



RGB International Bhd.

(603831-K)

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Vision

To be a leading manufacturer, distributor, concession and technical support services provider in the gaming industry.

Mission

To be the premier integrated Gaming Solutions Specialist focusing on the manufacturing, distribution, concession and management of gaming machines that provide ultimate recreational experience.

Core Values

Our commitment to excellence springs forth from a strong foundation of CORE VALUES:

OUR PEOPLE, OUR KEY ASSETS

Continuously identifying new talents and developing our team in upholding high standards of ethics, integrity and honesty at all times.

QUALITY

Striving and delivering the best quality of services and products.

CORPORATE LEADERSHIP

Increasing shareholders value while simultaneously focusing on growth guided by good corporate governance and financial discipline.

CORPORATE SOCIAL RESPONSIBILITY

Participating in projects that benefit the community and environment.

CORPORATE PROFILE

RGB International Bhd. ("RGB" or "the Company") was incorporated in Malaysia on 16 January 2003.

RGB is an investment holding company with its subsidiaries ("RGB Group" or "the Group") primarily involved in:

- sales & marketing, and manufacturing of electronic gaming machines and equipment ("SSM")
- machine concession programmes & technical support management ("TSM")

The history of RGB's involvement in the gaming industry began way back in 1986 through its wholly owned subsidiary, RGB Sdn. Bhd. ("RGBSB"). Through RGBSB, RGB is acknowledged as a leading supplier of electronic gaming machines and casino equipment in Asia region. Today, the Group is also a major machine concession programmes provider in Asia.

RGB has marked its presence in Malaysia and also operates in Kingdom of Cambodia, Lao PDR, Vietnam, Singapore, the Philippines, Macau SAR, Timor-Leste and Nepal.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Mahinder Singh Dulku
Independent Non-Executive Chairman

Datuk Chuah Kim Seah
Managing Director

Datuk Steven Lim Tow Boon
Chief Operating Officer

Mr. Mazlan Ismail
Mr. Chuah Kim Chiew
Executive Directors

Mr. Ng Eng Tong
Senior Independent
Non-Executive Director

Ms. Lam Voon Kean
Tan Sri Norazman Hamidun
Independent Non-Executive Directors

Audit Committee

Ms. Lam Voon Kean, *Chairman*
Dato' Mahinder Singh Dulku
Mr. Ng Eng Tong
Tan Sri Norazman Hamidun

Remuneration Committee

Dato' Mahinder Singh Dulku, *Chairman*
Datuk Chuah Kim Seah
Mr. Ng Eng Tong
Ms. Lam Voon Kean
Tan Sri Norazman Hamidun

Nomination Committee

Mr. Ng Eng Tong, *Chairman*
Dato' Mahinder Singh Dulku
Ms. Lam Voon Kean
Tan Sri Norazman Hamidun

Employees' Share Option Scheme ("ESOS") Committee

Mr. Ng Eng Tong, *Chairman*
Dato' Mahinder Singh Dulku
Datuk Steven Lim Tow Boon
Ms. Lam Voon Kean
Tan Sri Norazman Hamidun

Credit Review & Risk Assessment ("CRR") Committee

Dato' Gan Kong Meng, *Chairman*
Datuk Chuah Kim Seah
Ms. Teh Mun Hui

Executive Committee

Datuk Chuah Kim Seah, *Chairman*
Datuk Steven Lim Tow Boon
Mr. Chuah Kim Chiew
Mr. Chuah Eng Hwa
Ms. Teh Mun Hui
Mr. Ganaser Kaliappen

Company Secretary

Ms. Woon Mei Ling
(MAICSA 7047736)

Registered Office

Suite 16-1 (Penthouse Upper)
Menara Penang Garden
42-A Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Tel : +(60)4 229 4390
Fax : +(60)4 226 5860

Principal Place of Business

8 Green Hall, 10200 Penang, Malaysia
Tel : +(60)4 263 1111
Fax : +(60)4 263 1188
E-mail : ir@rgbgames.com
Website : www.rgbgames.com

Share Registrars

Agriteum Share Registration Services
Sdn. Bhd.
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Tel : +(60)4 228 2321
Fax : +(60)4 227 2391

Legal Form and Domicile

Public Limited Liability Company
Incorporated and Domiciled in Malaysia

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad
Stock code : 0037
Stock name : RGB

Auditors

BDO (AF 0206)
Chartered Accountants
51-21-F Menara BHL
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

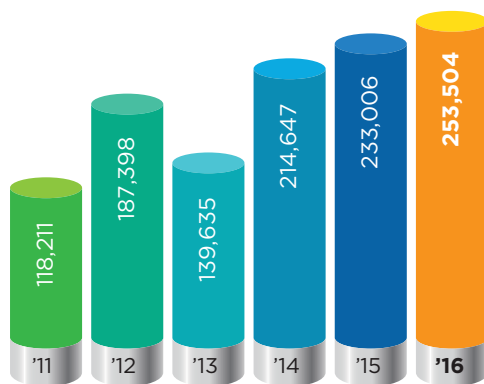
Principal Bankers

Malayan Banking Berhad
Maybank International Labuan Branch
Hong Leong Bank Berhad
United Overseas Bank (Malaysia) Bhd.
The Bank of East Asia, Limited

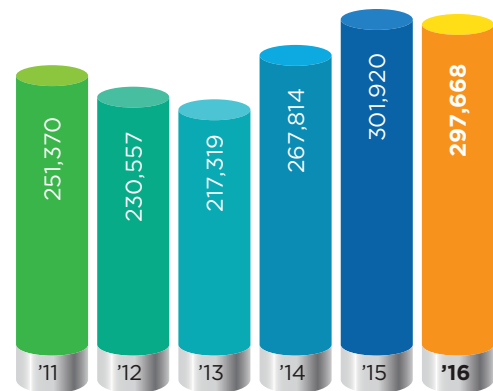
GROUP FINANCIAL HIGHLIGHTS

	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
Revenue	253,504	233,006	214,647	139,635	187,398	118,211
Profit/(Loss) Before Tax	30,993	25,111	19,696	6,530	6,133	(32,808)
EBITDA*	64,002	62,323	55,081	49,030	52,233	40,731
Net Profit/(Loss)	25,301	21,289	18,156	5,966	6,036	(32,895)
Cash and Bank Balances	69,840	75,528	44,793	26,855	26,030	26,735
Property, Plant and Equipment	107,862	118,578	108,075	115,180	107,841	121,739
Total Assets	297,668	301,920	267,814	217,319	230,557	251,370
Shareholders' Equity	203,452	175,253	104,708	74,962	59,495	59,445

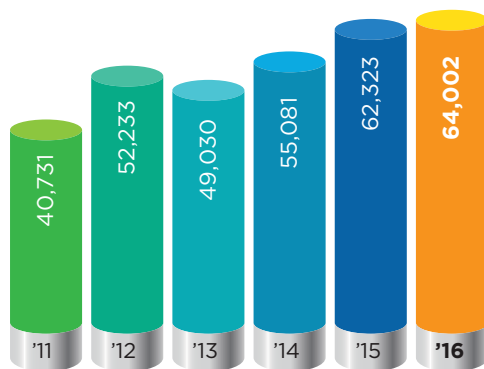
* Earnings before interest, taxation, depreciation, amortisation, impairment of property, plant & equipment, intangible assets and investments.



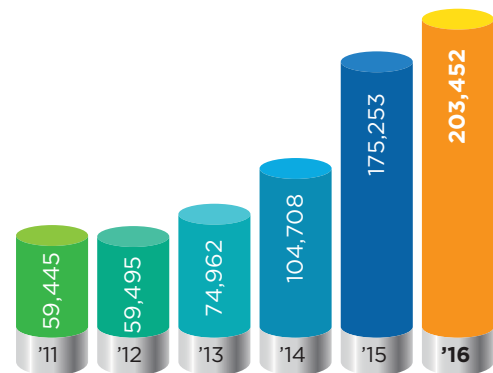
REVENUE
(RM'000)



TOTAL ASSETS
(RM'000)



EBITDA*
(RM'000)



SHAREHOLDERS' EQUITY
(RM'000)

CORPORATE STRUCTURE

AS AT 5 APRIL 2017



PROFILE OF DIRECTORS

Dato' Mahinder Singh Dulku, DSPN, PKT

Independent Non-Executive Chairman

Malaysian, Male, 74 years of age

Utter Barrister, Lincoln's Inn, UK

Dato' Mahinder was appointed to the Board of RGB on 28 April 2006 as Independent Non-Executive Director and thereafter assumed the position as Senior Independent Non-Executive Director on 18 April 2007. He was further appointed as Chairman of the Board on 31 March 2014. He also chairs the Remuneration Committee and serves as member of the Audit, Nomination and ESOS Committees.

Admitted as an Advocate & Solicitor, Malaya in 1973, Dato' Mahinder has been practising law specialising in land, contract and corporate laws. He has more than 40 years of legal practice experience and had been elected twice as Chairman of Penang Bar Committee and a member of the Bar Council over that period. Dato' Mahinder is a Trustee of the Penang Swimming Club and the Old Xaverians' Association, Penang. He is also the Chairman of the Board of Governors of Khalsa Dharmik School, Penang.

He had attended all six (6) Board meetings convened during the financial year.



Profile of Directors

Datuk Chuah Kim Seah, DMSM, DSDK, JP

Managing Director ("MD")

Malaysian, Male, 64 years of age

Fellow, Association of Chartered Certified Accountants

Member, Malaysian Institute of Accountants ("MIA")

Datuk Chuah joined the Board on 30 October 2003. He chairs the Executive Committee and serves as member of the Remuneration and CRRRA Committees.

Datuk Chuah and his brother, Mr. Chuah Kim Chiew, marked their beginning in the gaming and amusement industry through RGBSB. He has garnered more than 30 years' experience in strategic, sales and marketing management. Presently, Datuk Chuah plans and develops the Group's strategic business direction, plans and policies. He also assesses potential business ventures and alliances for the Group.

He sits on the Board of several subsidiaries of RGB.

He had attended all six (6) Board meetings held in the financial year.

Datuk Steven Lim Tow Boon, PJN, BKM

Chief Operating Officer ("COO")

Malaysian, Male, 56 years of age

Bachelor of Arts, Brock University, Canada

A member of the Board since 30 October 2003, Datuk Lim serves as member of both the ESOS and Executive Committees. He assumed the position as COO of RGB Business Division in 2009 and thereafter re-designated as COO of the Group in August 2013.

As COO, his key responsibilities are leading strategic planning and overseeing the overall operation and management of Gaming Division of the Group.

Datuk Lim's career began with the Group in 1988 when he joined as a Management Executive focusing on sales of amusement and gaming machines. His broad experience and expertise in sales and marketing has boosted the growth of the Group's market share in the gaming industry.

Datuk Lim currently holds directorships in several subsidiaries of the Company.

He had attended all six (6) Board meetings convened in the financial year.



Mr. Mazlan Ismail

Executive Director

Malaysian, Male, 53 years of age

Ordinary Member, Malaysian Institute of Management

Diploma in Management, Malaysian Institute of Management

Mr. Mazlan was appointed to the Board on 30 October 2003. He heads the Corporate & Business Development division and oversees the investor relations and corporate developments functions for the Group.

He started his career as Senior Audit Assistant with Chuah & Associates in 1988 before leaving to pursue other career opportunities three (3) years later.

Mr. Mazlan serves as director of several subsidiaries of RGB.

He had attended all six (6) Board meetings held during the financial year.

Mr. Chuah Kim Chiew

Executive Director

Malaysian, Male, 53 years of age

Bachelor of Business Administration, University of Waseda, Japan

Mr. Chuah joined the Board on 30 October 2003. He is responsible for TSM activities of RGB Group for all regions and development of new projects within the Group. He also serves as member of the Executive Committee.

His ties to the Group began more than 30 years ago when he was appointed as a Director of RGBSB. Together with Datuk Chuah, they began their ventures and challenges in the gaming and amusement industry.

Mr. Chuah also sits on the Board of several subsidiaries and associated companies of RGB.

He had attended all six (6) Board meetings convened during the financial year.



Profile of Directors

Mr. Ng Eng Tong

Senior Independent Non-Executive Director

Malaysian, Male, 71 years of age

Bachelor of Science (Honours) in Chemical Engineering, University of Wales, UK

A member of the Board since 27 May 2011, Mr. Ng chairs the Nomination and ESOS Committees and serves as member of the Audit and Remuneration Committees.

At present, Mr. Ng is the Chairman of the Board of Lembaga Totalisator Malaysia and a Committee member of Royal Perak Turf Club. He was with Shell Malaysia and subsequently Pan Malaysian Pools Sdn. Bhd., a wholly owned subsidiary of Tanjong Plc., as Chairman and Chief Executive Officer until his retirement in February 2008.

He had attended all six (6) Board meetings held in the financial year.

Ms. Lam Voon Kean

Independent Non-Executive Director

Malaysian, Female, 64 years of age

Member, MIA

Member, Malaysian Institute of Certified Public Accountants ("MICPA")

Ms. Lam joined the Board on 31 March 2014. She chairs the Audit Committee and serves as member of the Remuneration, Nomination and ESOS Committees.

Ms. Lam began her career with KPMG Penang in 1974 as an articled student and qualified as a Certified Public Accountant in 1981. She was one of the senior audit managers of KPMG Penang. She acted as the engagement manager for various audit engagements and also for assignments relating to the listing of shares on the Malaysian Stock Exchange and was involved in the review and preparation of profit and cash flow forecasts and projections. She left KPMG Penang in 1994 and joined M&C Services Sdn. Bhd. (now known as Boardroom Corporate Services (KL) Sdn. Bhd.). She was promoted to Executive Director managing a suite of business solutions and services for public listed companies, private companies and branches of multi-national companies. Ms. Lam was promoted to Managing Director of Boardroom Corporate Services (Penang) Sdn. Bhd. ("Boardroom") in 2005 consequent to internal restructuring exercises. She retired on 31 December 2011 and accepted a one-year contract to act as consultant to Boardroom effective from 1 January 2012.

Ms. Lam is also an Independent Non-Executive Director of Asia File Corporation Bhd. and Globetronics Technology Berhad.

She had attended all six (6) Board meetings held during the financial year.



Tan Sri Norazman Hamidun,

PSM, PJN, DGMK, DSDK, AMK, JP

Independent Non-Executive Director

Malaysian, Male, 52 years of age

Corporate Member, Malaysian Institute of Marketing

MARA University of Technology majoring in Business Studies

Tan Sri Norazman was appointed to the Board on 1 April 2014. He serves as member of the Audit, Remuneration, Nomination and ESOS Committees.

