estimated useful life of five years on the straight line basis. Estimated useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on derecognition of computer software are determined by comparing proceeds with carrying amounts of assets and are included in profit or loss.

The accounting policy on the recognition and measurement of impairment loss is disclosed in note 3(g) to the financial statements.

(f) Other investments

Other investments, which mainly comprise transferable corporate club membership and investments in commemorative notes and coins, are stated at cost less accumulated impairment losses.

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

The accounting policy on the recognition and measurement of impairment loss is disclosed in note 3(g) to the financial statements.

(g) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation/depreciation and are tested annually for impairment. Other non-current non-financial assets, except for deferred tax assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash-generating units). Any impairment loss is charged to profit or loss in the period in which it arises.

Non-financial assets, other than goodwill, of which an impairment loss is recognised in prior financial years, are reviewed for possible reversal of the impairment at the end of each reporting period. Reversal of impairment loss is recognised in profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised. No reversal of impairment loss on goodwill is allowed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(h) Financial instruments**

Financial instruments are recognised when the group or the company has become a party to the contractual provisions of the instruments. Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Financial instruments are offset and the net amount presented in the statement of financial position when the group or the company currently has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

All regular way purchases and sales of financial assets are recognised on the settlement date.

Interest, dividends, gains and losses relating to financial instruments classified as financial assets and liabilities are reported as income or expense. Distributions to holders of financial instruments classified as equity are debited directly to equity.

Net gains or losses on financial instruments comprise net gains or losses on disposal and net unrealised mark-to-market gains or losses.

(i) Financial assets**(i) Classification**

Non-derivative financial assets are classified into the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. Classification of financial assets is determined at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are assets which are classified as held-for-trading or are designated as such at initial recognition. Financial assets held-for-trading are acquired principally for the purpose of selling or repurchasing in the near term or are part of a portfolio of identified financial assets that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

The group and the company did not designate any financial assets at fair value through profit or loss at initial recognition.

Loans and receivables

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

Financial assets held-to-maturity

Financial assets held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group and the company have the positive intent and ability to hold to maturity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (cont'd)

(i) Classification (cont'd)

Financial assets held-to-maturity (cont'd)

If more than an insignificant amount of the financial assets held-to-maturity portfolio are sold or reclassified before maturity (other than under certain specified conditions) during the current financial year or the last two preceding financial years, the entire category would be tainted and reclassified as financial assets available-for-sale at fair value. The difference between the carrying value and fair value of the financial assets at the date of reclassification is recognised in other comprehensive income.

The group and the company did not hold any financial assets held-to-maturity during and at the end of the reporting period.

Financial assets available-for-sale ("AFS")

Financial assets AFS are non-derivative financial assets that are designated as available-for-sale or are not classified to any other categories of financial assets.

Financial assets AFS, which are not expected to be realised within twelve months from the end of the reporting period, are classified as non-current assets.

(ii) Recognition and measurement

Financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets.

Financial assets at fair value through profit or loss and available-for-sale are subsequently carried at fair value, except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured in which case the investments are stated at cost. Any gain and loss arising from changes in the fair value of the financial assets at fair value through profit or loss is included in profit or loss in the period which they arise. Any gain or loss arising from the changes in fair value of the financial assets AFS is recognised in other comprehensive income, except for impairment losses and foreign exchange gains or losses on monetary items which are recognised in profit or loss.

Financial assets held-to-maturity and loans and receivables are subsequently measured at amortised cost using the effective interest method, less allowances for impairment loss.

(iii) Derecognition

Financial assets are derecognised when the contractual rights of the group or of the company to the cash flows from the financial assets expire or when the group or the company transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(i) Financial assets (cont'd)****(iii) Derecognition (cont'd)**

When financial assets AFS are derecognised, the cumulative gains or losses previously recognised in other comprehensive income shall be transferred to profit or loss. Any gain or loss arising from derecognition of financial assets held-for-trading and held-to-maturity is recognised in profit or loss.

(iv) Reclassification

Financial assets may be reclassified out of the fair value through profit or loss category only in rare circumstances if the assets are no longer held for the purposes of selling or repurchasing in the near term. In addition, financial assets that would have met the definition of loans and receivables may be reclassified out of the held-for-trading or AFS categories to loans and receivables if the group and the company have the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at the fair values of the financial assets at the date of the reclassification. The fair values of the financial assets become the new cost or amortised cost, as applicable, and the fair value gains or losses previously recognised before the reclassification date will not be reversed.

The accounting policy on the recognition and measurement of impairment losses is disclosed in note 3(k) to the financial statements.

(j) Financial liabilities**(i) Classification**

Financial liabilities are classified into the following categories: at fair value through profit or loss, at amortised cost and financial guarantee contracts. Classification of financial liabilities is determined at initial recognition.

The group and the company did not designate any financial liabilities at fair value through profit or loss at initial recognition.

(ii) Recognition and measurement

Financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liabilities.

Financial liabilities at fair value through profit or loss are subsequently carried at fair value. Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method.

The accounting policy on the recognition and measurement of financial guarantee contracts is disclosed in note 3(n) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial liabilities (cont'd)

(iii) Derecognition

Financial liabilities are derecognised when the obligations of the group or the company as specified in a contract expire or are discharged or cancelled.

(k) Impairment of financial assets

Classification of loans and receivables as impaired

Loans and receivables are classified as impaired when they fulfill either of the following criteria:

- principal or interest or both are past due for 3 months or more;
- where a loan is in arrears for less than 3 months, the loan exhibits indications of credit weaknesses;
- individual impairment allowance has been made; or
- where an impaired loan and receivable has been rescheduled or restructured, the asset will continue to be classified as impaired until repayments based on the revised and/or restructured terms have been observed continuously for a period of 6 months.

Objective evidence of impairment

The group and the company assess at end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment loss is incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

The criteria that the group and the company use to determine that there is objective evidence of impairment loss include indications that the obligor is experiencing significant financial difficulty, high probability that the obligor will enter bankruptcy or other distressed financial reorganisation, default or delinquency in interest or principal payments, breach of loan covenants, a significant downgrade in credit ratings by external rating agencies and events that would adversely affect the repayment capability of the obligor.

In the case of investments in equity instruments classified as financial assets AFS, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether objective evidence of impairment exists.

Impairment assessment

The group and the company first assess whether objective evidence of impairment exists for financial assets which are individually significant, and collectively for financial assets which are not individually significant, taking into account the historical loss experience of such assets. If the group and the company determine that no objective evidence of impairment exists for an individually assessed financial asset, the financial asset is included in a group with similar credit risk characteristics and collectively assessed for impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(k) Impairment of financial assets (cont'd)**Impairment assessment (cont'd)

Determination of impairment loss in respect of the relevant categories of financial assets is as follows:

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the assets' original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If the assets have variable interest rates, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in subsequent periods, 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 by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

(ii) Financial assets carried at fair value

When a decline in fair value of financial assets AFS has been recognised in other comprehensive income and there is objective evidence that the assets are impaired, the cumulative loss that had been recognised in other comprehensive income will be reclassified from equity to profit or loss even though the assets have not been derecognised. The amount of cumulative loss is the difference between the acquisition price (net of principal repayment and amortisation) and current fair value, less any impairment loss on those assets previously recognised in profit or loss.

If, in subsequent periods, the fair value of a debt instrument classified as financial assets AFS increases and the increase can be objectively related to an event occurring after the impairment was recognised in profit or loss, that portion of impairment loss is reversed through profit or loss. For equity instruments, no reversal of impairment loss through profit or loss is allowed when there is an increase in fair value of the equity instruments in subsequent periods.

When a financial asset or portion of a financial asset is uncollectible, the amount will be written off against the related allowance for impairment loss. Financial assets are written off after taking into consideration the realisable value of collateral, if any, when in the judgment of the management, there is no prospect of recovery.

(l) Income taxes

Current tax expense is calculated at the current tax rate based on taxable profits.

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 unless the temporary differences arise from goodwill 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Income taxes (cont'd)

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

Deferred tax assets and liabilities relating to the fair value re-measurement of financial assets AFS are recognised in other comprehensive income, where applicable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same tax authority.

(m) Provisions

Provisions are recognised when the group or the company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Where the group or the company expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(n) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially recognised as a liability at fair value, net of transaction costs on the date the guarantee was given. Subsequent to initial recognition, changes in the liability under such guarantee, which is measured at the higher of amount initially recognised less accumulated amortisation and the best estimate of the amount required to settle any present obligation arising at the end of the reporting period, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(o) Foreign currencies****(i) Functional and presentation currency**

Items included in the financial statements of the group's entities are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the company.

(ii) Transactions and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies as at the end of the reporting period are translated into Ringgit Malaysia at the rates of exchange ruling on that date. All gains and losses on foreign exchange are included in profit or loss.