He joined Kota Setar District and Land Department ("PTD Kota Setar") in 1990 as an Assistant Deputy Registrar. During his service with PTD Kota Setar, he was posted to Land Acquisition Department where he gained experience and knowledge in land issues. In 1994, he was promoted to State Land Officer and posted to Land Registration Department. He left government service in 1998 to concentrate on his business.

Tan Sri Norazman is the Chief Executive Officer/Chairman of HMS Oil & Gas Sdn. Bhd. He also sits on the Board of several other private limited companies.

He had attended five (5) out of six (6) Board meetings convened during the financial year.



Notes:

Family Relationship with Directors and/or Major Shareholders

Datuk Chuah Kim Seah is a substantial shareholder of RGB and the brother of Mr. Chuah Kim Chiew.

Save as disclosed herein, none of the other Directors has any family relationship with any directors and/or major shareholders of the Company.

Conflict of Interest

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

Conviction for Offences

Other than traffic offences, none of the Directors has been convicted for any offences within the past five (5) years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

Other Directorships

Except as disclosed by Ms. Lam Voon Kean, none of the other Directors holds any other directorship in public companies.

KEY MANAGEMENT TEAM



Mr. Chuah Eng Hwa

Vice President, New Investment and Corporate Administration

Malaysian, Male, 31 years of age

Member, Institute of Chartered Accountants Australia ("ICAA")

Member, MICPA

*Bachelor of Business (Accounting) and Bachelor of Computing,
Monash University, Australia*

Mr. Chuah joined the Group on 1 April 2015 as Project Manager and subsequently redesignated as Vice President, New Investment and Corporate Administration on 1 January 2016. He is primarily responsible for the new investment relations and oversees the implementation of policies and operational management for administrative, compliance and information technology for RGB Group.

He has almost six (6) years of experience with Ernst & Young in transaction advisory and assurance services prior to joining the Group.

Mr. Chuah is a member of the Executive Committee and sits on the Board of several subsidiaries of RGB.



Ms. Teh Mun Hui

Chief Financial Officer ("CFO")

Malaysian, Female, 44 years of age

Member, MIA

Member, MICPA

Bachelor of Accounting, University of Malaya

Ms. Teh is currently the CFO, a position she held since 2015. She was promoted to General Manager, Finance & Treasury and Finance Director of the Group on 1 August 2004 and 1 February 2007 respectively. She is principally responsible for the accounting, financial management and corporate finance functions for RGB Group. Her responsibilities are expanded in 2015 to overseeing treasury, credit control and risk assessment functions for the Group.

She was initially attached to Arthur Andersen & Co. (now known as Ernst & Young) in 1997 in its audit assurance division before joining the Group in 2001.

Ms. Teh serves as member of the CRRA and Executive Committees and sits on the Board of several subsidiaries and an associated company of RGB.

Key Management Team

Mr. Ganaser Kaliappen

Senior Vice President, Regulatory Compliance

Malaysian, Male, 61 years of age

Master in Public & International Affairs, University of Pittsburgh, USA

Bachelor of Arts and Diploma in Education, University of Malaya

Diploma in Public Management, National Institute of Public Training

Mr. Ganaser joined the Group as General Manager, Regulatory Compliance on 1 October 2004 and appointed to his current position in 2009. He is responsible for managing regulatory compliance with the authorities and legislations in the various countries where RGB Group operates.

Mr. Ganaser started his career with Administrative and Diplomatic Service of the Government where he served for 25 years. He was the Principal Assistant Secretary with the Ministry of Finance managing the financial control, gaming licensing and regulatory compliance matters before retiring as Director in the Ministry of Defence.

He serves as member of the Executive Committee and also holds directorship in a subsidiary of RGB.



Dato' Gan Kong Meng,

DSDK, PSPP, SDK, DJN, BCN, SMP, AMK, KMN, PPA

Senior Vice President, Corporate Integrity

Malaysian, Male, 62 years of age

Master in Social Science (Anthropology/Sociology) and Bachelor of Science (Mathematics and Physics), Universiti Sains Malaysia

Diploma in Police Science, Universiti Kebangsaan Malaysia

Dato' Gan joined RGB Group on 19 January 2015 as Senior Vice President, Corporate Integrity and is primarily responsible for managing risk functions for the Group.

He has extensive experience in crime analysis and investigations. He was with the Royal Malaysia Police for 39 years before retiring as a Senior Assistant Commissioner of Police in 2015. He was the officer-in-charge of Police District of George Town, Penang and Kuala Lumpur City Criminal Investigation Chief.

Dato' Gan chairs the CRRRA Committee. He is also an Independent Non-Executive Director of Grand United Holdings Berhad since 1 June 2015.



Notes:

Family Relationship with Directors and/or Major Shareholders

Mr. Chuah Eng Hwa is the son of Datuk Chuah Kim Seah and the nephew of Mr. Chuah Kim Chiew.

Save as disclosed herein, none of the other key management team has any family relationship with any directors and/or major shareholders of the Company.

Conflict of Interest

None of the key management team has any conflict of interest with the Company.

Conviction for Offences

Other than traffic offences, none of the key management team has been convicted for any offences within the past five (5) years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

Other Directorships

Except as disclosed by Dato' Gan Kong Meng, none of the other key management team holds any other directorship in public companies.

MANAGEMENT DISCUSSION AND ANALYSIS

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY ("THE BOARD"), WE ARE PLEASED TO PRESENT TO YOU OUR ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED ("FYE") 31 DECEMBER 2016.

OVERVIEW

RGB is a leading gaming products supplier in Asia with more than 30 years of experience in the gaming industry. Though, based in Malaysia, we have regional offices in Macau, the Philippines, Singapore, Vietnam and Cambodia. Besides these countries, we also have operations in Lao PDR, Timor-Leste and Nepal. In all these locations, we have dedicated sales, operations and skilled engineering teams to serve our clients round the clock.

RGB is also involved in manufacturing and trading of various gaming products. Our SSM team markets and distributes our proprietary products as well as products of various gaming product manufacturers in the world. RGB is an authorised distributor of gaming products for most of the world renowned brands in the gaming industry. We supply electronic gaming machines, casino products, casino equipment and all kinds of gaming-related parts and components. Our clients vary from major casinos in the world's gaming industry to operators of VIP slot clubs in many Asian countries. Our customers are located in all the gaming cities throughout Asia.

The other core business of RGB is from our TSM division which provides machine concession programmes to 39 operators throughout Asia. In addition to leasing of machines to the casinos and slot club operators, we also provide management and advisory services to our customers.

Engineering division is another revenue generated division of the Group. Currently, we have a strong team of engineers and technically skilled staff stationed in almost all the countries where we operate. Our services include:

- (i) on-site technical and system installation, support, upgrade and conversion
- (ii) on-site technical and system training solution
- (iii) remote system support resources
- (iv) consultancy on technical, machines and systems matters
- (vi) preventive maintenance and repairing of parts and components

All in all, RGB is a one stop gaming solutions provider for clients in the gaming industry.

FINANCIAL REVIEW

Despite the challenging economic environment and market competition, the Group delivered strong financial performance for year 2016.

The table below highlights the Group's financial performance for year 2016:

	2016 RM million	2015 RM million	Change %
Revenue	253.5	233.0	Up 9%
EBITDA	64.0	62.3	Up 3%
Profit before tax	31.0	25.1	Up 23%
Profit after tax	25.3	21.3	Up 19%
Shareholders' equity	203.5	175.3	Up 16%
Earnings per share (sen)	1.89	1.66	Up 14%

Revenue and Profit Before Tax

The Group achieved new highs in turnover and profit performance for year 2016. The Group's revenue and profit before tax stood at RM253.5 million and RM31.0 million respectively for year 2016, higher by 9% and 23% respectively as compared to previous year.

The increase was primarily due to the following factors:

- (i) Increase in number of machines and casino equipment sold from SSM division;
- (ii) Better performance of TSM division across the region; and
- (iii) Favourable impact from foreign exchange rate.

As a result, the earnings per share increased to 1.89 sen for year 2016.

Capital Management

The Group managed to reduce its total borrowings to RM7.9 million as at 31 December 2016 as compared to RM35.6 million as at 31 December 2015.

During year 2016, the Group had fully redeemed the outstanding Commercial Papers of RM17.35 million and Medium Term Notes of RM10 million issued under the seven (7)-year Unrated Commercial Papers/Medium Term Notes Programme prior to their maturity date via its internally generated funds.

Liquidity and Capital Resources

The Group's cash position was RM78.7 million as at 31 December 2016 as compared to RM85.2 million as at 31 December 2015. Net cash generated from operations was RM39.3 million. During year 2016, RM16.4 million was used for capital expenditure, RM28.3 million for repayment of borrowings and RM6.6 million for payment of dividends.

The Group's capital expenditure incurred in year 2016 amounting to RM16.4 million of which RM15.5 million was allocated to purchase gaming machines for replacement and upgrading of machines in existing TSM outlets and placement of machines in new outlets to generate income for the Group.

Management Discussion and Analysis

OPERATIONAL REVIEW

SSM Division

SSM revenue for 2016 improved to RM159.9 million from RM145.5 million in 2015 representing a growth of 9.9%. However, EBITDA and profit before tax declined to RM14.8 million from RM18.2 million and RM13.8 million from RM16.7 million respectively. The increased revenue is mainly attributed to a higher number and a wider range of products sold. The decline in EBITDA and profit before tax is due to sale of different product mix.

TSM Division

TSM division continued to expand its operations by adding another four (4) concessions with 292 machines during the financial year 2016. The Group also proactively exited from two (2) under performing venues. TSM division operates in 39 concession venues with a total of 6,120 machines as at end of 2016.

In 2016, TSM revenue grew to RM93.2 million, representing a growth of 7.3% compared to RM86.9 million a year ago. EBITDA increased to RM57.1 million in the year under review as against RM53.2 million in 2015, with a corresponding growth of 7.3%. In tandem, the profit before tax grew by 18.9% to RM27.7 million from RM23.3 million in 2015. The growth in revenue is primarily attributed to better performance across the regions and additional income from the new outlets.

BUSINESS OUTLOOK AND PROSPECTS

The Group's achievement in 2016 has laid a strong foundation for continuous growth in 2017. The Group will capitalise on the positive results achieved in 2016 to maintain the upward growth trend by increasing our presence in the current and new gaming market.

To sustain this growth trend, the Group targets to expand geographically into new markets in different regions to continue with the growth in sales numbers. The Group will also explore into new boundaries to forge new partnerships to continue the growth of our TSM business.

To grow our revenue from engineering services, we will continue to promote our engineering services along with our products. We will also make every effort to further enhance our engineering services for our customers in our continuous pursuit for service excellence.

DIVIDEND

The first interim single-tier dividend of 0.3 sen per ordinary share for the FYE 31 December 2016 was paid on 14 April 2017.

The Board has proposed a final single-tier dividend of 0.3 sen per ordinary share, bringing the total dividend payout for year 2016 to 0.6 sen per ordinary share, subject to the shareholders' approval at the forthcoming AGM. The dates of entitlement and payment are stated in the Notice of AGM.

The Group has yet to set a formal dividend policy as it anticipates that more investments may be needed to drive future growth.

ACKNOWLEDGEMENT

On behalf of the Board, we would like to thank all of our shareholders, business partners, financial institutions and regulatory institutions for their unwavering support and the strong confidence they placed in us.

To our fellow Directors, the management team and our employees, we wish to express our sincere appreciation and thanks to all of you for your commitment, dedication and contributions in taking the Group through another successful year.

DATO' MAHINDER SINGH DULKU
Independent Non-Executive Chairman

DATUK CHUAH KIM SEAH
Managing Director

17 April 2017

INVESTOR RELATIONS

The Board remains committed in fostering good relationship with the investing community by engaging in regular meetings and communication while preserving transparency and accountability. The Board has established framework and strategy for investor relations as set out in its Investor Relations Policy.

COMMUNICATION CHANNELS

Effective communication with all shareholders, financial communities, employees and general public is a priority to RGB. The guiding principle for the basis of the Company's Investor Relations activities is to ensure the dissemination of RGB's fundamentals to all the above is made in a timely, fair, transparent, accurate, consistent and equal manner. Information is disseminated via annual reports, circulars, quarterly financial reports, press releases and corporate announcements made to Bursa Malaysia Securities Berhad ("Bursa Securities").

In 2016, the Company held one (1) analyst briefing to present the results for the FYE 31 December 2015 as well as one-on-one and group meetings with local and foreign fund managers and analysts. The briefing attracted positive response from the financial investing community and provided them with the opportunities to obtain more information on our financial results and performance. The Company will continue with this briefing as and when the need arises.

The Company also continued to actively respond to requests from analysts and fund managers via meetings, conference calls and/or electronic communications to provide updates on quarterly financial performances, corporate and business developments, regulatory issues as well as changes in operating environment which may impact the Group's operations.

While institutional shareholders and analysts may have more regular contact with the management, the Company has taken special care to ensure that any material price-sensitive information is disseminated to all shareholders at the same time.

Shareholders also have the opportunity to communicate their opinions and engage with the Board and senior management at general meetings of the Company. They are encouraged to seek clarification from Board members and senior management on all issues relevant to the Group at such meetings.

ENHANCEMENT OF ACCESS VIA INTERNET

The Company's website www.rbggames.com is regarded as a crucial communication medium and we have incorporated further enhancements to the website to reflect our commitment to encourage and adopt effective communications with our shareholders.

The webpage allows all shareholders and general public to access the relevant corporate information at their own convenience, including annual reports, quarterly reports of interim financial results, announcements and presentations given to shareholders, analysts and media.

Shareholders and financial communities are encouraged to direct their queries and/or concerns regarding RGB to the Investor Relations division via its dedicated e-mail address (ir@rbggames.com). The Company expects to make more progressive enhancements to the corporate website in the future to improve on its information accessibility and site friendliness.

CALENDAR OF EVENTS 2016



3 March

**Analyst Briefing,
Kuala Lumpur**

Analyst Briefing was held at Shangri-La Hotel to update on RGB full year 2015 performance and business activities.

A live interview about "From Slot Machines To Casinos?" took place at BFM89.9 Studio between Datuk Steven Lim and The Breakfast Grille, a highly popular, hard-hitting and no-holds-barred interview program on BFM89.9.

29 March

**Interview with BFM89.9
The Breakfast Grille,
Selangor**



RGB bagged the Diamond Award at the 3rd Top 50 Enterprise Awards Malaysia 2015/2016 organised by the Malaysia Entrepreneurs' Development Association ("PUMM") at Straits Quay Convention Center.