(p) Recognition of interest income and expense

Interest income and expense are recognised on an accrual basis using the effective interest method. Effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount. When calculating the effective interest rate, significant fees and transaction costs integral to the effective interest rate, as well as premiums or discounts, are considered.

For impaired financial assets where the value of the financial asset has been written down as a result of an impairment loss, interest income continues to be recognised on the recoverable amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(q) Recognition of fees and other income

Rollover fee for loans, advances and financing is recognised upon rollover of loans.

Fees and commissions are generally recognised on an accrual basis when services have been provided. Fee and commission income are presented net of direct fee and commission expense, where applicable, to reflect the substance of transactions.

Dividend income and income distributions are recognised when the rights to receive payment are established.

Rental income and all other income are recognised on an accrual basis.

(r) Employee benefits**(i) Short term employee benefits**

Short term employee benefits are accrued in the financial year in which the associated services are rendered by employees of the group and of the company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Employee benefits (cont'd)

(ii) Post-employment benefits

The contributions by the group and the company to a defined contribution plan, the Employees Provident Fund, are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the group and the company have no further payment obligations.

(s) Operating lease

(i) As lessee

Leases of assets by the group where substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on the straight line basis over the period of the lease.

(ii) As lessor

Leases where the group retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Rental income is recognised over the term of the lease on an accrual basis.

(t) Shares repurchased

Shares repurchased are accounted for using the treasury stock method. The shares repurchased are held as treasury shares at cost and set off against shareholders' equity until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in the equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

Upon cancellation of treasury shares, an amount equivalent to the nominal value of the share capital cancelled will be transferred to capital redemption reserve in accordance with Section 67A of the Companies Act, 1965.

(u) Dividends

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

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short term deposits maturing within one month, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(w) Contingent liabilities and contingent assets**

The group and the company do not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the group and the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the group and the company. The group and the company do not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

(x) Segment reporting

Disclosure of information about reportable operating segments is based on the internal reporting provided to the chief operating decision-maker. The group has determined the board of directors of the company as the chief operating decision-maker, which is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The reportable operating segments of the group are distinguishable business units engaged in providing different products or services. These businesses are managed and assessed separately as each requires a differentiated strategy focusing on the specific products or services provided for the economic, competitive and regulatory environment in which it operates.

Revenue from external customers is attributed to countries based on the locations of customers. All material transactions between operating segments are eliminated as part of the consolidation process.

(y) Fair value measurement

Fair value of an asset or a liability 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. In addition, 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.

The 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. Estimates and judgments 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 assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the group within the next financial year are in respect of impairment of loans and receivables. The group makes allowances for impairment loss based on assessment of recoverability. In evaluating the recoverability of debts, management's judgment is made about the future and other key factors in respect of the amount and timing of cash flows recoverable from impaired loans and receivables. Among the factors considered are the group's aggregate exposure to the borrowers, net realisable value of the underlying collateral and the borrowers' capacity to generate sufficient cash flows to service debt obligations.

5 PROPERTY, PLANT AND EQUIPMENT

Group

	Apartments, buildings and office units RM'000	Furniture, fixtures and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Reno- vations RM'000	Total RM'000
2016							
Cost							
At 1 August 2015	3,353	424	358	965	5,518	451	11,069
Additions	-	56	18	-	-	-	74
Disposals/Write offs	-	-	(6)	-	(86)	-	(92)
At 31 July 2016	3,353	480	370	965	5,432	451	11,051
Accumulated depreciation							
At 1 August 2015	1,409	283	272	713	5,178	348	8,203
Charge for the financial year	67	29	30	77	156	28	387
Disposals/Write offs	-	-	(4)	-	(85)	-	(89)
At 31 July 2016	1,476	312	298	790	5,249	376	8,501
Net book value							
At 31 July 2016	1,877	168	72	175	183	75	2,550

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group

	Apartments, buildings and office units RM'000	Furniture, fixtures and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Reno- vations RM'000	Total RM'000
2015							
Cost							
At 1 August 2014	3,353	416	376	1,711	5,338	479	11,673
Additions	-	21	7	191	260	6	485
Disposals/Write offs	-	(13)	(25)	(5)	(80)	(34)	(157)
Reclassified to intangible assets (note 7)	-	-	-	(932)	-	-	(932)
At 31 July 2015	3,353	424	358	965	5,518	451	11,069
Accumulated depreciation							
At 1 August 2014	1,342	267	267	1,429	4,897	326	8,528
Charge for the financial year	67	29	30	74	323	27	550
Disposals/Write offs	-	(13)	(25)	(5)	(42)	(5)	(90)
Reclassified to intangible assets (note 7)	-	-	-	(785)	-	-	(785)
At 31 July 2015	1,409	283	272	713	5,178	348	8,203
Net book value							
At 31 July 2015	1,944	141	86	252	340	103	2,866

During the financial year, the group acquired property, plant and equipment with an aggregate cost of RM74,000 (2015: RM485,000) of which RM Nil (2015: RM1,000) was accrued for. Cash payments made by the group for purchase of assets amounted to RM75,000 (2015: RM519,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company

	2016			2015		
	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At beginning of the financial year	8	1,522	1,530	119	1,521	1,640
Additions	-	-	-	5	1	6
Disposals	-	(86)	(86)	-	-	-
Reclassified to intangible assets (note 7)	-	-	-	(116)	-	(116)
At end of the financial year	8	1,436	1,444	8	1,522	1,530
Accumulated depreciation						
At beginning of the financial year	2	1,463	1,465	52	1,251	1,303
Charge for the financial year	3	58	61	1	212	213
Disposals	-	(85)	(85)	-	-	-
Reclassified to intangible assets (note 7)	-	-	-	(51)	-	(51)
At end of the financial year	5	1,436	1,441	2	1,463	1,465
Net book value						
At end of the financial year	3	-	3	6	59	65

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**6 INVESTMENT PROPERTIES****Group**

	Freehold land RM'000	Buildings and office units RM'000	Total RM'000
2016			
Cost			
At 1 August 2015/31 July 2016	1,230	33,074	34,304
Accumulated depreciation			
At 1 August 2015	-	10,824	10,824
Charge for the financial year	-	661	661
At 31 July 2016	-	11,485	11,485
Net book value			
At 31 July 2016	1,230	21,589	22,819
2015			
Cost			
At 1 August 2014/31 July 2015	1,230	33,074	34,304
Accumulated depreciation			
At 1 August 2014	-	10,162	10,162
Charge for the financial year	-	662	662
At 31 July 2015	-	10,824	10,824
Net book value			
At 31 July 2015	1,230	22,250	23,480

- (a) Included in the net book value of buildings and office units of the group are 99-year leasehold building and office unit (with unexpired lease periods of more than 50 years) amounted to RM5,432,000 as at the end of the reporting period (2015: RM5,586,000).
- (b) The direct operating expenses incurred on the investment properties held by the group which are rented to third parties during the financial year amounted to RM130,000 for the financial year (2015: RM301,000). The expenses incurred by the group on other investment properties amounted to RM72,000 for the financial year (2015: RM23,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

7 INTANGIBLE ASSETS

Group

	Note	Computer software	
		2016 RM'000	2015 RM'000
Cost			
At beginning of the financial year		1,433	-
Additions		5	501
Reclassified from property, plant and equipment	5	-	932
At end of the financial year		1,438	1,433
Accumulated amortisation			
At beginning of the financial year		930	-
Charge for the financial year		130	145
Reclassified from property, plant and equipment	5	-	785
At end of the financial year		1,060	930
Net carrying amount			
At end of the financial year		378	503

Company

	Note	Computer software	
		2016 RM'000	2015 RM'000
Cost			
At beginning of the financial year		116	-
Reclassified from property, plant and equipment	5	-	116
At end of the financial year		116	116
Accumulated amortisation			
At beginning of the financial year		100	-
Charge for the financial year		16	49
Reclassified from property, plant and equipment	5	-	51
At end of the financial year		116	100
Net carrying amount			
At end of the financial year		-	16

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**8 INVESTMENTS IN SUBSIDIARIES****Company**

	2016	2015
	RM'000	RM'000
At cost:		
Unquoted shares in Malaysia	32,000	32,000

Details of the subsidiaries are as follows:

Name of subsidiary	Country ⁽¹⁾	Equity ownership interest/ voting rights		Principal activity
		2016	2015	
		%	%	
Direct subsidiaries:				
HDM Capital Sdn. Bhd.	Malaysia	100	100	Moneylending, credit financing and investment in listed and unlisted companies
HDM Properties Sdn. Bhd.	Malaysia	100	100	Letting of properties and investment holding
HDM Capital Management Sdn. Bhd. (In Liquidation) ⁽²⁾	Malaysia	-	100	Dormant

⁽¹⁾ Principal place of business/Country of incorporation

⁽²⁾ The subsidiary, which has commenced member's voluntary winding-up on 27 November 2013, was dissolved on 12 August 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