9 April

The 3rd PUMM
Top 50 Enterprise
Awards Malaysia
2015/2016 Ceremony,
Penang





17 - 19 May

**Global Gaming
Expo Asia (G2E Asia)
2016, Macau SAR**

Participated and showcased our latest range of electronic gaming machines and products at this major gaming exhibition in Asia held at The Venetian Macao.





26 May
13th Annual General Meeting ("AGM") & Extraordinary General Meeting ("EGM"), Penang

13th AGM and EGM of RGB were convened at Bayview Hotel Georgetown Penang. All resolutions proposed at both meetings were duly approved by the shareholders.



14 October
Best Under Billion Awards 2016 Ceremony, Selangor

RGB emerged as the winner in the Best Revenue Growth (RM150 mil - RM499 mil) category at Focus Malaysia's Best Under Billion Awards 2016 which was held at One World Hotel.





**15 - 17
November**

**MGS Entertainment
Show 2016,
Macau SAR**

Participated in the MGS Entertainment Show (formerly known as Macao Gaming Show) held at The Venetian Macao. Various ranges of electronic gaming machines and products were showcased at this fastest growing exhibition on the entertainment and gaming industry circuit.





RGB received the Excellence Award for Top Corporate Governance and Performance for category of companies with market capitalisation between RM100 million to RM300 million at Malaysia - ASEAN Corporate Governance Transparency Index, Findings & Recognition 2016 hosted by Minority Shareholder Watchdog Group ("MSWG") at The Sime Darby Convention Centre.

15 December

**Malaysia - ASEAN
Corporate Governance
Transparency Index,
Findings & Recognition
2016 Ceremony,
Kuala Lumpur**

CORPORATE RESPONSIBILITY STATEMENT

We are committed to focusing on operating business diligently and accountable for decisions that impact our shareholders, investors, business partners, employees, governments, industry authorities and the communities around us.

We recognise the importance of both financial and non-financial strategies in our continuous efforts to maintain long-term and sustainable performance of the Group. While we focus on managing our business deliverables through improving financial profitability and shareholders value, we are also mindful of our goals to provide a sustainable workplace for our human assets' career developments as they are critical components to our growth and to promote a sustainable socially and environmentally responsible organisation.

We consistently working towards integrating the four (4) corporate responsibility approaches namely Marketplace, Environment, Workplace and Community into our business operations with the objective to achieve a key balance towards reaching our mission, vision and business sustainability.

MARKETPLACE

Marketplace communities refer to our shareholders, investors, financial communities, business partners, governments, industry authorities and employees. Our initiatives include:

- practising transparency, accuracy, consistency, fair and timely dissemination of our fundamentals;
- abiding by our Investor Relations Policy which guides management and employees on the communication process with marketplace communities in accordance with best practices set out in Malaysian Code on Corporate Governance 2012 ("MCCG 2012"); and
- ensuring our business operations are in compliance with anti-money laundering acts, where applicable, and rules and regulations of each country where we operate.

ENVIRONMENT

We are committed to minimising the impact of our operations on the environment. We actively monitor our operational carbon footprint, promote recycling and the responsible use of resources by our employees and stakeholders and educate them about climate change and the importance of environmental protection.

All recyclable waste are segregated, collected and disposed of to local recycling agencies regularly. The funds collected from the disposal of recyclable wastes are channelled to the Group's philanthropic activities.

In line with the Group's commitment to reduce carbon footprints, document printing is done on need basis, energy efficient bulbs are used throughout the workplace and the use of all computer peripherals, air-conditioning and lighting are minimised.

WORKPLACE

Our people are our valuable assets. We believe that knowledge and skills are critical components in today's rapid globalisation and technology changes. We constantly focus on developing the growth of our employees as part of the Group's succession planning for business continuity for many years to come.

We continue to engage in open door policy where employees have easy accessibility to their superiors. Two-way communications are encouraged to ensure share of ideas and/or work grievances to improve work processes and working environment. Periodical downward communication sessions from key management team with subordinates are also carried out as a way to impart the Company's fundamentals and directions while addressing issues of concern.

We place great importance on our human resources development that synchronises with the growth of the Group. We continuously identify training programs for our employees according to their job demand and for update on work flow changes as well as skills upgrading or receiving new ideas to maximise their work processes. The training could be soft skills or technical such as business writing skills, interpersonal communication and logical thinking, investor relations communications, social etiquette and protocol. Training and development are also part of monitoring the progress of our employees for future succession planning.

We adhere to stringent recruitment policy and ensure hiring is in compliance with job requirements and demands which in line with our business industry. New recruits are required to attend full day induction course aimed at introducing our new recruits to the Group's policies and procedures.

COMMUNITY

'RGB Gives Back' is the Group's philanthropic effort and is driven by our commitment to add value to the communities where we operate. Throughout 2016, the Group has made cash donations to various charitable bodies in the countries where we have operations as part of our efforts to benefit the communities that have been supporting.

Among one of the charitable bodies which RGB donated was Yayasan Anak-Anak Yatim Sultanah Haminah, a foundation established with the aim of taking care of the well-being and welfare of orphans who are poor and without proper supervision.

RGB continues to encourage the spirit of competition. In 2016, we have sponsored various sports events such as the 33rd Penang Open International Junior Tennis Championship and Yayasan Sultanah Bahiyah Charity Golf Tournament.

The spirit of giving at RGB has been initiated in the past years and we intend to continue giving as and when the need arises.

KEY SUPPLIER FOR SSM PRODUCTS



R. FRANCO



CORPORATE GOVERNANCE STATEMENT

The Board of RGB Group is committed to maintaining high standards of corporate governance within the Group for long term sustainable business growth, protection and enhancement of shareholders value. The Group operates within a governance framework designed based on the recommendation of MCCG 2012.

The Board further acknowledged that good corporate governance is a fundamental part of its responsibility in managing the business and operations of the Group and discharging its accountability to the shareholders.

The Board is pleased to present this statement for the FYE 31 December 2016 outlining the applications of the Principles and Recommendations as set out in the MCCG 2012.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear functions of the Board and Management

The Board collectively leads and is responsible for the success of the Group by providing entrepreneurial leadership and direction as well as supervision of the management. It is also the ultimate decision-making body.

The Board is guided by the Board Charter which sets out the functions of the Board, Chairman, MD and Committees. The Board delegated specific responsibilities to its Committees to oversee the Group's affairs in accordance with their respective Terms of Reference ("TOR"). The MD and Board Committees remain accountable to the Board for the authority that is delegated.

Clear roles and responsibilities

In addition to statutory and legal responsibilities, the Board assumed, among others, the following roles:

- Review and set the Group's strategic plan and direction and ensure that resources are available to meet its objectives.
- Supervise the operations of the Group to evaluate whether established targets are achieved.
- Identify principal risks and ensure the implementation of appropriate systems to manage these risks.
- Ensure succession plans are in place for the Board members and senior management.
- Promote better investor relations and shareholder communications.
- Ensure that the Group's core values, vision and mission and shareholders' interests are met.
- Review the adequacy and the integrity of the Group's internal control systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Formalised ethical standards through Code of Ethics and Conduct

The Board has formalised a Code of Ethics and Conduct ("Code") and is available on the Company's website (www.rgbgames.com). The Code emphasised the Company's commitment to ethical practices and compliance with the applicable laws and regulations. The Code governs the standards of ethics and good conduct expected from the Directors and employees of the Group. The Code covers a wide range of business practices and procedures and sets out the basic principles to guide the Group's Directors and employees. The Code will be reviewed when necessary to ensure it remains relevant and appropriate.

Moreover, the Company's Employee Handbook, which contains human resource policies, serves as a guide to ensure that the accepted code of ethical conduct and employee obligations and responsibilities under this handbook are practised by the employees.

Corporate Governance Statement

The Board has also inaugurated an Anti-bribery and Corruption Policy which sets out the standards the Company expects the directors, employees, agents, consultants, contractors, suppliers, vendors and any third party intermediaries or representatives performing work or services for or on behalf of RGBSB, RGB Ltd., RGB (Macau) Limited and RGB (Singapore) Pte. Ltd. to comply with in conducting business.

The Board has put in place a Whistleblowing Policy and has published it on the Company's website (www.rbggames.com). This policy provides a platform for the employees and stakeholders of the Group to report any illegal/improper action and/or wrongdoing by the employees and/or the management of the Group. The Board is responsible to oversee the implementation of this policy.

Strategies promoting sustainability

The Board regularly reviews the strategic direction of the Company and the progress of the Company's operations, taking into account changes in the business and political environment and risk factors such as level of competition and changes in regulatory policies.

The Company is also committed to sustainable development. Employees' welfare, environment as well as community responsibilities are integral to the way in which the Company conducts its business. Report on the activities pertaining to corporate responsibilities is illustrated in Corporate Responsibility Statement of this Annual Report.

The Board is committed to promote sustainability in all of the Group's activities. The Company has in place a Sustainability Policy which is available on the Company's website (www.rbggames.com).

Access to information and advice

The Directors have full and timely access to information to enable them to discharge their duties.

Agenda and discussion papers are circulated prior to the Board meetings to allow the Directors to study and evaluate the matters to be discussed and subsequently make effective decisions. Procedures have been established concerning the content, presentation and timely delivery of papers for each Board and Board Committee meeting as well as for matters arising from such meetings. Actions on all matters arising from any meeting are reported at the subsequent meeting.

The Directors are regularly updated by the Company Secretary on new statutory, corporate and regulatory developments relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

The Directors have unrestricted access to the advice and services of Company Secretary and senior management staff within the Group and may obtain independent professional advice at the Company's expense in the furtherance of their duties. Individual Directors may also obtain independent professional or other advice in fulfilling their duties, subject to approval by the Board.

Qualified and competent Company Secretary

The Board is satisfied with the performance and support rendered by the Company Secretary who is person with professional qualifications and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016. The Company Secretary is responsible for advising the Board on matters in relation to compliance with laws, regulations, guidance and procedures affecting the Directors as well as the principles of good corporate governance practices. She attends and ensures that all Board and its Committees meetings are properly convened and that the decisions made and/or resolutions passed thereof are recorded in minutes of meeting and kept in the statutory register at the registered office of the Company.

Board Charter

The Board has established a Board Charter and is also available on the Company's website (www.rgbgames.com).

The Board Charter is the fundamental guide for the Directors and outlines the composition, roles and responsibilities of the Board.

The Board Charter comprises, among others, the following matters:

- Role of the Board
- Role of the Chairman and MD
- Role of the Board Committees
- Board balance and mix
- Tenure of Directors
- Nomination and appointments
- New directorship
- Company Secretary
- Matters reserved for the Board
- Board's relationship with shareholders
- Processes of the Board meetings
- Access to information
- Directors' training

The Board Charter is reviewed periodically to keep it updated with the changes in the Company's policies as well as the latest rules and regulations.

The Board acknowledges the essential of boardroom diversity in terms of experience, skills, expertise, competencies and gender to enhance board effectiveness and performance. The Company currently has one (1) female Director. The Board is supportive of gender diversity to comprise 30% female directors as recommended by the Corporate Governance Blueprint 2011. Female representation will be considered when a vacancy arises and/or suitable candidates are identified. Nevertheless, the appointment of a new Board member will not be guided solely by gender but will also take into consideration the experience, skills and knowledge of the candidate.

Board Committees

As part of the Board's efforts to ensure the effective discharge of its duties, the Board has delegated certain of its functions to Board Committees. Each of the Board Committees operates within clearly defined TOR. The Chairman of the various Committees will report at the Board Meetings on the outcome of the Committee meetings.

The Board has established the following Committees to assist the Board in the execution of its duties:

a) Audit Committee

The composition, TOR and summary of activities of the Audit Committee are set out separately under Audit Committee Report in this Annual Report.

b) Nomination Committee

The TOR and summary of activities of the Nomination Committee are illustrated under item 2 below.

Corporate Governance Statement

c) Remuneration Committee

The Remuneration Committee's TOR is placed on the Company's website (www.rgbgames.com). It states that the members of the Committee shall comprise wholly or mainly of Non-Executive Directors and consist of not less than three (3) members. In the event of any vacancy in the Committee, the Board must fill the vacancy within three (3) months and appoint such number of new members as may be required to make up the minimum of three (3) members.

The following are the functions and responsibilities of the Remuneration Committee:

- i) To review the remuneration policies and remuneration of the Board, Board Committees, key management team and recommend the same to the Board for approval. The focus is on a remuneration policy which should be sufficient to attract, retain and motivate Directors and key management team of calibre needed to run the Group successfully. Executive Directors are to abstain from deliberations and voting on the decision in respect of their own remuneration package.
- ii) To review and present recommendations to the Board regarding the remuneration and conditions of service of the Executive Directors and key management team, in all its form including the grant of entitlement under any share schemes.
- iii) To review indemnity and liability insurance policy for Directors and Officers of the Group.

The level of remuneration of Executive Directors is linked to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration would reflect the experience and level of responsibilities undertaken by Non-Executive Director concerned.

The Board, as a whole will determine the remuneration packages for Non-Executive Directors including Non-Executive Chairman. The individuals concerned should abstain from discussion of their own remuneration.

Fees are to be paid to Directors only with the approval of shareholders at AGM.

During the year under review, the Remuneration Committee met twice to deliberate on remuneration package of the Executive Directors and key management team for year 2016.

d) ESOS Committee

The ESOS Committee was established on 19 October 2009 to administer the ESOS of the Company in accordance with the Bye-laws of the ESOS. It comprises four (4) Independent Non-Executive Directors and an Executive Director.

During the financial year under review, the Committee met and deliberated on the allocation of shares under ESOS to eligible employees of the Group.

e) CRRR Committee

The CRRR Committee is tasked, inter alia, to oversee the functions of the Credit Control and Risk Assessment Department and implement identified controls of the Enterprise Risk Management ("ERM") framework of the Group. The CRRR Committee's TOR is published on the Company's website (www.rgbgames.com).

Summary of activities of the CRRR Committee are elaborated in the Statement on Risk Management and Internal Control of this Annual Report.

f) Executive Committee

The Executive Committee is responsible for overseeing the management of the Group and receives regular management information including updates from each business area. The Committee meets at least once in every two (2) months. The Executive Committee comprises three (3) Executive Directors and three (3) Subsidiary Directors.