9 SECURITIES AVAILABLE-FOR-SALE (“AFS”)

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<i>Non-current</i>				
At fair value:				
Quoted in Malaysia				
Real Estate Investment Trusts (“REITs”)	2,836	1,491	2,836	1,491
Quoted outside Malaysia				
Real Estate Investment Trusts (“REITs”)	4,468	2,261	1,731	-
	7,304	3,752	4,567	1,491
<i>Current</i>				
At fair value:				
Quoted in Malaysia				
Unit trusts	427,404	422,276	427,404	422,276
Total	434,708	426,028	431,971	423,767

10 OTHER INVESTMENTS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At cost:				
Transferable corporate club membership	19	19	-	-
Investments in commemorative notes and coins	413	416	413	416
Others	38	38	-	-
	470	473	413	416

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

11 LOANS, ADVANCES AND FINANCING

Group

	2016 RM'000	2015 RM'000
Loans and financing receivable	570,875	611,453
Unearned interest	(204,433)	(232,651)
	366,442	378,802
Allowances for impairment loss:		
- collective impairment	(10,984)	(10,144)
- individual impairment	(1,264)	(1,264)
	354,194	367,394
Current	62,892	58,169
Non-current	291,302	309,225
	354,194	367,394

Included in loans and financing receivable, net of unearned interest, are unsecured loans and financing amounted to RM301,791,000 (2015: RM319,471,000), which are repayable by way of monthly instalments via salary deduction.

	2016 RM'000	2015 RM'000
(a) Maturity structure		
Within 1 year	62,892	58,169
1 year to 3 years	11,492	11,319
3 years to 5 years	11,863	15,030
Over 5 years	267,947	282,876
	354,194	367,394
(b) Movements in impaired loans, advances and financing		
At beginning of the financial year	11,013	11,597
Classified as impaired	11,107	8,826
Reclassified as non-impaired	(3,236)	(1,662)
Amount recovered	(449)	(518)
Amount written off	(7,291)	(7,230)
At end of the financial year	11,144	11,013

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

11 LOANS, ADVANCES AND FINANCING (CONT'D)

Group

	2016 RM'000	2015 RM'000
(c) Movements in allowances for impairment loss		
Collective impairment		
At beginning of the financial year	10,144	11,680
Net allowance made	7,593	5,413
Amount written off	(6,753)	(6,949)
At end of the financial year	10,984	10,144
Individual impairment		
At beginning of the financial year	1,264	1,226
Allowance made	-	38
At end of the financial year	1,264	1,264

12 DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Subject to income tax:				
Deferred tax assets	4,189	3,515	65	18
Deferred tax liabilities	(173)	(174)	-	-
	4,016	3,341	65	18
Deferred tax assets (before offsetting)				
Loans, advances and financing	2,636	2,435	-	-
Accruals	1,697	1,269	67	18
	4,333	3,704	67	18
Offsetting	(144)	(189)	(2)	-
Deferred tax assets (after offsetting)	4,189	3,515	65	18

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

12 DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax liabilities <i>(before offsetting)</i>				
Property, plant and equipment	(316)	(363)	(1)	-
Others	(1)	-	(1)	-
	(317)	(363)	(2)	-
Offsetting	144	189	2	-
Deferred tax liabilities <i>(after offsetting)</i>	(173)	(174)	-	-
Deferred tax assets				
- to be recovered within 12 months	4,189	3,515	65	18
Deferred tax liabilities				
- to be settled after 12 months	(173)	(174)	-	-
Net	4,016	3,341	65	18

Movements in deferred tax are as follows:

Group	Property, plant and equipment	Loans, advances and financing	Accruals	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2016					
At 1 August 2015	(363)	2,435	1,269	-	3,341
Recognised in profit or loss	47	201	428	(1)	675
At 31 July 2016	(316)	2,636	1,697	(1)	4,016
2015					
At 1 August 2014	(81)	2,920	777	-	3,616
Recognised in profit or loss	(282)	(485)	492	-	(275)
At 31 July 2015	(363)	2,435	1,269	-	3,341

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

12 DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

	Property, plant and equipment RM'000	Accruals RM'000	Others RM'000	Total RM'000
Company				
2016				
At 1 August 2015	-	18	-	18
Recognised in profit or loss	(1)	49	(1)	47
At 31 July 2016	(1)	67	(1)	65
2015 (Restated)				
At 1 August 2014	-	(16)	-	(16)
Recognised in profit or loss	-	34	-	34
At 31 July 2015	-	18	-	18

The deductible temporary differences which have no expiry date and for which no deferred tax asset is recognised in the financial statements amounted to RM703,000 as at the end of the reporting period (2015: RM772,000).

13 TRADE RECEIVABLES

	Group 2016 RM'000	2015 RM'000
Trade receivables	205	56
Allowance for impairment loss: - individual impairment	(107)	-
	98	56

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

14 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial assets				
Other receivables and deposits	5,385	5,447	425	7
Non-financial assets				
Prepayments	301	508	61	66
	5,686	5,955	486	73

15 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with licensed banks:				
- maturing within one month	19,688	7,518	19,688	6,500
- maturing after one month	694	671	694	671
	20,382	8,189	20,382	7,171
Bank balances	4,483	2,345	1,135	420
	24,865	10,534	21,517	7,591
Cash in hand	3	3	-	-
	24,868	10,537	21,517	7,591

Included in bank balances of the group and of the company as at the end of the reporting period is RM43,000 (2015: RM Nil) maintained by the company with a deemed substantial shareholder of the company, as disclosed in note 33(a) to the financial statements.

Included in deposits and bank balances of the group are monies held in trust for clients (note 16) as follows:

	Group	
	2016 RM'000	2015 RM'000
Deposit with a licensed bank maturing within one month	-	1,017
Bank balances	190	218
	190	1,235

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

16 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Clients' monies held in trust	190	1,235	-	-
Rental deposits	364	422	-	-
Other payables	3,561	3,959	-	-
Accruals	8,344	7,069	610	412
	12,459	12,685	610	412

Other payables and accruals represent amounts payable arising from the operations of the group and of the company.

17 SHARE CAPITAL

Group and Company

	2016 RM'000	2015 RM'000
Authorised:		
Ordinary shares of RM1 each	1,000,000	1,000,000
Issued and fully paid:		
Ordinary shares of RM1 each	255,159	255,159

18 RESERVES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Capital redemption reserve	(a)	10,686	10,686	10,686	10,686
Share premium		17,029	17,029	17,029	17,029
AFS reserve	(b)	1,111	422	245	32
		28,826	28,137	27,960	27,747
Retained profits	(c)	553,593	544,086	403,982	407,736
		582,419	572,223	431,942	435,483

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**18 RESERVES (CONT'D)**

- (a) Capital redemption reserve arose from cancellation of treasury shares and is non-distributable in the form of dividends.
- (b) AFS reserve represents unrealised gains or losses arising from changes in fair values of securities classified as available-for-sale, net of tax, where applicable.
- (c) Under the single-tier tax system, dividends paid, credited or distributed to shareholders are exempted from tax in the hands of the shareholders as single-tier dividends.

The company has sufficient tax exempt income to pay tax exempt dividend amounting to RM104,276,000 out of its retained profits as at the end of the reporting period. The remaining portion of the retained profits can be distributed as dividends under the single-tier tax system.

19 OPERATING REVENUE

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Interest income:				
- loans, advances and financing	41,666	40,098	-	-
- deposits with licensed banks	261	442	261	442
- advances to subsidiaries	-	-	10,677	11,478
	41,927	40,540	10,938	11,920
Income distributions from securities AFS:				
- quoted in Malaysia	15,257	13,701	15,257	13,701
- quoted outside Malaysia	35	-	35	-
	15,292	13,701	15,292	13,701
Fees and commission income	3,231	6,700	-	-
Rental income	2,389	3,841	-	-
	62,839	64,782	26,230	25,621

Interest income earned on impaired loans, advances and financing of the group, of which impairment allowance has been made, amounted to RM Nil (2015: RM9,000).

20 NET GAIN ON DISPOSALS OF INVESTMENT PROPERTIES (2015 ONLY)**Group**

The net gain on disposals of investment properties was in respect of disposals of leasehold office units by a wholly-owned subsidiary of the company, HDM Properties Sdn. Bhd., at a carrying amount of RM12,983,608 in the previous financial year ended 31 July 2015 for a total cash consideration of RM24,331,050 to a third party. The disposal was completed in December 2014.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

21 OTHER INCOME

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest income on deposits with licensed banks	136	168	-	-
Net gain on disposals of securities AFS (unquoted)	-	2,087	-	2,087
Income distributions from securities AFS:				
- quoted outside Malaysia	143	71	-	-
Net foreign exchange gain	19	-	18	-
Others	2,358	2,708	149	3
	2,656	5,034	167	2,090

22 PERSONNEL COSTS

Included in personnel costs of the group and of the company are the following:

- (a) contributions paid/payable to a defined contribution plan amounting to RM1,117,000 (2015: RM1,121,000) and RM95,000 (2015: RM24,000) for the group and the company respectively.
- (b) directors' remuneration amounting to RM2,137,000 (2015: RM2,409,000) and RM327,000 (2015: RM332,000) for the group and the company respectively.

23 DEPRECIATION AND AMORTISATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Depreciation:				
- property, plant and equipment	(387)	(550)	(61)	(213)
- investment properties	(661)	(662)	-	-
Amortisation:				
- intangible assets	(130)	(145)	(16)	(49)
	(1,178)	(1,357)	(77)	(262)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**24 ALLOWANCES FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING**

	Group	
	2016	2015
	RM'000	RM'000
Allowances for impairment loss:		
- individual impairment	-	(38)
- collective impairment	(7,593)	(5,413)
	(7,593)	(5,451)
Bad debts:		
- written off	(552)	(283)
- recovered	453	306
	(7,692)	(5,428)

25 OTHER EXPENSES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- statutory audit	(121)	(116)	(67)	(66)
- audit related	(17)	(16)	(9)	(9)
- others	(9)	(8)	(9)	(8)
	(147)	(140)	(85)	(83)
Other professional and consultancy fees	(1,074)	(422)	(425)	(27)
Directors' fees	(252)	(214)	(180)	(180)
Rental of premises	(227)	(209)	-	-
Property, plant and equipment:				
- net gain on disposals	40	40	40	-
- write offs	(2)	(29)	-	-
Net gain on disposals of other investments	2	26	2	26
Repairs and maintenance of premises and equipment	(47)	(51)	-	-
Incentive and commission expense	(1,823)	(2,934)	-	-
Information technology expenses	(203)	(231)	(3)	(5)
Communication expenses	(122)	(130)	(18)	(7)
Regulatory charges	(40)	(31)	(36)	(31)
Others	(1,372)	(1,667)	(343)	(320)
	(5,267)	(5,992)	(1,048)	(627)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

26 FINANCE COSTS

	Group	
	2016	2015
	RM'000	RM'000
Interest expense on borrowings	(24)	(499)

27 DIRECTORS' REMUNERATION

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Non-Executive Directors⁽¹⁾:				
Fees	(252)	(214)	(180)	(180)
Other emoluments ⁽²⁾	(2,137)	(2,409)	(327)	(332)
	(2,389)	(2,623)	(507)	(512)
Estimated monetary value of benefits-in-kind	(20)	(20)	(13)	(13)
	(2,409)	(2,643)	(520)	(525)

⁽¹⁾ Certain non-executive director served as executive director of a principal subsidiary of the company. The company does not have any executive director during the financial year.

⁽²⁾ Included in directors' other emoluments, which are included in personnel costs of the group, are contributions paid/payable to a defined contribution plan of RM250,000 (2015: RM286,000).

28 TAXATION

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
In respect of the current financial year:				
Malaysian income tax	(7,542)	(8,420)	(2,504)	(2,874)
Real property gains tax	-	(307)	-	-
Deferred tax	746	(273)	50	34
	(6,796)	(9,000)	(2,454)	(2,840)
In respect of prior financial years:				
Malaysian income tax	(62)	(141)	(1)	-
Deferred tax	(71)	(2)	(3)	-
	(133)	(143)	(4)	-
	(6,929)	(9,143)	(2,458)	(2,840)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**28 TAXATION (CONT'D)**

The numerical reconciliations between the applicable statutory income tax rate and the effective tax rate are as follows:

	Group		Company	
	2016	2015	2016	2015
	%	%	%	%
Applicable statutory income tax rate	24.0	25.0	24.0	25.0
Tax effects in respect of:				
Expenses not deductible for tax purposes	1.0	0.9	1.2	0.8
Income not subject to tax	(8.8)	(11.6)	(15.1)	(15.0)
Temporary differences and tax losses not recognised	-	(0.1)	-	-
Recognition of previously unrecognised temporary differences	-	0.3	-	-
Change in tax rates	-	0.2	-	-
Real property gains tax	-	0.5	-	-
Under accrual for taxation in respect of prior financial years	0.3	0.2	-	-
Others	-	0.1	-	-
Effective tax rate	16.5	15.5	10.1	10.8

29 BASIC EARNINGS PER SHARE**Group**

Basic earnings per share is calculated by dividing the profit for the financial year attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the financial year.

	2016	2015
Profit for the financial year attributable to equity holders of the company (RM'000)	35,023	49,712
Weighted average number of ordinary shares in issue ('000)	255,159	255,159
Basic earnings per share attributable to equity holders of the company (sen)	13.73	19.48

As at the end of the current and previous financial year, the company does not have any dilutive potential ordinary shares in issue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

30 OTHER COMPREHENSIVE INCOME

The income tax relating to net change in fair value of securities AFS of the group and of the company, which may be reclassified subsequently to profit or loss, is RM Nil (2015: RM Nil) for the group and the company for the financial year.

31 DIVIDEND PER SHARE

Group and Company

	2016		2015	
	Dividend per share sen	Amount of net dividend RM'000	Dividend per share sen	Amount of net dividend RM'000
Proposed:				
Final single tier dividend	3.0	7,655	10.0	25,516

At the forthcoming Annual General Meeting of the company, a final single tier dividend of 3.0 sen per share, amounting to RM7,654,767 in respect of the financial year ended 31 July 2016, based on the issued and paid-up share capital of the company as at 31 July 2016, will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 July 2017 when approved by the shareholders.

32 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits, cash and bank balances	24,868	10,537	21,517	7,591
Less: Deposits with licensed banks maturing after one month	(694)	(671)	(694)	(671)
Clients' monies held in trust	(190)	(1,235)	-	-
	(884)	(1,906)	(694)	(671)
	23,984	8,631	20,823	6,920

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**33 RELATED PARTY DISCLOSURES**

In addition to the related party disclosures mentioned elsewhere in the financial statements, the other significant related party transactions and balances are as disclosed below.

(a) Related parties and relationship

The related parties of, and their relationship with the group and the company are as follows:

Relationship	Related parties
Immediate and ultimate holding company	Subsequent to 1 July 2016, the directors regard Hwang Enterprises Sdn. Bhd. as the immediate and ultimate holding company
Subsidiaries	Subsidiaries of the company as disclosed in note 8 to the financial statements
<u>Other related parties</u>	
Key management personnel	All directors of the company who make critical decisions in relation to the strategic direction of the group and of the company (including their close family members)
Deemed substantial shareholder of the company	DBS Bank Ltd.

(b) Significant related party transactions

	Company	
	2016	2015
	RM'000	RM'000
<i>Other transactions with subsidiaries:</i>		
Capital distributions by subsidiaries (in liquidation)	-	137

Key management personnel compensation

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Short term employee benefits	1,965	2,166	356	345
Post-employment benefits	252	286	2	-
Directors' fees	252	214	180	180
	2,469	2,666	538	525

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

33 RELATED PARTY DISCLOSURES (CONT'D)

(c) Significant related party balances

	Company	
	2016	2015
	RM'000	RM'000
Amounts due from subsidiaries (non-trade)	201,488	227,582

Amounts due from subsidiaries as at the end of the reporting period are unsecured, repayable on demand and carry an effective interest rate of 4.55% (2015: 4.75%) per annum.

34 COMMITMENTS AND CONTINGENCIES

Group

	2016	2015
	RM'000	RM'000
(a) Loan commitments		
Commitments to extend credits	-	269
(b) Capital expenditure commitments		
In respect of property, plant and equipment:		
Contracted but not provided for	403	-
(c) Non-cancellable operating lease commitments		
Future minimum lease payable:		
- not later than 1 year	243	253
- later than 1 year but not later than 5 years	1	24
	244	277
Future minimum lease receivable:		
- not later than 1 year	1,093	1,350
- later than 1 year but not later than 5 years	850	-
	1,943	1,350

The lease commitments are in respect of rental of premises and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**35 CAPITAL MANAGEMENT****Group and Company**

The objectives of the group and of the company when managing capital are:

- To safeguard the ability of the group and of the company to continue in operations as going concerns; and
- To ensure availability of funds for future business operations.

The group and the company monitor capital based on business funding requirements and using gearing ratio, where applicable. The gearing ratios of the group and of the company are calculated based on borrowings, net of cash and cash equivalents divided by total equity. As at the end of the reporting period, the group and the company did not have any gearing. The company may adjust the dividend payments to shareholders or return excess capital to shareholders for capital management purposes.

The group and the company are not subject to regulatory capital adequacy requirement.

There was no change in the capital management approaches of the group and of the company during the financial year.

36 SEGMENTAL INFORMATION**Group**

The group is organised into the following operating segments:

- Moneylending - moneylending and credit financing activities
- Investment holding - investment holding activities
- Property investment - property letting and investment activities
- Others - include dormant subsidiaries of the company (2015 only)

No operating segments have been aggregated to form the reportable segments of the group.