The salient TOR of the Executive Committee is to discuss and agree on following matters from the Group's perspective:

- i) Overall policy matters for the Group.
- ii) Group coordination between operations and services.
- iii) Financial performance.
- iv) Strategic direction.
- v) Corporate human resource initiatives.
- vi) Market strategy & intelligence and investor relations.
- vii) Marketing & branding.
- viii) Internal compliance (e.g. Internal Audit and Risk Management Framework).
- ix) Prioritising the allocation of capital, technical and human resources of the Group.
- x) Establishing best management practices and functional standards for the Group.
- xi) Monitoring the execution of the Company's strategic plans and operations of all business units of the Company and safeguarding the interests of the Company and to further strengthen the strategy, business objectives and targets established by the Board.
- xii) Recommending to the Board improvement/changes to the scope of the authority delegated to the operational management and the corporate management.
- xiii) Ensuring the maintenance and regular review of the organisation's policy and procedure manual.
- xiv) Reviewing, on a regular basis its own performance, constitution and TOR to ensure it is operating at maximum effectiveness and where necessary, updating these TOR.
- xv) Overseeing senior management appointments and the monitoring of senior management performance of the Group's affairs, succession planning and continuing Group-wide employees development programme, including training, evaluation procedures, employment conditions and reward and recognition practices; and to monitor the quarterly progress of achievements of the Group's budget.

2. STRENGTHEN COMPOSITION

Nomination Committee

The TOR of the Nomination Committee provides that the Committee shall comprise exclusively of Non-Executive Directors with minimum three (3) members in total, a majority of whom being independent. In the event of any vacancy in the Committee, the Board must fill the vacancy within three (3) months and appoint such number of new members as may be required to make up the minimum of three (3) members. The Nomination Committee's TOR can be found on the Company's website (www.rgbgames.com).

The functions and responsibilities of the Nomination Committee are as follows:

- i) To recommend to the Board candidates for all Directorships to be filled by the shareholders or the Board, taking into consideration the following criteria:
 - skills, knowledge, expertise and experience;
 - professionalism;
 - integrity; and
 - in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

Corporate Governance Statement

- ii) To annually assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director, including the Independent Non-Executive Directors and the MD/COO as well as the CFO. All assessment and evaluations carried out by the Nomination Committee in the discharge of all its functions should be properly documented.
- iii) To recommend to the Board, candidates to fill the seats on Board Committees.
- iv) To assist the Board in an annual review of the required mix of skills, experience and other qualities, including core competencies, which the Non-Executive Directors should bring to the Board.
- v) To review the size of the Board with an aim to ensure a fair representation of the shareholders on the Board and determining the impact of the number on its effectiveness.
- vi) To review the balance of Executive and Non-Executive Directors (including Independent Directors) with an aim to achieve a balance of views on the Board.
- vii) To ensure a formal and transparent procedure for the appointment of new Directors to the Board.
- viii) To recommend individuals for nomination as members of the Board by assessing the desirability of renewing existing Directorships.
- ix) To facilitate the annual board effectiveness assessment, through the Board and Directors' self-evaluation forms.
- x) To report periodically to the Board on succession planning for the Board members.
- xi) To assess the skill gaps of the Directors and recommend appropriate training and development for the Directors.

During the financial year under review, the Committee met twice and deliberated on the following matters:

- i) The balance of Executive and Non-Executive Directors (including Independent Directors) with an aim to achieving a balance of views on the Board.
- ii) The level of independence of Independent Directors.
- iii) The character, experience, integrity and competence of the Directors, MD and CFO and to ensure they have the time to discharge their respective roles.
- iv) The required mix of skills and experience and other qualities, including core competencies of the members of the Board.
- v) Contribution of each individual Director, the effectiveness of the Board as a whole and the Committees of the Board.
- vi) Retirement and re-election of Directors at the forthcoming AGM.
- vii) Continuation in office of Independent Non-Executive Director who has served the Board for a cumulative term of more than nine (9) years.
- viii) Revision of the Nomination Committee's TOR to be in line with MCCG 2012.

Develop, maintain and review criteria for recruitment and annual assessment of Directors

The Nomination Committee is responsible for making recommendation for any appointments to the Board. The procedures for appointment of Directors are set out in the Board Charter.

In accordance with the Company's Articles of Association (Constitution), all newly appointed Directors shall retire and be re-elected by the shareholders at the Company's AGM. An election of Directors takes place subsequent to their appointment each year where one-third (1/3) of the Directors or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire by rotation from office and shall be eligible for re-election at each AGM and that each Director shall retire from office at least once in every three (3) years and shall be eligible for re-election.

The Nomination Committee conducts annual performance evaluation of each Director, the Board and Board Committees based on self and peer assessment approach for continuous improvement. The personality, knowledge, integrity, competence, contribution and performance of each Director and CFO are assessed as well as the skills and experience of each Director is analysed, inter alia, in the areas of general management/business, project management, taxation, human resource, banking, information technology, marketing/sales, accounting/audit and legal. The effectiveness of the Board and its Committees is evaluated in terms of composition, meeting administration and conduct, management relationship, and roles and responsibilities.

Remuneration policies

The specific responsibilities of the Remuneration Committee in relation to remuneration matters as set out under its TOR include, among others; reviewing the remuneration policies and remuneration of the Board, Board Committees, key management team and recommending the same to the Board for approval. The Directors are remunerated based on their responsibilities and the performance of the Group.

The remuneration package of the Executive Directors includes basic salary, allowance, bonus and/or benefits-in-kind.

The Non-Executive Directors' remuneration comprises annual fees and meeting allowance for each meeting they attended. The Directors' fees are approved annually by the shareholders of the Company.

The Executive Director is neither entitled to the above Director's fee nor to receive any meeting allowance for attending Board or Board Committee meetings.

The aggregate Directors' Remuneration paid or payable to all Directors of the Company by the Group and categorised into appropriate components for the FYE 31 December 2016 is as follows:

Directors	Salaries /Other Emoluments (RM)	Fees (RM)	Share Options granted under ESOS (RM)	Total (RM)
Executive	2,629,039	-	-	2,629,039
Non-Executive	44,000	409,440	125,956	579,396

The number(s) of Directors of the Company whose remuneration fall within the following bands are:

Remuneration bands	No. of Directors	
	Executive	Non-Executive
RM100,001 – RM150,000	-	2
RM150,001 – RM200,000	-	2
RM250,001 – RM300,000	1	-
RM350,001 – RM400,000	1	-
RM950,001 – RM1,000,000	2	-

In addition to the above, the Directors have the benefit of Directors and Officers ("D&O") Insurance coverage for any liabilities arising from acts committed in their capacity as D&O of the Company. However, the said policy does not indemnify a D&O if he/she is proven to have acted negligently, fraudulently or dishonestly, or in breach of his/her duty or trust when he/she was not acting in his/her capacity as D&O of the Company.

3. REINFORCE INDEPENDENCE

Annual Assessment of Independence

The Nomination Committee had conducted on annual basis an evaluation of level of independence of all the Independent Non-Executive Directors of the Company on 22 February 2017 and the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

Corporate Governance Statement

Tenure of Independent Directors

The Board has implemented a nine (9) year policy for Independent Non-Executive Directors, in line with Recommendation 3.2 of the MCCG 2012. The Board may, in exceptional cases and subject to the assessment of the Nomination Committee on an annual basis, recommend for an Independent Director who has served a consecutive or cumulative term of nine (9) years to remain as an Independent Director subject to shareholders' approval.

The presence of Independent Non-Executive Directors are to ensure that issues of strategies, performance and resources proposed by the management are objectively evaluated, taking into consideration the long-term interests of shareholders, employees, customers, and other communities in which the Group conducts its business.

Dato' Mahinder Singh Dulku has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. The Board has recommended for him to continue as Independent Non-Executive Chairman and is of the opinion that the independence of Dato' Mahinder Singh Dulku has not been compromised or impaired in any way after having noted the following justifications during the review and assessment of his independence:

- i) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements ("MMLR") of Bursa Securities, and thus, he would be able to function as a check and balance to the Executive team and bring an element of objectivity to the Board;
- ii) He has never transacted or entered into any transactions with, nor provided any services to the Company and its subsidiaries, within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of MMLR of Bursa Securities;
- iii) He has extensive experience garnered from his professional experience in legal advisory for a diverse range of businesses and therefore would be able to offer constructive comments and objective review of proposals. Throughout his tenure of service, he has acted in the best interest of the Company and has continued to exercise independent judgement and due care;
- iv) He has not developed, established or maintained any significant relationship, which would impair his independence as an Independent Director, with the Executive Directors and major shareholders other than normal engagements and interactions on a professional level consistent and expected of him to carry out his duties as Independent Non-Executive Director, Chairman or member of the Board Committees; and
- v) He has devoted sufficient time and attention to his professional obligations for informed and balanced decision making.

Shareholders' approval for the re-appointment of Independent Non-Executive Director after a tenure of nine (9) years

Dato' Mahinder Singh Dulku has offered himself for re-election at the 14th AGM of the Company.

Separation of positions of the Chairman and MD

There is a clear and separate division of responsibility in the roles and duties of the Chairman and MD. The MD is the officer involved in the day-to-day running of the affairs of the Company.

The Chairman of the Board is an Independent Non-Executive Director and the MD is a Non-Independent Executive Director. These two (2) positions are held by two (2) different individuals. The roles and responsibilities of the Chairman and MD are defined in the Board Charter. There is a clear division of responsibilities between the Chairman and MD to ensure balance of power and authority and greater capacity for independent decision-making.

Composition of the Board

The Board is currently composed of four (4) Executive Directors and four (4) Independent Non-Executive Directors. The composition complies with the MCCG 2012 and MMLR of Bursa Securities in respect of board composition.

As an effective and dynamic Board is essential towards enhancing long term shareholders value and interests, the Group maintains its current Board mix which has the necessary skills, expertise and experience in areas relevant to steering the growth of the Group's businesses.

The Executive Directors are tasked to implement Board decisions and policies whilst overseeing operations and coordinating business decisions. On the other hand, the Independent Non-Executive Directors are independent of management and provide effective and impartial judgement and informed opinions to the deliberations and decision making of the Board thus fulfilling an essential and pivotal role in corporate accountability.

Brief profile of each Board member is presented in this Annual Report under Profile of Directors.

4. FOSTER COMMITMENT

Time commitment

The Board meets at least four (4) times a year, with additional meetings convened as necessary. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings for the FYE 31 December 2016, as set out in the table below.

Directors Attendance

Directors	Attendance
Dato' Mahinder Singh Dulku	6/6
Datuk Chuah Kim Seah	6/6
Datuk Steven Lim Tow Boon	6/6
Mazlan Ismail	6/6
Chuah Kim Chiew	6/6
Ng Eng Tong	6/6
Lam Voon Kean	6/6
Tan Sri Norazman Hamidun	5/6

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals are sought via circular resolutions, which are attached with sufficient and relevant information required for an informed decision-making. Where potential conflicts arise in any transactions involving Director's interest, such Director is required to declare his interest and abstain from further discussion and decision-making process.

An annual corporate calendar, which provides the scheduled dates for meetings of the Board, Board Committees and AGM as well as various Gaming expositions and trade shows, is prepared and circulated to the Directors prior to the beginning of every year to facilitate the Directors' time planning.

All the Directors are expected to devote sufficient time to carry out their responsibilities and shall not sit on the boards of more than five (5) listed companies. The Directors are required to notify the Chairman of the Board before accepting any new directorships in listed companies, the notification of which shall include an indication of time that will be spent on the new appointments.

Corporate Governance Statement

Training

The Directors are aware of the need for continuous update of their skills and knowledge to maximise their effectiveness as Directors and assist them in discharging their duties.

The Board has delegated the assessment of skill gaps of the Directors and recommendation of appropriate training and development for the Directors to the Nomination Committee. The Board has, with the input from the Nomination Committee, satisfied that all the Directors have met their training needs.

During the year, they have attended, either collectively or individually, various programs and briefings to keep them updated on the latest regulatory changes as well as new developments in the gaming industry. The Directors have also visited the Group's operations overseas in order to better understand the environment in which the Group operates.

Seminars, development and training programmes attended by all the Directors in 2016 were as follows:

Director	Programmes	Date
Dato' Mahinder Singh Dulku	Dual Currency Linked Investment	26 August 2016
Datuk Chuah Kim Seah	2016 Scientific Games Empower Customer Conference	29 - 31 March 2016
	Global Gaming Expo Asia 2016	16 - 18 May 2016
	IGT Customer Advisory Board Meeting	1 - 3 June 2016
	Dual Currency Linked Investment	26 August 2016
	Global Gaming Expo 2016	27 - 29 September 2016
	MGS Entertainment Show 2016	15 - 17 November 2016
Datuk Steven Lim Tow Boon	ICE Totally Gaming 2016	2 - 4 February 2016
	2016 Scientific Games Empower Customer Conference	29 - 31 March 2016
	11 th Asian Club Managers' Conference (Singapore) 2016	10 - 12 April 2016
	Global Gaming Expo Asia 2016	16 - 18 May 2016
	IGT Customer Advisory Board Meeting	1 - 3 June 2016
	Dual Currency Linked Investment	26 August 2016
	Global Gaming Expo 2016	27 - 29 September 2016
	PwC Budget Seminar 2016: Igniting Confidence	8 November 2016
	MGS Entertainment Show 2016	15 - 17 November 2016
Mazlan Ismail	Dual Currency Linked Investment	26 August 2016
Chuah Kim Chiew	Global Gaming Expo Asia 2016	16 - 18 May 2016
	Dual Currency Linked Investment	26 August 2016
	Global Gaming Expo 2016	27 - 29 September 2016
	MGS Entertainment Show 2016	15 - 17 November 2016

Director	Programmes	Date
Ng Eng Tong	CG Breakfast Series for Directors	26 February 2016
	Nominating Committee Programme Part 2: Effective Board Evaluations	10 August 2016
	Risk Management Programme for Audit and Risk Committee: I Am Ready to Manage Risks!	5 September 2016
Lam Voon Kean	Focus Group Series: Corporate Governance Disclosures "What Makes Good, Bad and Ugly Corporate Governance Reporting?"	6 April 2016
	Risk Management and Internal Control Workshop: Is Our Line of Defence Adequate and Effective?	7 April 2016
	Limited Liability Partnership (LLP) with Tax Issues and Companies Bill 2015 Briefing	12 July 2016
	Dual Currency Linked Investment	26 August 2016
	MFRS/FRS Update 2016/2017 Seminar	6 October 2016
	KPMG in Malaysia Tax Summit 2016	2 November 2016
	WIM Conference on Integrity and Governance 2016: Corporate Malaysia - The Way Forward	21 - 22 November 2016
Tan Sri Norazman Hamidun	Dual Currency Linked Investment	26 August 2016

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with applicable financial reporting standards

The Directors have taken reasonable steps to provide a balanced and understandable assessment of the Group's financial performance and future prospects. The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of the financial reporting.

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia, and 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.

In the preparation of the financial statements for the FYE 31 December 2016, the Directors are satisfied that the Group had used appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgment and estimates.

Assessment of suitability and independence of external auditors

The Board has established a transparent relationship with the external auditors through the Audit Committee, which has been accorded with the power to communicate directly with the external auditors towards ensuring compliance with the accounting standards and other related regulatory requirements.

The role of the Audit Committee in relation to the external auditors is stated under the Audit Committee Report of this Annual Report.

Corporate Governance Statement

The Audit Committee has assessed the independence of the current external auditors of the Company prior to recommendation to the Board for endorsement before seeking shareholders' approval for re-appointment at the forthcoming AGM. The current external auditors, having been re-appointed by the shareholders annually at the AGM, were initially appointed on 25 May 2011. The external auditors have confirmed that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements and have provided the declaration in their annual audit plan presented to the Audit Committee of the Company. The Audit Committee is satisfied with the external auditors' technical capability and audit independence.

The Board has established an External Auditors Assessment Policy on 18 April 2016 which outlines the guidelines and procedures for the Audit Committee to assess and review the external auditors.

6. RECOGNISE AND MANAGE RISKS

Sound framework to manage risks

The Board, via Audit and CRRRA Committees, undertakes overall responsibility for risk oversight and risk management. The Company has established and adopted the risk management policy to administer the Group's approach to risk management.

Corporate Integrity division was formed to further mitigate the risk encountered by the Group on its day-to-day operations.

Internal audit function

The Board recognises the importance of internal control systems whereby shareholders' investment and the Company's assets can be safeguarded.

Details of the Group's risk management and internal control are set out under Statement on Risk Management and Internal Control in this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

The Board acknowledges the importance of ensuring prompt dissemination of information to shareholders and regulatory bodies with the intention of giving as clear and complete information of the Group's position and financial performance as possible within the bounds of practicality and legal and regulatory framework governing release of material and price sensitive information. The Board will take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information to avoid an individual or selective disclosure.

In line with increased investor awareness for greater accountability and transparency, the Board has formalised a Corporate Disclosure Policy. The said Corporate Disclosure Policy is in line with requirements of MMLR of Bursa Securities to enable comprehensive, timely and accurate disclosures on the Group to the regulators, shareholders and other stakeholders.

Leverage on information technology for effective dissemination of information

The Group recognises the importance of being accountable to its shareholders and investors and as such has maintained active communication and feedback policy with institutional investors, shareholders and public generally to explain the Group's strategy, performance and major developments.

The annual reports, press releases, quarterly results and any announcements on material corporate exercises are the primary means of disseminating information on the Group's activities and financial performance.

The Company has in place an Investor Relations Policy which is published in the Company's website (www.rbggames.com). The policy set as a guiding principle for the basis of the Company's Investor Relations activities to ensure effective communication with shareholders, investors, analysts and general public. Investors are encouraged to access the website www.rbggames.com for the latest announcements as well as information on the Group's products and services. Alternatively, they may obtain the Group's latest announcements through Bursa Securities' website at www.bursamalaysia.com.

Any queries or concerns regarding the Group may be directed to the Investor Relations division via its dedicated e-mail at ir@rbggames.com.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Encourage shareholder participation at general meetings

The Company provides additional time for the shareholders to make necessary arrangement to attend the AGM of the Company, either in person or by proxy, by giving notice earlier than the 21-day requirement under the Companies Act 2016 and MMLR of Bursa Securities.

The Company's Articles of Association (Constitution) provides that a member can appoint two (2) or more proxies to attend the same meeting provided that he/she specifies the proportion of his/her shareholding to be represented by each proxy. The proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and a member may appoint any person to be his/her proxy without limitation.

Poll voting

Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, voting at the 14th AGM of the Company will be conducted by poll. Poll Administrator and Independent Scrutineer(s) will be appointed to perform the polling process and validate the poll results respectively.

Effective communication and proactive engagement

The Company's general meetings remain the principal forum for dialogue and communication with shareholders, in particular individual/retail investors. Shareholders are encouraged to attend the general meetings and, given sufficient time and opportunity to participate in the proceedings, ask questions about the resolutions being proposed and the operations of the Group, and communicate their expectations and possible concerns.

The 13th AGM of the Company was held on 26 May 2016 at Bayview Hotel Georgetown Penang attended by all the Directors and Company Secretary. All resolutions proposed were approved by the shareholders at the AGM. The Board, senior management and the Company's external auditors, Messrs. BDO were present to answer questions raised and provide clarification as required by the shareholders.

COMPLIANCE STATEMENT

The Corporate Governance Statement is established by the Board in conjunction with the Board's approach and consideration of how the Company has, throughout the financial year, applied the principles and recommendations in the MCCG 2012 in conjunction with the MMLR of Bursa Securities. This Statement provides the information necessary on how the MCCG 2012 has been applied during FYE 31 December 2016 and up-to-date.

This statement is issued in accordance with a resolution of the Board dated 17 April 2017.

AUDIT COMMITTEE REPORT

MEMBERS

Lam Voon Kean, Chairman	- Independent Non-Executive Director
Dato' Mahinder Singh Dulku	- Independent Non-Executive Chairman
Ng Eng Tong	- Senior Independent Non-Executive Director
Tan Sri Norazman Hamidun	- Independent Non-Executive Director

Secretary of the Audit Committee

Woon Mei Ling (MAICSA 7047736)

COMPOSITION

The Audit Committee comprises four (4) members, all of whom are Independent Non-Executive Directors and this meets the requirements of paragraph 15.09(1)(b) of the MMLR of Bursa Securities.

In compliance with paragraph 15.09(1)(c)(i) of the MMLR of Bursa Securities, Ms. Lam Voon Kean who is a member of the MIA and MICPA, is the Chairman of the Audit Committee.

The Nomination Committee reviews annually the terms of office of the Audit Committee members and assesses the performance of the Audit Committee and its members through an annual Board Assessment and Evaluation. The Nomination Committee is satisfied that the Audit Committee and its members have been able to discharge their functions, duties and responsibilities in accordance with the TOR of the Audit Committee which are available on the Company's website (www.rgbgames.com) thereby supporting the Board in ensuring appropriate Corporate Governance standards within the Group.

MEETINGS

The Audit Committee is to meet at least four (4) times a year and as many times as the Audit Committee deems necessary with due notice of issues to be discussed sent to all members. The CFO and the representatives of the internal auditors shall be in attendance at meetings of the Audit Committee as and when required. The Audit Committee may invite external auditors, other directors or members of the management and employees of the Group to be in attendance during meetings to assist in its deliberations.

At least twice a year, the Audit Committee shall meet with the external auditors, in the absence of the executive directors and the management staff, to discuss the audit findings and any other observations that they may have during the audit process. The external auditors may also request for a meeting if they consider it needful.

Minutes of each meeting are to be prepared to record its conclusions in discharging its duties and responsibilities and sent to the Audit Committee members, and the Company's Directors who are not members of the Audit Committee.

A total of six (6) meetings were held during FYE 31 December 2016. Details of the attendance of the members at the meetings are as follows:

Directors	Attendance
Lam Voon Kean	6/6
Dato' Mahinder Singh Dulku	6/6
Ng Eng Tong	6/6
Tan Sri Norazman Hamidun	5/6

SUMMARY OF ACTIVITIES

The main activities undertaken by the Audit Committee for the FYE 31 December 2016 were as follows:

(1) Financial Reporting

- (a) Reviewed quarterly unaudited financial statements of the Group with CFO and recommended them to the Board for approval and for subsequent release to Bursa Securities and Securities Commission.

The review is to ensure that the quarterly unaudited financial statements present a true and fair view of the Group's financial position and performance and are prepared in accordance with MFRS 134 Interim Financial Reporting and Paragraph 9.22 of MMLR of Bursa Securities.

- (b) Reviewed audited financial statements of the Group for the FYE 31 December 2016 together with CFO and external auditors to ensure it presented a true and fair view of the Group's financial position and performance for the year and complied with applicable approved accounting standards in Malaysia and other legal and regulatory requirements prior to recommending it to the Board for approval and for subsequent release to Bursa Securities and Securities Commission.

(2) External Audit

- (a) Discussed key audit issues raised by external auditors from its annual audit for the FYE 31 December 2016 in its management letter including management's response to the findings and actions taken to resolve such issues.
- (b) Assessed the suitability of maintaining external auditors for the FYE 31 December 2016 vis-à-vis performance, independence, rotation of audit partners and non-audit services.

The Audit Committee, having been satisfied with the suitability of external auditors, recommended to the Board for approval of the re-appointment of Messrs. BDO as auditors of the Company for the FYE 31 December 2016 subject to shareholders' approval.

- (c) Discussed with external auditors on their audit plan for the FYE 31 December 2016 outlining their scope of work, audit timeline, areas of audit emphasis, audit materiality, updates on financial reporting, engagement team and proposed audit fees.

The Audit Committee accepted the audit plan presented by external auditors and recommended the proposed audit fees to the Board for approval.

- (d) Convened two (2) meetings in 2016 with external auditors in the absence of executive directors and management staff in order to provide an opportunity to the external auditors to candidly express any concerns they may have.
- (e) Considered and adopted the new evaluation form to assess the performance, suitability and independence of external auditors to be in line with the External Auditors Assessment Policy established by the Board on 18 April 2016.

(3) Internal Audit

- (a) Reviewed and approved the risk based internal audit plan for the FYE 31 December 2016 to ensure adequate scope and coverage over the Group's activities based on identified risk areas.
- (b) Reviewed the internal audit reports which highlighted the audit issues, recommendations and management's responses. Discussed with management the corrective actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports. Reported the significant matters to the Board.

The internal auditors monitored the implementation of management's action plan on outstanding issues through follow-up reports to ensure that all key risks and control weaknesses are being properly addressed.

- (c) Reviewed the enterprise risk management updates for the FYE 31 December 2015 by the internal auditors after they have confirmed the changes in the risk profile and principal risks with the MD, COO, CFO and CRRR Committee.

Audit Committee Report

(4) Related Party Transactions

- (a) Reviewed the related party transactions and recurrent related party transactions of a revenue or trading nature on a quarterly basis, after the CRRRA Committee has examined and satisfied that those transactions were carried out at arm's length basis, on normal commercial terms, not to the detriment of the minority shareholders and in accordance with the approved mandate.
- (b) Reviewed the circular to shareholders in relation to the proposed additional and renewal of shareholders' mandate for recurrent related party transactions of a revenue and trading nature to ensure that the transactions are carried out on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the interests of the minority shareholders.
- (c) Considered the terms and conditions of a subsidiary's participation in a consortium which intends to bid for the purchase and operation of a complex. The Audit Committee, after perusing the facts available and declaration made by MD that he was to be regarded as interested related party, was of the opinion that the said participation is fair, reasonable and not to the detriment of the minority shareholders. However, the tender for sales process for the said complex was terminated.

(5) Others

- (a) Reviewed Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2016 of the Company prior to the submission to the Board for their consideration and approval.

The review is, inter alia, to ensure compliance with the provisions of the Companies Act 2016, MMLR and other legal and regulatory requirements.

- (b) Verified the allocation of options under ESOS which was granted in 2015 to the eligible employees as being in compliance with the criteria as stipulated in the Company's ESOS Bye-laws after revision by the external auditors.
- (c) Reviewed the report presented by the CRRRA Committee on every quarter pertaining to post analysis of approved return of investment ("ROI"), status update of approved new ROI and new agreements reviewed by the CRRRA Committee.

INTERNAL AUDIT FUNCTION

The Company has appointed an independent professional accounting firm to provide outsourced internal audit function for the Group in order to assist the Audit Committee in discharging its duties and responsibilities. The objectives of internal audit are to independently assess the system of internal control established by the management, the adequacy and integrity of such internal control system vis-à-vis the objectives served and to make appropriate recommendations thereof as well as determining the extent of adherence to these controls by staff responsible for the function.

During the financial year, the internal auditors have conducted audit reviews on the functional areas and operating processes of the Group such as budget and investment monitoring, outlet management and inventory management based on the internal audit plan which has been approved by the Audit Committee. Upon completion of the work, the internal auditors presented their findings and recommendations as well as the management's responses and action plans to the Audit Committee for its review and deliberation. The internal auditors also carried out follow-up reviews to monitor the implementation of the management's action plans for reporting to the Audit Committee.

The costs incurred for the internal audit function of the Group for 2016 is RM125,000.

This report is made pursuant to a resolution of the Board dated 17 April 2017.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Paragraph 15.26(b) of the MMLR of Bursa Securities requires the Board of listed issuers to include in its Annual Report a “statement about the state of internal control of the listed issuer as a group”. The Board of RGB is committed to maintain a sound system of risk management and internal control in the Group and is pleased to provide the following Statement on Risk Management and Internal Control (“Statement”), which outlines the nature and scope of internal control of the Group during FYE 31 December 2016.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group’s system of internal control and risk management practices to safeguard its shareholders’ investment, interest and the Group’s assets.

The system of internal control covers not only financial controls but operational and compliance controls and risk management procedures. In view of the limitations inherent in any system of risk management and internal controls, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group’s business and corporate objectives. The system can therefore only provide reasonable, but not absolute assurance, against material misstatement or loss.

The Board has in place an on-going process for identifying, evaluating and managing the significant risks encountered by the Group. The Board, through its Audit Committee, reviews the results of this process, including mitigating measures taken by the management via the CRRR Committee to address areas of key risks identified. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

The Audit Committee assists the Board in reviewing the adequacy and integrity of the system of risk management and internal controls in the Group and to ensure that an appropriate mix of techniques is used to obtain the level of assurance required by the Board.

RISK MANAGEMENT

Risk management is firmly embedded in the Group’s key processes through its ERM framework, in line with Recommendation 6.1 of the MCCG 2012. The adopted ERM framework includes an on-going risk management process carried out by the CRRR Committee. Risks may be associated with internal or external factors including turnover of key personnel, changes in the economic and political environment, competition, introduction of new rules and regulations, technological advancement and other matters relevant to the Group. For each of the key risks identified, the respective divisional head or manager is responsible to continuously monitor the implementation of risk mitigation action plans and update to the Board via CRRR Committee.

The Group is committed to a process of continuous development and improvement through developing systems in response to any relevant reviews and developments on good governance in compliance with the MCCG 2012.

Risk tolerance limits are set to align the risk appetite, with the consideration of likelihood of occurrence and severity of consequences, are subject to review periodically. Existing controls to mitigate and manage these risks are then re-assessed and strengthened.