Basis of measurement

The segment performance reported to the board of directors of the company is measured in a manner consistent with the amounts reported in the consolidated financial statements.

Major customers

During the financial year, revenue amounting to RM7,213,000 (2015: RM8,496,000) is derived from transactions with a single external customer reported in the moneylending segment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

36 SEGMENTAL INFORMATION (CONT'D)

Group

Segment performance

	Money- lending RM'000	Investment holding RM'000	Property investment RM'000	Others RM'000	Eliminations RM'000	Group RM'000
2016						
External revenue	44,897	15,553	2,389	-	-	62,839
Inter-segment revenue	-	10,677	293	-	(10,970)	-
Total revenue	44,897	26,230	2,682	-	(10,970)	62,839
Segment profit	16,314	24,220	1,418	-	-	41,952
Net interest income/(expense)	31,379	10,938	(278)	-	-	42,039
Depreciation and amortisation	(372)	(77)	(729)	-	-	(1,178)
Allowances for impairment loss on:						
- loans, advances and financing	(8,145)	-	-	-	-	(8,145)
- trade receivables	(107)	-	-	-	-	(107)
Segment assets	371,066	655,943	25,001	-	(201,526)	850,484
Segment liabilities	(207,804)	(842)	(5,786)	-	201,526	(12,906)
Additions to non-current assets	8	-	71	-	-	79

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

36 SEGMENTAL INFORMATION (CONT'D)

Group

Segment performance (cont'd)

	Money- lending RM'000	Investment holding RM'000	Property investment RM'000	Others RM'000	Eliminations RM'000	Group RM'000
2015						
External revenue	46,798	14,143	3,841	-	-	64,782
Inter-segment revenue	-	11,478	313	-	(11,791)	-
Total revenue	46,798	25,621	4,154	-	(11,791)	64,782
Segment profit/(loss)	18,991	26,319	13,570	(14)	(11)	58,855
Net interest income/(expense)	29,117	11,920	(828)	-	-	40,209
Depreciation and amortisation	(367)	(262)	(728)	-	-	(1,357)
Net gain on disposals of: - investment properties	-	-	11,347	-	-	11,347
Allowances for impairment loss on: - loans, advances and financing	(5,734)	-	-	-	-	(5,734)
- investments in subsidiaries	-	11	-	-	(11)	-
Segment assets	383,037	659,528	25,862	-	(227,620)	840,807
Segment liabilities	(232,605)	(886)	(7,554)	-	227,620	(13,425)
Additions to non-current assets	980	6	-	-	-	986

Geographical information

	Revenue	
	2016 RM'000	2015 RM'000
Malaysia	62,803	64,782
Foreign countries	36	-
	62,839	64,782

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

36 SEGMENTAL INFORMATION (CONT'D)

Group

Geographical information (cont'd)

	Non-current assets *	
	2016	2015
	RM'000	RM'000
Malaysia	26,217	27,322

* Non-current assets include property, plant and equipment, investment properties, intangible assets and other investments.

37 FINANCIAL RISK MANAGEMENT

The operations of the group are subject to a variety of financial risks, including credit risk, market risk and liquidity risk. The group's financial risk management is guided by the principal objective of minimising exposure to the risks associated with the operating, investing and financing activities of the group. Prudent risk management policies and procedures are in place for the control and management of risks associated with the day-to-day operations of the group and of the company.

The board of directors is ultimately responsible for assuming the risks inherent in the business activities and defining the policies for governing those activities. The Board committee that is responsible to support the Board in the oversight of the group's risk management is the Executive Committee ("EXCO").

(a) Credit risk

Credit risk refers to the potential risk of financial loss arising from defaults by counterparties in meeting their obligations and is controlled by management through the application of credit approvals, background checks, setting of credit limits and monitoring procedures. The group's exposure to credit risk arises primarily from lending/financing activities and investing activities. The primary objective of credit risk management is to ensure that exposure to credit risk is always kept within the group's capacity to withstand potential financial losses.

Loans and financing portfolio is monitored on an ongoing basis through management reporting procedures and review of repayments of loans/financing to enable identification of indications of impairment. The exposure limit for each loan/financing is set according to the creditworthiness of the borrower. The character, integrity, credibility and reputation of the borrowers are reviewed by management to judge the debtor's reliability and capability to fulfill the financial obligations to the group. Management conducts comprehensive credit checks and assesses its expected returns before loans/financing are granted. To further mitigate the risk exposures of loans, advances and financing, the group may seek reputable guarantors to guarantee repayment by the debtors as well as securing repayment modes in addition to the collateral obtained.

Credit risk arising from investing activities of the group and of the company is managed by prior approval of investments, placements in unit trust funds managed by reputable fund managers and periodic monitoring of the investment portfolio.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

37 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Market risk

Market risk is the risk of losses arising from changes in market prices or rates, such as interest rates, equity prices and foreign exchange rates.

Exposure to interest rate risk arises mainly from mismatch in the contractual repricing or maturity dates of interest sensitive assets and liabilities. The group and the company manage interest rate risk by maintaining a mix of interest bearing and non-interest bearing/sensitive assets and liabilities.

The risk of unfavourable price changes is managed by cautious review of the investments and collateral held with continuous monitoring of their performance and risk profiles by qualified personnel.

The group and the company do not have significant exposure to foreign exchange risk as the operations are predominantly carried out in the functional currency of the company.

(c) Liquidity risk

Liquidity risk is the risk of loss due to inability of the group and of the company to access to sufficient funds at a reasonable cost, to meet payment obligations when they fall due.

The group and the company manage the funding needs and allocates funds in such a manner that the business units maintain optimum levels of liquidity sufficient to meet operational requirements. Any excess funds from operating cash cycles, which are temporary in nature, are invested in short term deposits with licensed banks and unit trust funds at competitive yields.

The group and the company practise prudent liquidity risk management to ensure that there is adequate cash flow to meet all its obligations. Sufficient credit facilities are maintained with licensed banks for contingent working capital and funding requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

38 FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The carrying amounts of financial assets AFS are as disclosed in the statements of financial position of the group and of the company.

Loans and receivables of the group and of the company consist of the following:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Loans, advances and financing	354,194	367,394	-	-
Trade receivables	98	56	-	-
Amounts due from subsidiaries	-	-	201,488	227,582
Other receivables and deposits (note 14)	5,385	5,447	425	7
Deposits, cash and bank balances	24,868	10,537	21,517	7,591
	384,545	383,434	223,430	235,180

Financial liabilities at amortised cost of the group and of the company consist of the following:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Financial liabilities				
Other payables and accruals	(12,459)	(12,685)	(610)	(412)

(b) Maximum exposure to credit risk

The financial assets of the group and of the company are subject to credit risk except for cash in hand.

For financial assets recognised in the statements of financial position which are subject to credit risk, the maximum exposure to credit risk equals their carrying amounts. For credit related commitments or contingencies not recognised in the statements of financial position, the maximum exposure to credit risk is the full amount of the irrevocable committed facilities or the maximum amount the group would have to pay if the obligations arising from financial instruments issued being called upon.

The table below presents the maximum exposure to credit risk of the group as at the end of the reporting period (without taking into account of any collateral held or other credit enhancements) in respect of items not recognised in the statements of financial position:

	Group	
	2016	2015
	RM'000	RM'000
Credit related commitments	-	269

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**38 FINANCIAL INSTRUMENTS (CONT'D)****(c) Collateral and other credit enhancements obtained**

The main types of collateral and other credit enhancements obtained by the group in respect of loans and receivables are as follows:

Classes of loans and receivables	Types of collateral
Corporate loans	<ul style="list-style-type: none"> • Properties • Securities quoted on stock exchanges • Cash deposits
Retail loans	<ul style="list-style-type: none"> • Properties • Securities quoted on stock exchanges • Cash deposits

Consumer loans/financing, trade and other receivables are generally unsecured.

Pledges of collateral are negotiated with the counterparties for the purpose of reducing credit risk. The group takes into consideration the marketability and counterparty of the collateral as well as the adequacy of debt coverage in assessing the acceptability of collateral. The collateral obtained by the group is valued periodically depending on the types of collateral. Quoted securities are valued based on quoted and observable market prices. Properties are valued based on valuation by independent professional valuers or recent transacted prices of properties in the adjacent locations.