Statement on Risk Management and Internal Control

The CRRRA Committee has also deliberated and reported to the Board, inter alia, on the following matters:

- i) Review and evaluate the progress of all non-performing investments and ventures;
- ii) Review and evaluate feasibility of proposed capital expenditures prior to acquisition;
- iii) Monitor trade collection and recommend appropriate actions to recover overdue debts, if any;
- iv) Evaluate and review special credit term offered to selected customers;
- v) Review adequacy of provision for doubtful debts on trade receivables and any write-off of debts as required;
- vi) Review new business, leasing and technical support and management agreements; and
- vii) Review the country risk and regulatory compliance where the Group operates.

INTERNAL AUDIT FUNCTION

The Audit Committee evaluates the Internal Audit function to assess its effectiveness in the discharge of its responsibilities. The independent Internal Audit function, which is outsourced to a professional service provider ("the appointed firm"), provides assurance to the Audit Committee through the execution of internal audit in accordance with the detailed annual risk-based internal audit plan approved by the Audit Committee. The internal audit report outlines the improvements opportunity from these audits together with the management's response and proposed action plans are presented to the Audit Committee for its review. The appointed firm also follows up and reports to the Audit Committee the status of implementation by the management on the recommendations highlighted in the previous internal audit reports.

The other key elements of the Group's internal control systems are described below:

(a) Limits of Authority and Responsibility

Documented limits of authority, responsibility and accountability have been established through the relevant charters and TOR, organisational structures and Expenditure Controls and Delegation of Authority Policy. These enhance the Group's ability to achieve its strategies and operational objectives. The divisional structure further enhances the ability of each division to focus on its assigned core or support functions within the Group.

(b) Written Policies and Procedures

A set of documented internal policies and procedures for each department is in place and is subject to regular review and update. This helps to ensure internal control principles and mechanisms are embedded in the operations of the Group.

(c) Planning, Monitoring and Reporting

- There is an established strategic planning and budgetary process, requiring all functional divisions to prepare the annual capital and operating expenditure budgets for discussion and approval by the Board;
- The Audit Committee reviews the Group's quarterly financial performance, together with the management, which is subsequently reported to the Board;
- Regular and comprehensive information are provided to the key management team, covering financial and operational performance and key business indicators to promote effective review and monitoring of performance and decision making purposes; and
- The management meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues.

(d) Insurance

Insurance and physical safeguards over major assets are in place to ensure that the Group's assets are adequately covered against any calamity and mishap that may result in material losses to the Group.

Statement on Risk Management and Internal Control

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has received assurance from the MD and CFO that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Taking this assurance into consideration, the Board is of the view that the systems of risk management and internal control is adequate to meet the needs of the Group in addressing financial operational and compliance risks and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report. The Group continues to take measures to strengthen the internal control environment, monitor the health of the risk management and internal controls framework.

Pursuant to paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Company for the FYE 31 December 2016 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is this Statement factually inaccurate.

This Statement was made in accordance with a resolution of the Board dated 17 April 2017.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the Financial Year
Ended 31 December 2016

FINANCIAL CALENDAR

2016

23 February

Announcement of the consolidated results for the 4th quarter and financial year ended 31 December 2015

29 April

Announcement of the audited consolidated results for the financial year ended 31 December 2015

26 May

13th Annual General Meeting

26 May

Announcement of the consolidated results for the 1st quarter ended 31 March 2016

26 August

Announcement of the consolidated results for the 2nd quarter ended 30 June 2016

29 November

Announcement of the consolidated results for the 3rd quarter ended 30 September 2016

2017

22 February

Announcement of the consolidated results for the 4th quarter and financial year ended 31 December 2016

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	25,300,500	7,544,438
Attributable to:		
Owners of the Company	24,853,001	7,544,438
Non-controlling interests	447,499	-
	25,300,500	7,544,438

DIVIDENDS

Dividends paid, declared or proposed since the end of previous financial year were as follows:

	Company RM
In respect of financial year ended 31 December 2015:	
Interim single-tier dividend of 0.25 sen per ordinary share, paid on 15 April 2016	3,295,175
Final single-tier dividend of 0.25 sen per ordinary share, paid on 15 July 2016	3,298,327
	6,593,502
In respect of financial year ended 31 December 2016:	
Interim single-tier dividend of 0.3 sen per ordinary share, paid on 14 April 2017	4,007,236

The Directors have proposed a final single-tier dividend of 0.3 sen per ordinary share in respect of the financial year ended 31 December 2016, subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM130,762,130 to RM132,918,370 by way of issuance of 21,562,400 new ordinary shares of RM0.10 each for cash pursuant to the exercise of Employees' Share Option Scheme ("ESOS") at a weighted average issue price of RM0.102 per ordinary share.

The newly issued shares rank pari passu in all respects with the existing shares of the Company. There were no other issues of shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

The ESOS of the Company is governed by the Bye-Laws approved by the shareholders at an Extraordinary General Meeting held on 16 October 2009. The ESOS was implemented on 21 October 2009 and is to be in force for a period of 5 years from the date of implementation. On 24 August 2012, the Company had extended the option for another 5 years until 20 October 2019.

The salient features and other terms of the ESOS are disclosed in Note 30 to the financial statements.

Details of the options over the ordinary shares of the Company under ESOS are as follows:

Grant Date	← Number of options over ordinary shares of RM0.10 each →				
	Outstanding at 1 January 2016 '000	Exercised '000	Forfeited '000	Outstanding at 31 December 2016 '000	Exercisable at 31 December 2016 '000
2010 options:					
Grant 1	25,062	(16,849)	(31)	8,182	8,182
2012 options:					
Grant 2	1,482	(415)	(120)	947	947
Grant 3	4,051	(1,573)	(62)	2,416	2,416
2013 options:					
Grant 4	2,782	(327)	(322)	2,133	2,133
2014 options:					
Grant 5	8,710	(2,243)	(249)	6,218	3,548
2015 options:					
Grant 6	4,649	(156)	(393)	4,100	1,977
	46,736	(21,563)	(1,177)	23,996	19,203

DIRECTORS

The Directors who have held for office since the date of the last report are:

Dato' Mahinder Singh Dulku
 Datuk Chuah Kim Seah
 Datuk Lim Tow Boon
 Mazlan Ismail
 Chuah Kim Chiew
 Ng Eng Tong
 Lam Voon Kean
 Tan Sri Norazman Hamidun

Directors' Report

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares in the Company and of its related corporations during the financial year ended 31 December 2016 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	← Number of ordinary shares of RM0.10 each →			
	1 January 2016	Acquired	Sold	31 December 2016
Shares in the Company				
Direct interests:				
Dato' Mahinder Singh Dulku	40,000	3,000,000	(3,000,000)	40,000
Datuk Chuah Kim Seah	337,850,290	10,500,000	-	348,350,290
Datuk Lim Tow Boon	3,490,500	3,150,000	-	6,640,500
Chuah Kim Chiew	26,764,194	-	-	26,764,194
Ng Eng Tong	-	1,000,000	-	1,000,000
Lam Voon Kean	-	1,000,000	(1,000,000)	-
Tan Sri Norazman Hamidun	2,000,000	1,000,000	-	3,000,000
Indirect interests:				
Datuk Chuah Kim Seah	1,753,800	-	-	1,753,800
Mazlan Ismail	129,031,986	-	-	129,031,986
Chuah Kim Chiew	1,603,800	-	-	1,603,800

	Number of options over ordinary shares of RM0.10 each			
	1 January 2016	Exercised	Forfeited	31 December 2016
Share options in the Company				
Dato' Mahinder Singh Dulku	4,000,000	(3,000,000)	-	1,000,000
Datuk Chuah Kim Seah	10,000,000	(10,000,000)	-	-
Datuk Lim Tow Boon	3,150,000	(3,150,000)	-	-
Chuah Kim Chiew	3,000,000	-	-	3,000,000
Ng Eng Tong	1,000,000	(1,000,000)	-	-
Lam Voon Kean	4,000,000	(1,000,000)	-	3,000,000
Tan Sri Norazman Hamidun	2,000,000	(1,000,000)	-	1,000,000

By virtue of his interest in ordinary shares of the Company, Datuk Chuah Kim Seah is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS disclosed in Note 30 to the financial statements.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts of bad debts written off or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

Directors' Report

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (Continued)

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

Significant events subsequent to the financial year are disclosed in Note 42 to the financial statements.

AUDITORS

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

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

Datuk Chuah Kim Seah
Director

Penang
17 April 2017

Datuk Lim Tow Boon
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements as set out on pages 56 to 122 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 43 to the financial statements on page 123 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Datuk Chuah Kim Seah
Director

Penang
17 April 2017

Datuk Lim Tow Boon
Director

STATUTORY DECLARATION

I, Teh Mun Hui (I/C No.: 721230-07-5252), being the officer primarily responsible for the financial management of RGB International Bhd., do solemnly and sincerely declare that the financial statements as set out on pages 56 to 123 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed at Georgetown in the State
of Penang on 17 April 2017

Teh Mun Hui

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RGB INTERNATIONAL BHD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of RGB International Bhd., which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 56 to 122.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Recoverability of trade receivables

As at 31 December 2016, trade receivables that were past due and not impaired amounted to RM23,222,260. The details of trade receivables and its credit risk have been disclosed in Note 22 to the financial statements.

Management recognised allowances for impairment losses on trade receivables based on specific known facts or circumstances on customers' abilities to pay.

The determination of whether trade receivables are recoverable involves significant management judgement.

Independent Auditors' Report

To the Members of RGB International Bhd.

Audit response

Our audit procedures included the following:

- (a) evaluated the credit process operated by management over the recoverability of trade receivables of the Group;
- (b) critically assessed recoverability of receivables that were past due but not impaired with reference to their historical bad debt expense, ageing profiles of the counter parties and past historical repayment trends; and
- (c) assessed cash receipts subsequent to the end of the reporting period for its effect in reducing amounts outstanding as at the end of the reporting period.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Independent Auditors' Report

To the Members of RGB International Bhd.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

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

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

Independent Auditors' Report

To the Members of RGB International Bhd.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements, being accounts that have been included in the consolidated accounts.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company 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.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 43 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

BDO
AF: 0206
Chartered Accountants

Penang
17 April 2017

Koay Theam Hock
02141/04/2019 J
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	Group 2015 RM	2016 RM	Company 2015 RM
Revenue	5	253,503,555	233,005,831	12,115,208	16,058,190
Cost of sales	6	(179,774,716)	(165,951,941)	-	-
Gross profit		73,728,839	67,053,890	12,115,208	16,058,190
Other income	7	3,499,246	4,096,128	218,534	834,805
Administrative expenses		(35,023,749)	(33,625,672)	(3,887,677)	(3,601,561)
Selling and marketing expenses		(5,219,103)	(3,704,751)	-	-
Other expenses, net		(4,631,524)	(4,068,959)	(14,853)	(2,055,033)
Finance costs	8	(1,360,333)	(4,639,139)	(848,985)	(4,121,983)
Profit before tax	9	30,993,376	25,111,497	7,582,227	7,114,418
Tax expense	12	(5,692,876)	(3,822,444)	(37,789)	(14,235)
Profit for the financial year		25,300,500	21,289,053	7,544,438	7,100,183
Other comprehensive income, net of tax:					
Items that may be reclassified subsequently to profit or loss					
- Foreign currency translation, representing other comprehensive income for the financial year		8,424,949	36,635,902	-	-
Total comprehensive income for the financial year		33,725,449	57,924,955	7,544,438	7,100,183
Profit attributable to:					
Owners of the Company		24,853,001	20,863,284	7,544,438	7,100,183
Non-controlling interests	16	447,499	425,769	-	-
		25,300,500	21,289,053	7,544,438	7,100,183
Total comprehensive income attributable to:					
Owners of the Company		32,311,811	53,702,635	7,544,438	7,100,183
Non-controlling interests		1,413,638	4,222,320	-	-
		33,725,449	57,924,955	7,544,438	7,100,183
Earnings per ordinary share attributable to owners of the Company (sen):					
Basic	13(a)	1.89	1.66		
Diluted	13(b)	1.84	1.63		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 RM	Group 2015 RM	2016 RM	Company 2015 RM
Assets					
Non-current assets					
Property, plant and equipment	15	107,861,974	118,577,715	38,715	44,451
Investments in subsidiaries	16	-	-	156,922,947	156,784,624
Investments in associates	18	178,875	171,356	-	-
Intangible assets	20	2,982,339	4,712,299	-	-
Trade receivables	22	1,517,272	8,223,557	-	-
Other receivables	23	59,861	63,920	-	-
		112,600,321	131,748,847	156,961,662	156,829,075
Current assets					
Inventories	21	5,122,706	11,242,292	-	-
Trade receivables	22	68,202,563	49,819,238	-	-
Other receivables	23	28,529,178	19,749,505	74,711	72,462
Due from subsidiaries	24	-	-	1,638,539	18,433,145
Due from associates	26	4,487,399	4,181,592	-	-
Cash and bank balances	27	78,725,949	85,178,907	2,648,343	9,244,270
		185,067,795	170,171,534	4,361,593	27,749,877
Total assets		297,668,116	301,920,381	161,323,255	184,578,952
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	28	132,918,370	130,762,130	132,918,370	130,762,130
Share premium	29	21,124,411	20,774,345	21,124,411	20,774,345
Foreign currency translation reserve	29	31,035,245	23,576,435	-	-
Share option reserve	29	963,550	989,978	963,898	990,326
Retained earnings/(Accumulated losses)	29	17,410,077	(849,422)	5,721,843	4,770,907
		203,451,653	175,253,466	160,728,522	157,297,708
Non-controlling interests	16	22,540,561	21,126,923	-	-
Total equity		225,992,214	196,380,389	160,728,522	157,297,708

Statements of Financial Position

As at 31 December 2016

	Note	2016 RM	Group 2015 RM	2016 RM	Company 2015 RM
Non-current liabilities					
Borrowings	31	3,705,594	17,051,700	-	10,000,000
Trade payables	34	508,666	3,820,773	-	-
Other payables	35	-	32,646	-	-
Deferred tax liabilities	33	150,167	159,306	-	-
		4,364,427	21,064,425	-	10,000,000
Current liabilities					
Borrowings	31	4,192,572	18,508,484	-	16,732,676
Trade payables	34	31,630,029	34,839,054	-	-
Other payables	35	31,102,710	30,849,352	585,293	536,676
Due to associates	26	95,991	91,956	-	-
Tax payable		290,173	186,721	9,440	11,892
		67,311,475	84,475,567	594,733	17,281,244
Total liabilities		71,675,902	105,539,992	594,733	27,281,244
Total equity and liabilities		297,668,116	301,920,381	161,323,255	184,578,952