(d) Credit quality of financial assets

Exposures of the group and of the company to credit risk as at the end of the reporting period (without taking into account of any collateral held or other credit enhancements and allowances for impairment losses) are as follows:

	Neither past due nor impaired RM'000	Past due but not impaired RM'000	Impaired RM'000
Group			
2016			
Securities AFS	434,708	-	-
Loans, advances and financing	346,332	8,966	11,144
Trade receivables	-	98	107
Other receivables and deposits (note 14)	5,385	-	-
Deposits and bank balances (note 15)	24,865	-	-
	811,290	9,064	11,251

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

38 FINANCIAL INSTRUMENTS (CONT'D)

(d) Credit quality of financial assets (cont'd)

Exposures of the group and of the company to credit risk as at the end of the reporting period (without taking into account of any collateral held or other credit enhancements and allowances for impairment losses) are as follows (cont'd):

	Neither past due nor impaired RM'000	Past due but not impaired RM'000	Impaired RM'000
Group			
2015			
Securities AFS	426,028	-	-
Loans, advances and financing	350,750	17,039	11,013
Trade receivables	-	56	-
Other receivables and deposits (note 14)	5,447	-	-
Deposits and bank balances (note 15)	10,534	-	-
	792,759	17,095	11,013

All financial assets held by the company as at the end of the reporting period are neither past due nor individually impaired.

The financial effect of collateral (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for loans, advances and financing of the group is 17% (2015: 15%).

(e) Credit quality of financial assets that are neither past due nor impaired

Securities AFS

The composition of the securities AFS portfolio of the group is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Quoted:				
REITs	7,304	3,752	4,567	1,491
Unit trusts - money market funds	427,404	422,276	427,404	422,276
	434,708	426,028	431,971	423,767

As at the end of the reporting period, the unrealised gain on the quoted securities AFS held by the group and the company amounted to RM1,111,000 (2015: RM422,000) and RM245,000 (2015: RM32,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**38 FINANCIAL INSTRUMENTS (CONT'D)****(e) Credit quality of financial assets that are neither past due nor impaired (cont'd)**Loans, advances and financing

The credit quality of the loans, advances and financing of the group that are neither past due nor impaired (without taking into account of any collateral held or other credit enhancements and allowances for impairment losses) is analysed as follows:

	Group	
	2016	2015
	RM'000	RM'000
Loans, advances and financing which were:		
- neither past due nor impaired in the preceding 6 months	343,839	321,560
- past due or impaired in the preceding 6 months	2,493	29,190
	346,332	350,750

Trade receivables

Trade receivables of the group as at the end of the reporting period mainly comprise fee income receivable from borrowers of the moneylending subsidiary.

Other receivables and deposits

Other receivables and deposits of the group mainly comprise repayments of consumer financing receivable from collection agents.

Deposits and bank balances

Analysis of deposits and bank balances of the group and of the company by counterparty is as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits and bank balances:				
Licensed banks in Malaysia	5,134	3,016	1,786	1,090
Licensed investment banks in Malaysia	19,688	7,518	19,688	6,501
Foreign financial institutions	43	-	43	-
	24,865	10,534	21,517	7,591

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

38 FINANCIAL INSTRUMENTS (CONT'D)

(f) Aging analysis of financial assets that are past due but not impaired

The aging analysis of loans and receivables that are past due but not impaired as at the end of the reporting period (without taking into account of any collateral held or other credit enhancements and allowances for impairment losses) are as follows:

	Past due period			Total RM'000
	Less than 1 month RM'000	1 month to < 2 months RM'000	2 months to < 3 months RM'000	
Group				
2016				
Loans, advances and financing:				
Consumer loans/financing	1,844	4,471	2,651	8,966
Trade receivables	98	-	-	98
	1,942	4,471	2,651	9,064
2015				
Loans, advances and financing:				
Consumer loans/financing	1,789	3,021	1,970	6,780
Corporate loans	10,259	-	-	10,259
	12,048	3,021	1,970	17,039
Trade receivables	27	26	3	56
	12,075	3,047	1,973	17,095

Loans and receivables, which are past due for less than 3 months are not usually considered impaired unless the loans and receivables exhibit indications of credit weaknesses. Past due loans and receivables are closely monitored by management to secure debt repayment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

38 FINANCIAL INSTRUMENTS (CONT'D)

(g) Analysis of individually impaired financial assets

	Gross impaired accounts RM'000	Individually assessed impaired accounts RM'000	Individual impairment allowance RM'000
Group			
2016			
Loans, advances and financing			
Consumer loans/financing	9,880	-	-
Corporate loans	1,264	1,264	1,264
	11,144	1,264	1,264
Trade receivables	107	107	107
	11,251	1,371	1,371
2015			
Loans, advances and financing			
Consumer loans/financing	9,749	-	-
Corporate loans	1,264	1,264	1,264
	11,013	1,264	1,264

(h) Movements in impairment allowances by classes of financial assets

	Group	
	2016	2015
	RM'000	RM'000
<i>Collective impairment allowance</i>		
Loans, advances and financing		
- Consumer loans/financing		
At beginning of the financial year	10,144	11,680
Net allowance made	7,593	5,413
Amount written off	(6,753)	(6,949)
At end of the financial year	10,984	10,144

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

38 FINANCIAL INSTRUMENTS (CONT'D)

(h) Movements in impairment allowances by classes of financial assets (cont'd)

	Group	
	2016	2015
	RM'000	RM'000
<i>Individual impairment allowance</i>		
Loans, advances and financing		
- Corporate loans		
At beginning of the financial year	1,264	1,226
Allowance made	-	38
At end of the financial year	1,264	1,264
Trade receivables		
At beginning of the financial year	-	-
Allowance made	107	-
At end of the financial year	107	-

(i) Credit risk concentration

The analysis of credit risk concentration of the financial assets of the group and of the company by industry sector, are as disclosed below.

	Securities AFS RM'000	Loans, advances and financing RM'000	Trade receivables RM'000	Other receivables and deposits RM'000	Deposits and bank balances RM'000	Total RM'000
Group						
2016						
Manufacturing	-	1,158	5	-	-	1,163
Electricity, gas and water	-	-	-	36	-	36
Real estate	7,304	19,937	-	157	-	27,398
Finance and insurance	427,404	-	-	5,161	24,865	457,430
Government and government agencies	-	-	-	5	-	5
Transport, storage and communication	-	-	-	17	-	17
Wholesale and retail	-	1,484	-	5	-	1,489
Purchase of securities	-	11,078	-	-	-	11,078
Personal use	-	298,929	-	-	-	298,929
Others	-	21,608	93	4	-	21,705
	434,708	354,194	98	5,385	24,865	819,250

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**38 FINANCIAL INSTRUMENTS (CONT'D)****(i) Credit risk concentration (cont'd)**

The analysis of credit risk concentration of the financial assets of the group and of the company by industry sector, are as disclosed below.

	Securities AFS RM'000	Loans, advances and financing RM'000	Trade receivables RM'000	Other receivables and deposits RM'000	Deposits and bank balances RM'000	Total RM'000
Group						
2015						
Manufacturing	-	-	14	-	-	14
Electricity, gas and water	-	-	-	36	-	36
Real estate	3,752	-	-	134	-	3,886
Finance and insurance	422,276	426	42	5,069	-	438,347
Government and government agencies	-	-	-	184	10,534	184
Transport, storage and communication	-	-	-	17	-	17
Purchase of securities	-	24,986	-	-	-	24,986
Personal use	-	322,162	-	-	-	322,162
Others	-	19,820	-	7	-	19,827
	426,028	367,394	56	5,447	10,534	809,459

The credit related commitments of the group amounted to RM269,000 as at the previous financial year end represented the full amount of the irrevocable committed facilities for personal use.

	Securities AFS RM'000	Amount due from subsidiaries RM'000	Other receivables and deposits RM'000	Deposits and bank balances RM'000	Total RM'000
Company					
2016					
Real estate	4,567	5,100	26	-	9,693
Finance and insurance	427,404	196,388	399	21,517	645,708
	431,971	201,488	425	21,517	655,401
2015					
Real estate	1,491	6,750	-	-	8,241
Finance and insurance	422,276	220,832	7	7,591	650,706
	423,767	227,582	7	7,591	658,947

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

38 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk concentration (cont'd)

As at the end of the reporting period, the group has no significant concentration of credit risk that may arise from exposures to a single counterparty other than the aggregate exposure to the top five major customers which account for approximately 30% (2015: 26%) of the loans, advances and financing of the group. The company has significant concentration of credit risk arising from investment in a unit trust fund and outstanding advances to the moneylending subsidiary, which account for approximately 74% (2015: 81%) of the total financial assets of the company, which are subject to credit risk.

(j) Interest rate risk

The tables below summarise the carrying amounts of the financial assets and financial liabilities of the group and of the company, categorised by the earlier of contractual re-pricing or maturity dates.

	Interest bearing					Non-interest sensitive	Non-interest bearing	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Group									
2016									
Financial assets									
Securities AFS	-	-	-	-	-	-	434,708	434,708	-
Loans, advances and financing:									
- non-impaired	61,951	41	894	23,289	269,123	(10,984)*	-	344,314	11.10
- impaired	-	-	-	-	-	9,880	-	9,880	-
Trade receivables	-	-	-	-	-	-	98	98	-
Other receivables and deposits (note 14)	393	-	116	-	-	-	4,876	5,385	0.94
Deposits, cash and bank balances	19,688	-	694	-	-	-	4,486	24,868	2.97
	82,032	41	1,704	23,289	269,123	(1,104)	444,168	819,253	
Financial liabilities									
Other payables and accruals	-	-	-	-	-	-	(12,459)	(12,459)	-
Interest sensitivity gap	82,032	41	1,704	23,289	269,123	(1,104)	431,709	806,794	

* The negative balance represents collective impairment allowance on loans, advances and financing.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

38 FINANCIAL INSTRUMENTS (CONT'D)

(j) Interest rate risk (cont'd)

	Interest bearing					Non-interest sensitive RM'000	Non- interest bearing RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000				
Group									
2015									
Financial assets									
Securities AFS	-	-	-	-	-	-	426,028	426,028	-
Loans, advances and financing:									
- non-impaired	57,384	27	748	26,395	283,235	(10,144)*	-	357,645	11.04
- impaired	-	-	-	-	-	9,749	-	9,749	-
Trade receivables	-	-	-	-	-	-	56	56	-
Other receivables and deposits (note 14)	-	-	113	-	-	-	5,334	5,447	3.25
Deposits, cash and bank balances	7,527	-	671	-	-	-	2,339	10,537	3.37
	64,911	27	1,532	26,395	283,235	(395)	433,757	809,462	
Financial liabilities									
Other payables and accruals	(1,017)	-	-	-	-	-	(11,668)	(12,685)	3.83
Interest sensitivity gap	63,894	27	1,532	26,395	283,235	(395)	422,089	796,777	

* The negative balance represents collective impairment allowance on loans, advances and financing.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

38 FINANCIAL INSTRUMENTS (CONT'D)

(j) Interest rate risk (cont'd)

	Interest bearing		Non- interest bearing RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>3 - 12 months RM'000			
Company					
2016					
Financial assets					
Securities AFS	-	-	431,971	431,971	-
Amounts due from subsidiaries	201,488	-	-	201,488	4.55
Other receivables and deposits (note 14)	393	-	32	425	0.94
Deposits, cash and bank balances	19,688	694	1,135	21,517	2.97
	221,569	694	433,138	655,401	
Financial liabilities					
Other payables and accruals	-	-	(610)	(610)	-
Interest sensitivity gap	221,569	694	432,528	654,791	
2015					
Financial assets					
Securities AFS	-	-	423,767	423,767	-
Amounts due from subsidiaries	227,582	-	-	227,582	4.75
Other receivables and deposits (note 14)	-	-	7	7	-
Deposits, cash and bank balances	6,500	671	420	7,591	3.31
	234,082	671	424,194	658,947	
Financial liabilities					
Other payables and accruals	-	-	(412)	(412)	-
Interest sensitivity gap	234,082	671	423,782	658,535	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

38 FINANCIAL INSTRUMENTS (CONT'D)

(k) Exposure to foreign exchange risk

The RM equivalent carrying amounts of the financial instruments denominated in Singapore Dollar, are as set out below.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial assets				
Securities AFS	4,468	2,261	1,731	-
Other receivables	490	74	418	3
Bank balances	43	-	43	-
	5,001	2,335	2,192	3
Financial liabilities				
Other payables and accruals	(9)	-	(9)	-
Net open position	4,992	2,335	2,183	3

(l) Market risk sensitivity analysis

Interest rate risk

The table below shows the sensitivity of the significant variable rate financial instruments held by the group and the company as at the end of the reporting period, to reasonably possible changes in interest rates, on the basis that all other variables remain constant.

	Group		Company	
	+ 25 basis points RM'000	- 25 basis points RM'000	+ 25 basis points RM'000	- 25 basis points RM'000
2016				
Impact on profit before taxation	-	-	504	(504)
2015 (Restated)				
Impact on profit before taxation	-	-	569	(569)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

38 FINANCIAL INSTRUMENTS (CONT'D)

(I) Market risk sensitivity analysis (cont'd)

Foreign exchange risk

The table below shows the analysis of the impacts arising from reasonable possible changes in the foreign exchange rates to which the group and the company have exposures as at the end of the reporting period, on the basis that all other variables remain constant.

	Group		Company	
	Singapore Dollar		Singapore Dollar	
	+5%	- 5%	+5%	- 5%
	RM'000	RM'000	RM'000	RM'000
2016				
Impact on:				
- profit before taxation	26	(26)	23	(23)
- other comprehensive income	223	(223)	86	(86)
2015				
Impact on:				
- profit before taxation	4	(4)	-	-
- other comprehensive income	113	(113)	-	-

Price risk

The table below shows the analysis of the impacts arising from reasonable possible changes in the prices of the equity instruments (including unit trust funds) which are held by the group and the company as at the end of the reporting period.

	Changes in equity prices	Effects on other comprehensive income	
		Group	Company
		RM'000	RM'000
2016			
Quoted REITs	+/- 5%	+/- 365	+/- 228
Quoted unit trust funds	+/- 1%	+/- 4,274	+/- 4,274
		+/- 4,639	+/- 4,502
2015			
Quoted REITs	+/- 5%	+/- 187	+/- 74
Quoted unit trust funds	+/- 1%	+/- 4,223	+/- 4,223
		+/- 4,410	+/- 4,297

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**38 FINANCIAL INSTRUMENTS (CONT'D)****(m) Liquidity risk disclosure based on remaining contractual maturity**

The tables below analyse the undiscounted cash flows obligations of the financial liabilities of the group and of the company as well as the credit related commitments of the group based on the remaining contractual maturity.

	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	No specific maturity RM'000	Total RM'000
Group					
2016					
Other payables and accruals	(129)	(32)	(696)	(11,602)	(12,459)
Total	(129)	(32)	(696)	(11,602)	(12,459)
2015					
Other payables and accruals	(491)	(42)	(762)	(11,390)	(12,685)
Commitments	(269)	-	-	-	(269)
Total	(760)	(42)	(762)	(11,390)	(12,954)
Company					
2016					
Other payables and accruals	-	-	-	(610)	(610)
Total	-	-	-	(610)	(610)
2015					
Other payables and accruals	-	-	-	(412)	(412)
Total	-	-	-	(412)	(412)

(n) Offsetting of financial assets and financial liabilities

As at the end of the reporting period and the previous financial year end, the financial instruments held by the group and the company are not subject to any netting arrangement.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

39 FAIR VALUE MEASUREMENT

(a) Estimation of fair values

The methods and assumptions used in estimating the fair values of financial instruments and non-financial instruments not measured at fair value but for which fair value is disclosed are as follows:

(i) Securities AFS

The estimated fair values of securities are generally based on quoted and observable market prices. In the absence of such quoted prices, the fair values are based on the expected cash flows of the securities discounted by indicative market yields for similar instruments as at the end of the reporting period.

(ii) Loans, advances and financing

For floating rate loans and fixed rate loans/financing with remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values.

For fixed rate loans/financing with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

The fair values of impaired loans/financing are represented by their carrying amounts, net of impairment allowances, being the expected recoverable amounts of the loans.

(iii) Amounts due from subsidiaries

The estimated fair values of the amounts due from subsidiaries, which are repayable on demand, approximate the carrying amounts.

(iv) Deposits, cash and bank balances

The carrying amounts of cash and bank balances are reasonable estimates of fair values.

For deposits with licensed banks with maturities of less than one year, the carrying amounts are reasonable estimates of fair values. For deposits with maturities of one year and above, the estimated fair values are based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with licensed banks of similar credit risk and remaining period to maturity.

(v) Other financial assets

The carrying amounts of other financial assets less any impairment allowances are assumed to approximate their fair values as these items due are not materially sensitive to the shift in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**39 FAIR VALUE MEASUREMENT (CONT'D)****(a) Estimation of fair values (cont'd)**

The methods and assumptions used in estimating the fair values of financial instruments and non-financial instruments not measured at fair value but for which fair value is disclosed are as follows (cont'd):

(vi) Borrowings

The estimated fair value of borrowings with maturity of less than one year approximates the carrying value.

(vii) Other financial liabilities

The carrying amounts of other financial liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

(viii) Investment properties

The fair values of investment properties are estimated based on market value as determined by independent professionally qualified valuers using the comparison method, which entails comparing and adopting as a yardstick, recent transactions and sale evidences involving other properties in the vicinity.

(b) Fair value hierarchy

The fair value hierarchy, which reflects the significance of the inputs used in fair value measurement, is as follows:

- Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted price included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs).

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted and observable market prices are not available, fair values are estimated using valuation techniques that mainly employ observable market data, based on a range of methodologies and assumptions regarding risk characteristics of the instruments, including but not limited to yield curves, discount rates, foreign exchange rates, estimates of future cash flows, differences in conditions, location as well as tenure and other factors as inputs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

39 FAIR VALUE MEASUREMENT (CONT'D)

(b) Fair value hierarchy (cont'd)

Financial instruments measured at fair value

The tables below present the financial instruments of the group, which are measured at fair value, classified by level of the fair value hierarchy.

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Fair value hierarchy - Level 1				
<i>Financial assets</i>				
Securities AFS				
Quoted REITs	7,304	3,752	4,567	1,491
Quoted unit trusts	427,404	422,276	427,404	422,276
	434,708	426,028	431,971	423,767

There was no transfer between Level 1 and 2 during the current and previous financial year.

Financial instruments not measured at fair value

As at the end of the reporting period, the fair values of financial instruments of the group, which are not measured at fair value, approximate their carrying amounts, except as disclosed below:

	Carrying amount	Fair value hierarchy		
		Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
Group				
2016				
Financial assets				
Loans, advances and financing	354,194	-	356,027	-
2015				
Financial assets				
Loans, advances and financing	367,394	-	369,245	-

The fair values of all financial instruments of the company, which are not measured at fair value, approximate their carrying amounts as at the end of reporting period and the previous financial year end.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

39 FAIR VALUE MEASUREMENT (CONT'D)

(b) Fair value hierarchy (cont'd)

Non-financial assets not measured at fair value but for which fair value is disclosed

As at the end of the reporting period, the fair values of investment properties of the group, which are not measured at fair value, are as follows:

	Carrying amount RM'000	Fair value hierarchy		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group				
2016				
Investment properties				
Freehold land	1,230	-	6,700	-
Buildings and office units	21,589	-	29,231	-
	22,819	-	35,931	-
2015				
Investment properties				
Freehold land	1,230	-	6,700	-
Buildings and office units	22,250	-	29,231	-
	23,480	-	35,931	-

The highest and best use of the freehold land is for commercial tourism. The freehold land is currently vacant as the group has not determined the future use of the land.

40 SIGNIFICANT EVENTS

On 23 May 2016, the company received a notice of conditional voluntary take-over offer ("the Offer") from its major shareholders, namely Hwang Enterprises Sdn. Bhd. and Hwang Lip Teik ("Joint Offerors") to acquire all the remaining ordinary shares of RM1.00 each in the company not already owned by the Joint Offerors ("the Offer Shares"), at a cash offer price of RM2.65 per Offer share. The Joint Offerors do not intend to maintain the listing status of the company on the Main Board of Bursa Malaysia Securities Berhad. In the event the company is unable to comply with the public shareholding spread requirement as a result of acceptances received under the Offer, the Joint Offerors do not intend to take any steps to address the shortfall in the public shareholding spread requirement of the company. The Offer document dated 13 June 2016, which sets out the details, terms and conditions of the Offer, together with the Form of Acceptance and Transfer, were despatched to the holders of the Offer Shares on even date.

On 1 July 2016, the Offer has become unconditional as to acceptances following the receipt of valid acceptances in respect of the Offer Shares, resulting in the Joint Offerors holding, together with the shares of the company already held by the Joint Offerors, a combined total of 55.52% of the voting shares of the company, comprising 51.45% and 4.07% held by Hwang Enterprises Sdn. Bhd. ("HESB") and Hwang Lip Teik respectively. As a result, the company has become a subsidiary of HESB on even date. The Offer has closed on 21 July 2016. As at the end of the reporting period, HESB owned 60.85% of the voting shares of the company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

41 SUBSEQUENT EVENTS

- (a) Subsequent to the end of the reporting period, the ultimate holding company, HESB has acquired additional equity interest in the company via open market acquisitions. As at 30 August 2016, HESB owned 61.18% of the voting shares of the company.
- (b) On 2 September 2016, the shares of the company were suspended by Bursa Malaysia Securities Berhad ("Bursa Securities") pursuant to Paragraph 16.02(2) of the Bursa Securities Main Market Listing Requirements ("MMLR"). The suspension will only be uplifted by Bursa Securities upon full compliance with the public shareholding spread requirements under Paragraph 8.02(1) of the MMLR by the company or as may be determined by Bursa Securities. Bursa Securities has vide its letter dated 5 August 2016 granted the company a 6-month extension of time until 31 December 2016 to comply with the public shareholding spread requirements. The board of directors of the company requires time to discuss with and obtain the support of its major shareholders on a viable plan to address the non-compliance with the public shareholding spread requirement.

42 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 22 September 2016.

SUPPLEMENTARY INFORMATION

Realised and unrealised profits or losses disclosure

The breakdown of retained profits of the group and of the company into realised and unrealised profits or losses, which is prepared in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") and the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants, is as follows:

	Group	
	2016	2015
	RM'000	RM'000
Retained profits of the company and its subsidiaries		
- realised	553,601	544,775
- unrealised	4,022	3,341
	557,623	548,116
Consolidation adjustments	(4,030)	(4,030)
	553,593	544,086
	Company	
	2016	2015
	RM'000	RM'000
Retained profits		
- realised	403,911	407,718
- unrealised	71	18
	403,982	407,736

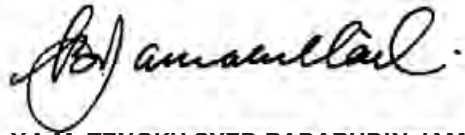
The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Y.A.M. Tengku Syed Badarudin Jamalullail and Hwang Lip Teik, being two of the directors of Hwang Capital (Malaysia) Berhad, state that, in the opinion of the directors, the financial statements set out on pages 44 to 111 are drawn up so as to exhibit a true and fair view of the state of affairs of the group and of the company as at 31 July 2016 and of the financial performance and cash flows of the group and of the company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 22 September 2016.



Y.A.M. TENGKU SYED BADARUDIN JAMALULLAIL
Director

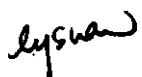


HWANG LIP TEIK
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Lee Huey Suan, being the officer primarily responsible for the financial management of Hwang Capital (Malaysia) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 44 to 111 are, in my opinion, 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.



LEE HUEY SUAN

Subscribed and solemnly declared at Penang on 22 September 2016.

Before me



PROXY FORM



Hwang Capital (Malaysia) Berhad
(238969-K)

I/We, _____ NRIC No. _____
(IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

being a member of the abovenamed Company, hereby appoint _____
(IN BLOCK LETTERS)

NRIC No. _____ of _____
(FULL ADDRESS)

or failing him _____ NRIC No. _____
(IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

as *my/our proxy to vote for *me/us on *my/our behalf at the Twenty-Fourth Annual General Meeting of the Company, to be held at the Bayan Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Thursday, 24 November 2016 at 10.45 a.m. and at any adjournment thereof.

*My/our proxy is to vote as indicated below with an "X":-

RESOLUTIONS		FOR	AGAINST
To approve the payment of a final single tier dividend of 3 sen per ordinary share	(Resolution 1)		
To re-elect Ang Teik Siew (Ang Teik Lim Eric) as Director retiring under Article 66 of the Articles of Association of the Company	(Resolution 2)		
To re-elect Teoh Teik Kee as Director retiring under Article 66 of the Articles of Association of the Company	(Resolution 3)		
To re-elect Hwang Lip Koon as Director retiring under Article 83 of the Articles of Association of the Company	(Resolution 4)		
To re-appoint Y.A.M. Tengku Syed Badarudin Jamalullail in accordance with Section 129(6) of the Companies Act, 1965	(Resolution 5)		
To approve the payment of Directors' fees	(Resolution 6)		
To re-appoint Messrs PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration	(Resolution 7)		
As special business, to pass the ordinary resolution on Retention Of Independent Director	(Resolution 8)		

**Strike out whichever not applicable*

Dated this _____ day of _____ 2016.

In the event two (2) proxies are appointed, the percentage of shareholdings to be represented by each proxy is as follows:-

Name of Proxies	%

Signature/Common Seal

No. Of Shares Held :	
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Notes :-

- Only members whose names appear in the Record of Depositors as at 17 November 2016 shall be eligible to attend the Meeting or to appoint proxy to attend in his/her stead.
- A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as a member to speak at the Meeting.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- A member other than an exempt authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the Meeting.
- A member who wishes to appoint more than one (1) proxy to attend the Meeting must specify the proportion of the shareholdings to be represented by each proxy. If the proportion of shareholdings is not specified, the appointment shall be invalid.
- Unless voting instructions are indicated with an "X" in the spaces provided above, the proxy may abstain from voting or vote on any resolutions as he/she thinks fit.
- If the appointor is a corporation, this form must be executed under the Common Seal or under the hand of its duly authorised attorney.
- To be valid, this form must be deposited at the Registered Office of the Company at Level 8, Wisma Sri Pinang, 60 Green Hall, 10200 Penang not less than forty-eight (48) hours before the time for holding the Meeting.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in the Notice of the Twenty-Fourth Annual General Meeting will be put to vote by poll.

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Hwang Capital (Malaysia) Berhad
(238969-K)

Level 8, Wisma Sri Pinang
60 Green Hall, 10200 Penang
Malaysia

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