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group	Note	Attributable to owners of the Company					Total RM	Non-controlling interests RM	Total equity RM
		Share capital RM	Share premium RM	Foreign currency translation reserve RM	Share option reserve RM	(Accumulated losses)/ Retained earnings RM			
At 1 January 2016		130,762,130	20,774,345	23,576,435	989,978	(849,422)	175,253,466	21,126,923	196,380,389
Profit for the financial year		-	-	-	-	24,853,001	24,853,001	447,499	25,300,500
Foreign currency translations		-	-	7,458,810	-	-	7,458,810	966,139	8,424,949
Total comprehensive income for the financial year		-	-	7,458,810	-	24,853,001	32,311,811	1,413,638	33,725,449
Transactions with owners:									
Dividends paid	14	-	-	-	-	(6,593,502)	(6,593,502)	-	(6,593,502)
Issue of ordinary shares pursuant to ESOS	28	2,156,240	350,066	-	(309,671)	-	2,196,635	-	2,196,635
Share options granted under ESOS	10	-	-	-	283,243	-	283,243	-	283,243
Total transactions with owners		2,156,240	350,066	-	(26,428)	(6,593,502)	(4,113,624)	-	(4,113,624)
At 31 December 2016		132,918,370	21,124,411	31,035,245	963,550	17,410,077	203,451,653	22,540,561	225,992,214
At 1 January 2015		117,759,960	14,536,658	(9,165,820)	770,702	(19,193,667)	104,707,833	15,693,189	120,401,022
Profit for the financial year		-	-	-	-	20,863,284	20,863,284	425,769	21,289,053
Foreign currency translations		-	-	32,839,351	-	-	32,839,351	3,796,551	36,635,902
Total comprehensive income for the financial year		-	-	32,839,351	-	20,863,284	53,702,635	4,222,320	57,924,955
Transactions with owners:									
Dilution from change in stake		-	-	(97,096)	(20)	85,776	(11,340)	11,340	-
Deconsolidation of a subsidiary	16	-	-	-	-	-	-	171,180	171,180
Dividend paid	14	-	-	-	-	(2,604,815)	(2,604,815)	-	(2,604,815)
Issue of ordinary shares pursuant to:									
ESOS	28	1,169,840	301,450	-	(258,906)	-	1,212,384	-	1,212,384
Private Placement	28	11,832,330	5,936,237	-	-	-	17,768,567	-	17,768,567
Share options granted under ESOS	10	-	-	-	478,202	-	478,202	-	478,202
Subscription of ordinary shares by the non-controlling interests in a subsidiary		-	-	-	-	-	-	1,028,894	1,028,894
Total transactions with owners		13,002,170	6,237,687	(97,096)	219,276	(2,519,039)	16,842,998	1,211,414	18,054,412
At 31 December 2015		130,762,130	20,774,345	23,576,435	989,978	(849,422)	175,253,466	21,126,923	196,380,389

Statements of Changes in Equity

For the Financial Year Ended 31 December 2016

Company	Note	← Non-distributable →			Retained earnings RM	Total equity RM
		Share capital RM	Share premium RM	Share option reserve RM		
At 1 January 2016		130,762,130	20,774,345	990,326	4,770,907	157,297,708
Profit for the financial year		-	-	-	7,544,438	7,544,438
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income for the financial year		-	-	-	7,544,438	7,544,438
Transactions with owners:						
Dividends paid	14	-	-	-	(6,593,502)	(6,593,502)
Issue of ordinary shares pursuant to ESOS	28	2,156,240	350,066	(309,671)	-	2,196,635
Share options granted under ESOS	10	-	-	283,243	-	283,243
Total transactions with owners		2,156,240	350,066	(26,428)	(6,593,502)	(4,113,624)
At 31 December 2016		132,918,370	21,124,411	963,898	5,721,843	160,728,522
At 1 January 2015		117,759,960	14,536,658	771,030	275,539	133,343,187
Profit for the financial year		-	-	-	7,100,183	7,100,183
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income for the financial year		-	-	-	7,100,183	7,100,183
Transactions with owners:						
Dividend paid	14	-	-	-	(2,604,815)	(2,604,815)
Issue of ordinary shares pursuant to: ESOS	28	1,169,840	301,450	(258,906)	-	1,212,384
Private Placement	28	11,832,330	5,936,237	-	-	17,768,567
Share options granted under ESOS	10	-	-	478,202	-	478,202
Total transactions with owners		13,002,170	6,237,687	219,296	(2,604,815)	16,854,338
At 31 December 2015		130,762,130	20,774,345	990,326	4,770,907	157,297,708

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	Group 2015 RM	2016 RM	Company 2015 RM
Cash flows from operating activities					
Profit before tax		30,993,376	25,111,497	7,582,227	7,114,418
Adjustments for:					
Dividend income from a subsidiary	5	-	-	(12,115,208)	(16,058,190)
Interest income	7	(368,569)	(508,894)	(217,766)	(834,212)
Interest expense	8	1,118,525	4,402,435	844,721	4,117,814
Amortisation of intangible assets	20	1,045,090	3,635,136	-	-
Bad debts written off		17,087	158,091	-	-
Depreciation of property, plant and equipment	15	29,709,819	28,359,646	12,412	10,651
Gain on deconsolidation of a subsidiary	16	-	(585,457)	-	-
Gain on disposal of a joint venture	17	-	(5)	-	(5)
Gain on remeasurement of a financial liability		-	(185,085)	-	(185,085)
Impairment losses on:					
- Due from a joint venture	25	1,320	6,220	1,320	6,220
- Other receivables	23	-	102,417	-	-
- Property, plant and equipment	15	1,149,477	819,184	-	-
- Trade receivables	22	35,639	153,278	-	-
Impairment losses written back on:					
- Due from associates	26	(129,553)	(245,697)	-	-
- Due from a joint venture	25	(990)	(21,000)	(990)	(21,000)
- Due from subsidiaries	24	-	-	(16,525)	(68,834)
- Property, plant and equipment	15	(14,062)	(5,146)	-	-
- Trade receivables	22	(77,263)	(63,983)	-	-
Intangible assets written off	20	1,558,109	-	-	-
Inventories written down	21	2,466,010	2,612,126	-	-
Loss/(Gain) on disposal of property, plant and equipment		31	(7,394)	-	-
Property, plant and equipment written off		79,185	404	-	-
Share options granted under ESOS	10	283,243	478,202	144,920	311,390
Unrealised foreign exchange losses/(gain)		1,011,860	2,895,843	(728,515)	2,240,418
Operating profit/(loss) before changes in working capital		68,878,334	67,111,818	(4,493,404)	(3,366,415)
Changes in working capital:					
Inventories		3,662,225	7,700,355	-	-
Long term receivables		6,716,381	(4,867,942)	-	-
Short term receivables		(27,370,769)	(3,590,754)	(2,249)	43,732
Due from subsidiaries		-	-	29,654,853	26,490,496
Due from a joint venture		(330)	14,780	(330)	14,780
Due from associates		(176,254)	(710,165)	-	-
Long term payables		(3,344,753)	1,871,914	-	-
Short term payables		(2,950,658)	(12,222,170)	48,617	152,630
Due to a minority shareholder of a subsidiary		-	(1,868)	-	-
Due to a subsidiary		-	-	-	657,486
Cash generated from operations		45,414,176	55,305,968	25,207,487	23,992,709
Interest paid		(501,201)	(784,621)	(227,397)	(500,000)
Tax paid, net		(5,598,563)	(3,591,712)	(40,241)	97,197
Net cash from operating activities		39,314,412	50,929,635	24,939,849	23,589,906

Statements of Cash Flows

For the Financial Year Ended 31 December 2016

	Note	2016 RM	Group 2015 RM	2016 RM	Company 2015 RM
Cash flows from investing activities					
Purchase of property, plant and equipment	15	(16,446,704)	(23,888,992)	(6,676)	(37,949)
Proceeds from disposal of property, plant and equipment		200	2,070,200	-	-
Changes in fixed deposits pledged to licensed banks	27	(245,643)	7,345,278	(33,193)	6,709,100
Changes in bank balances pledged to licensed banks	27	5,284,494	(5,590,211)	7,082,637	(7,069,167)
Acquisition of intangible assets	20	(965,132)	(35,738)	-	-
Subscription of ordinary shares in subsidiaries		-	-	-	(15,179,995)
Net cash outflows from deconsolidation of a subsidiary	16	-	(89)	-	-
Proceeds from disposal of a joint venture	17	-	5	-	5
Interest received		368,569	508,894	217,766	356,593
Net cash (used in)/from investing activities		(12,004,216)	(19,590,653)	7,260,534	(15,221,413)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		2,196,635	18,980,951	2,196,635	18,980,951
Drawdown of term loans		-	8,591,000	-	-
Repayment of term loans		(3,210,200)	(5,605,660)	-	-
Proceeds from onshore foreign currency loan		3,957,814	10,123,265	-	-
Repayment of onshore foreign currency loan		(1,619,339)	(20,710,006)	-	-
Net repayment of commercial papers		(17,350,000)	(25,120,264)	(17,350,000)	(25,120,264)
Repayment of medium term notes		(10,000,000)	-	(10,000,000)	-
Repayment of hire purchase and lease creditors		(52,614)	(212,758)	-	-
Proceeds from subscription of ordinary shares by non-controlling interests	16	-	1,028,894	-	-
Dividends paid	14	(6,593,502)	(2,604,815)	(6,593,502)	(2,604,815)
Net cash used in financing activities		(32,671,206)	(15,529,393)	(31,746,867)	(8,744,128)
Net (decrease)/increase in cash and cash equivalents		(5,361,010)	15,809,589	453,516	(375,635)
Effects of foreign exchange rate changes		3,946,903	12,298,835	1	4
Cash and cash equivalents at beginning of financial year		69,140,715	41,032,291	214,481	590,112
Cash and cash equivalents at end of financial year	27	67,726,608	69,140,715	667,998	214,481

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42-A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia.

The principal place of business of the Company is located at 8, Green Hall, 10200 Penang, Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 17 April 2017.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 1965 in Malaysia.

However, Note 43 to the financial statements set out on page 123 has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Securities.

The new MFRSs and amendments to MFRSs adopted during the financial year are set out in Note 41.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- | | |
|---------------------------------------|---|
| (i) Sales and marketing | Sales and marketing of gaming and amusement machines and systems and related products. |
| (ii) Technical support and management | Technical support, maintenance and management of gaming and amusement machines and equipment. |
| (iii) Others | Renting of property, manufacturing, research and development. |

Notes to the Financial Statements

31 December 2016

4. OPERATING SEGMENTS (Continued)

Operating segments are defined as components of the Group that:

- (a) Engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:
 - (i) The combined reported profit of all operating segments that did not report a loss; and
 - (ii) The combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as goodwill impairment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities and unallocated liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements) except for the portion of commercial papers and medium term notes used to finance the investments in subsidiaries is included in the unallocated liabilities.

Notes to the Financial Statements

31 December 2016

4. OPERATING SEGMENTS (Continued)

	Sales and marketing RM	Technical support and management RM	Others RM	Consolidated RM
2016				
Revenue				
Total revenue	159,901,747	93,210,591	643,217	253,755,555
Inter-segment sales	-	-	(252,000)	(252,000)
Revenue from external customers	159,901,747	93,210,591	391,217	253,503,555
Results				
Segment results	13,784,199	27,900,726	(1,522,585)	40,162,340
Finance costs	(30,766)	(243,038)	-	(273,804)
	13,753,433	27,657,688	(1,522,585)	39,888,536
Unallocated expenses				
- Unallocated finance costs				(1,086,529)
- Other unallocated expenses				(7,808,631)
Profit before tax				30,993,376
Tax expense				(5,692,876)
Profit for the financial year				25,300,500
Assets				
Segment assets	93,097,007	135,895,878	59,578,844	288,571,729
Investments in associates	-	-	178,875	178,875
Unallocated assets				8,917,512
Total assets				297,668,116
Liabilities				
Segment liabilities	44,345,730	22,969,012	2,315,644	69,630,386
Tax liabilities				440,340
Unallocated liabilities				1,605,176
Total liabilities				71,675,902

Notes to the Financial Statements

31 December 2016

4. OPERATING SEGMENTS (Continued)

	Sales and marketing RM	Technical support and management RM	Others RM	Consolidated RM
2016 (Continued)				
Other information				
Addition to non-current assets				
- Reportable segments	22,033	15,624,934	1,360,295	17,007,262
- Unallocated				404,574
				<u>17,411,836</u>
Interest income				
- Reportable segments	3,496	1,490	-	4,986
- Unallocated				363,583
				<u>368,569</u>
Depreciation and amortisation				
- Reportable segments	1,000,005	28,016,743	1,579,301	30,596,049
- Unallocated				158,860
				<u>30,754,909</u>
Impairment of property, plant and equipment				
- Reportable segments	-	1,135,415	-	1,135,415
				<u>1,135,415</u>
Other non-cash items				
- Reportable segments	1,640,799	2,638,600	(186,855)	4,092,544
- Unallocated				140,274
				<u>4,232,818</u>

Notes to the Financial Statements

31 December 2016

4. OPERATING SEGMENTS (Continued)

	Sales and marketing RM	Technical support and management RM	Others RM	Consolidated RM
2015				
Revenue				
Total revenue	145,547,146	86,867,604	843,081	233,257,831
Inter-segment sales	-	-	(252,000)	(252,000)
Revenue from external customers	145,547,146	86,867,604	591,081	233,005,831
Results				
Segment results	16,847,527	23,481,217	(1,703,910)	38,624,834
Finance costs	(157,426)	(152,780)	16,216	(293,990)
	16,690,101	23,328,437	(1,687,694)	38,330,844
Unallocated expenses				
- Unallocated finance costs				(4,345,149)
- Other unallocated expenses				(8,874,198)
Profit before tax				25,111,497
Tax expense				(3,822,444)
Profit for the financial year				21,289,053
Assets				
Segment assets	100,053,443	132,597,761	56,684,124	289,335,328
Investments in associates	-	-	171,356	171,356
Unallocated assets				12,413,697
Total assets				301,920,381
Liabilities				
Segment liabilities	46,503,431	28,356,712	2,075,863	76,936,006
Tax liabilities				346,027
Unallocated liabilities				28,257,959
Total liabilities				105,539,992

Notes to the Financial Statements

31 December 2016

4. OPERATING SEGMENTS (Continued)

	Sales and marketing RM	Technical support and management RM	Others RM	Consolidated RM
2015 (Continued)				
Other information				
Addition to non-current assets				
- Reportable segments	68,376	23,605,680	38,942	23,712,998
- Unallocated				211,732
				<u>23,924,730</u>
Interest income				
- Reportable segments	-	20,038	-	20,038
- Unallocated				488,856
				<u>508,894</u>
Depreciation and amortisation				
- Reportable segments	1,402,107	28,879,150	1,582,236	31,863,493
- Unallocated				131,289
				<u>31,994,782</u>
Impairment of property, plant and equipment				
- Reportable segments	-	814,038	-	814,038
				<u>814,038</u>
Other non-cash items				
- Reportable segments	402,176	1,865,673	585,785	2,853,634
- Unallocated				(451,517)
				<u>2,402,117</u>

Notes to the Financial Statements

31 December 2016

4. OPERATING SEGMENTS (Continued)

Reconciliations

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2016 RM	2015 RM
Revenue		
Total revenue for reportable segments	253,755,555	233,257,831
Elimination of inter-segmental revenue	(252,000)	(252,000)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	253,503,555	233,005,831
Profit for the financial year		
Total profit for the reportable segments	39,888,536	38,330,844
Unallocated expenses		
- Realised foreign exchange loss	(846,924)	(1,136,615)
- Unrealised foreign exchange loss	(1,011,860)	(2,895,843)
- Legal and professional fees	(491,663)	(641,320)
- Finance costs	(1,086,529)	(4,345,149)
- Other corporate expenses	(5,458,184)	(4,200,420)
Profit before tax	30,993,376	25,111,497
Tax expense	(5,692,876)	(3,822,444)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	25,300,500	21,289,053
Assets		
Total assets for reportable segments	288,750,604	289,506,684
Unallocated assets	8,917,512	12,413,697
Assets of the Group per consolidated statement of financial position	297,668,116	301,920,381
Liabilities		
Total liabilities for reportable segments	69,630,386	76,936,006
Tax liabilities	440,340	346,027
Unallocated liabilities	1,605,176	28,257,959
Liabilities of the Group per consolidated statement of financial position	71,675,902	105,539,992

Notes to the Financial Statements

31 December 2016

4. OPERATING SEGMENTS (Continued)

Geographical information

The manufacturing facilities, sales offices and concession outlets of the Group are mainly based in Malaysia, Cambodia, the Philippines, Vietnam, Laos, Macau and Nepal.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers.

Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include tax assets and assets used primarily for corporate purposes.

	Revenues from external customers		Non-current assets	
	2016 RM	2015 RM	2016 RM	2015 RM
Malaysia	7,723,930	12,022,206	10,042,472	11,580,343
Southeast Asia (excluding Malaysia)	244,513,899	219,157,764	98,251,673	109,936,580
South Asia	1,036,487	844,567	570,175	836,390
Other countries	229,239	981,294	1,979,993	936,701
	253,503,555	233,005,831	110,844,313	123,290,014

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	Note	2016 RM	2015 RM
Property, plant and equipment	15	107,861,974	118,577,715
Intangible assets	20	2,982,339	4,712,299
		110,844,313	123,290,014

Major customers

Revenue from major customers amounting to RM115,562,650 (2015: RM103,198,780) and RM40,031,462 (2015: RM35,861,200) arose from sales and marketing segment and technical support and management segment respectively.

Notes to the Financial Statements

31 December 2016

5. REVENUE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sales and marketing	159,901,747	145,547,146	-	-
Technical support and management	93,210,591	86,867,604	-	-
Dividend income from a subsidiary	-	-	12,115,208	16,058,190
Others	391,217	591,081	-	-
	253,503,555	233,005,831	12,115,208	16,058,190

(a) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(b) Revenue from technical support and management

Revenue relating to technical support and management is recognised when the Group's right to receive payment is established or when services are rendered.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

6. COST OF SALES

	Group	
	2016 RM	2015 RM
Sales and marketing	136,692,185	122,132,880
Technical support and management	42,252,752	42,024,351
Others	829,779	1,794,710
	179,774,716	165,951,941

Notes to the Financial Statements

31 December 2016

7. OTHER INCOME

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Interest income	368,569	508,894	217,766	834,212
Rental income from building	2,238,658	1,943,801	-	-
Sundry income	892,019	1,643,433	768	593
	3,499,246	4,096,128	218,534	834,805

(a) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(b) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

8. FINANCE COSTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Interest on:				
- Bank overdrafts	-	37,819	-	-
- Finance lease and hire purchase	9,788	15,679	-	-
- Term loans	241,507	61,041	-	-
- Commercial papers	617,324	3,617,814	617,324	3,617,814
- Medium term notes	227,397	500,000	227,397	500,000
- Onshore foreign currency loan	20,978	81,279	-	-
- Payables	1,531	88,803	-	-
Total interest expense	1,118,525	4,402,435	844,721	4,117,814
Bank and other charges	241,808	236,704	4,264	4,169
	1,360,333	4,639,139	848,985	4,121,983

Notes to the Financial Statements

31 December 2016

9. PROFIT BEFORE TAX

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before tax is arrived at after charging:				
Amortisation of intangible assets (Note 20)	1,045,090	3,635,136	-	-
Auditors' remuneration:	246,891	241,313	53,300	44,500
- statutory audits:				
- current year	215,852	191,396	50,300	44,500
- (over)/underprovision in prior years	(1,151)	9,121	3,000	-
- other services	32,190	40,796	-	-
Bad debts written off	17,087	158,091	-	-
Depreciation of property, plant and equipment (Note 15)	29,709,819	28,359,646	12,412	10,651
Impairment losses on:				
- Due from a joint venture (Note 25)	1,320	6,220	1,320	6,220
- Other receivables (Note 23)	-	102,417	-	-
- Property, plant and equipment (Note 15)	1,149,477	819,184	-	-
- Trade receivables (Note 22)	35,639	153,278	-	-
Intangible assets written off (Note 20)	1,558,109	-	-	-
Inventories written down (Note 21)	2,466,010	2,612,126	-	-
Loss on disposal of property, plant and equipment	31	-	-	-
Operating leases:				
- minimum lease payments for land and buildings	923,167	951,863	42,000	42,000
Property, plant and equipment written off	79,185	404	-	-
Realised foreign exchange losses	846,924	1,136,615	743,368	-
Unrealised foreign exchange losses	1,011,860	2,895,843	-	2,240,418
And crediting:				
Dividend income from a subsidiary (Note 5)	-	-	(12,115,208)	(16,058,190)
Gain on deconsolidation of a subsidiary (Note 16)	-	(585,457)	-	-
Gain on disposal of a joint venture (Note 17)	-	(5)	-	(5)
Gain on disposal of property, plant and equipment	-	(7,394)	-	-
Gain on remeasurement of a financial liability	-	(185,085)	-	(185,085)
Impairment losses written back on:				
- Due from associates (Note 26)	(129,553)	(245,697)	-	-
- Due from a joint venture (Note 25)	(990)	(21,000)	(990)	(21,000)
- Due from subsidiaries (Note 24)	-	-	(16,525)	(68,834)
- Property, plant and equipment (Note 15)	(14,062)	(5,146)	-	-
- Trade receivables (Note 22)	(77,263)	(63,983)	-	-
Interest income (Note 7)	(368,569)	(508,894)	(217,766)	(834,212)
Realised foreign exchange gain	-	-	-	(295)
Rental income from building (Note 7)	(2,238,658)	(1,943,801)	-	-
Unrealised foreign exchange gain	-	-	(728,515)	-

Notes to the Financial Statements

31 December 2016

10. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Wages and salaries	12,449,004	11,024,043	2,080,434	1,831,746
Social security contributions	75,828	63,181	16,454	13,196
Contributions to defined contribution plan	1,295,247	1,143,985	244,856	216,694
Short term accumulating compensated absence	(11,486)	(117,709)	4,384	20,272
Share options granted under ESOS	283,243	478,202	144,920	311,390
	14,091,836	12,591,702	2,491,048	2,393,298

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM3,989,173 (2015: RM3,224,086) and RM298,213 (2015: RM292,964) respectively as further disclosed in Note 11 to the financial statements.

11. DIRECTORS' REMUNERATION

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors of the Company:				
Executive:				
Salaries and bonus	2,629,039	1,937,924	298,213	292,964
	2,629,039	1,937,924	298,213	292,964
Non-executive:				
Fees	409,440	372,220	409,440	372,220
Share options granted under ESOS	125,956	266,880	125,956	266,880
Other emoluments	44,000	46,000	44,000	46,000
	579,396	685,100	579,396	685,100

Notes to the Financial Statements

31 December 2016

11. DIRECTORS' REMUNERATION (Continued)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors of the Subsidiaries:				
Executive:				
Salaries and bonus	1,350,134	1,271,162	-	-
Fees	10,000	15,000	-	-
	1,360,134	1,286,162	-	-
Non-executive:				
Fees	5,000	5,000	-	-
Total Directors' remuneration	4,573,569	3,914,186	877,609	978,064
Analysis:				
Total Executive Directors' remuneration (Note 10)	3,989,173	3,224,086	298,213	292,964
Total Non-executive Directors' remuneration	584,396	690,100	579,396	685,100
	4,573,569	3,914,186	877,609	978,064

12. TAX EXPENSE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current tax expense based on profit for the financial year:				
Malaysian income tax	1,046,670	897,550	38,705	54,250
Foreign income tax	4,297,046	3,131,413	-	-
	5,343,716	4,028,963	38,705	54,250
Under/(Over)provision in prior years	358,299	(194,323)	(916)	(40,015)
	5,702,015	3,834,640	37,789	14,235
Deferred tax (Note 33):				
Relating to origination and reversal of temporary differences	(7,520)	(5,293)	-	-
Relating to changes in tax rates	-	(6,858)	-	-
Overprovision in prior years	(1,619)	(45)	-	-
	(9,139)	(12,196)	-	-
Tax expense	5,692,876	3,822,444	37,789	14,235

Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2015: 25%) of the estimated taxable profits for the fiscal year.

Notes to the Financial Statements

31 December 2016

12. TAX EXPENSE (Continued)

The tax expense of a subsidiary is fixed at RM20,000 per annum under the Labuan Business Activity Tax Act, 1990 Section 7(1). Any non-offshore business activity carried out by the subsidiary shall be subjected to the provisions of the Income Tax Act, 1967 ("ITA"). Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	7,438,410	6,277,874	1,819,734	1,778,604
Tax effects in respect of:				
Different tax rates in other countries and for Labuan trading activities	(3,638,745)	(4,644,919)	-	-
Non-taxable income	(238,206)	(671,471)	(2,907,834)	(4,061,042)
Non-allowable expenses	1,635,337	2,897,456	1,126,805	2,336,688
Changes in tax rate	-	(6,858)	-	-
Deferred tax asset not recognised in respect of current year's tax losses and unabsorbed capital allowances	139,400	164,730	-	-
Under/(Over)provision of income tax in prior years	5,336,196	4,016,812	38,705	54,250
Overprovision of deferred tax in prior years	358,299	(194,323)	(916)	(40,015)
	(1,619)	(45)	-	-
	5,692,876	3,822,444	37,789	14,235

13. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2016	2015
Profit for the financial year attributable to owners of the Company (RM)	24,853,001	20,863,284
Weighted average number of ordinary shares in issue	1,318,352,000	1,257,411,000
Basic earnings per ordinary share (sen)	1.89	1.66

Notes to the Financial Statements

31 December 2016

13. EARNINGS PER SHARE (Continued)

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	2016	Group 2015
Profit for the financial year attributable to owners of the Company (RM)	24,853,001	20,863,284
Weighted average number of ordinary shares in issue	1,318,352,000	1,257,411,000
Effect of dilution:		
- Employee share options	32,785,000	22,348,000
Adjusted weighted average number of ordinary shares	1,351,137,000	1,279,759,000
Diluted earnings per ordinary share (sen)	1.84	1.63

14. DIVIDENDS

	Group and Company			
	2016	2015	2016	2015
	Gross dividend per share sen	Amount of dividend net of tax RM	Gross dividend per share sen	Amount of dividend net of tax RM
Dividends paid:				
In respect of financial year ended 31 December 2015:				
Interim single tier dividend	0.25	3,295,175	-	-
Final single tier dividend	0.25	3,298,327	-	-
In respect of financial year ended 31 December 2014:				
Final single tier dividend	-	-	0.20	2,604,815
	0.50	6,593,502	0.20	2,604,815

An interim single-tier dividend of 0.3 sen per ordinary share amounting to RM4,007,236 in respect of the financial year ended 31 December 2016 was paid on 14 April 2017.

A final single-tier dividend of 0.3 sen per ordinary share in respect of the financial year ended 31 December 2016 has been proposed by the Directors after the reporting period for shareholders' approval at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect these dividends. These dividends, when accrued for payment or approved by shareholders respectively, would be accounted for as an appropriation of retained earnings for the financial year ending 31 December 2017.

Notes to the Financial Statements

31 December 2016

15. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land		Long term leasehold land		Buildings	Renovation	Electrical installation	Motor vehicles	Gaming machines	Plant, machinery, fittings and equipment	Furniture, fittings and office equipment	Total
	RM	RM	RM	RM								
At 31 December 2016												
Cost												
At 1 January 2016	1,610,000	1,700,000	51,766,222	1,698,826	70,148	2,433,251	567,186,084	820,553	22,607,406	649,892,490		
Additions	-	-	88,087	15,499,840	8,990	10,178	(32,688,309)	(7,910)	647,958	16,446,704		
Disposal/Written off	-	-	-	-	-	-	(1,994,319)	-	(59,834)	(32,756,053)		
Transfer to inventory	-	-	-	-	-	-	(1,994,319)	-	-	(1,994,319)		
Exchange differences	-	-	2,017,483	51,582	-	82,456	24,472,034	-	714,937	27,338,492		
At 31 December 2016	1,610,000	1,700,000	53,783,705	1,838,495	79,138	2,525,885	572,475,330	1,004,294	23,910,467	658,927,314		
Accumulated depreciation and impairment losses												
At 1 January 2016	-	132,814	7,160,235	1,155,405	70,147	1,988,347	501,017,964	733,564	19,056,299	531,314,775		
Depreciation charge for the financial year (Note 9)	-	26,562	1,030,409	104,565	299	142,083	27,522,100	43,836	839,965	29,709,819		
Disposal/Written off	-	-	-	-	-	-	(32,609,188)	(7,902)	(59,547)	(32,676,637)		
Transfer to inventory	-	-	-	-	-	-	(1,985,670)	-	-	(1,985,670)		
Impairment loss recognised in profit or loss (Note 9)	-	-	-	40,509	-	73,824	1,149,477	-	(14,062)	1,135,415		
Exchange differences	-	-	356,544	-	-	-	22,482,976	-	613,785	23,567,638		
At 31 December 2016	-	159,376	8,547,188	1,300,479	70,446	2,204,254	517,577,659	769,498	20,436,440	551,065,340		
Analysed as:												
Accumulated depreciation	-	159,376	7,988,836	1,015,413	70,446	2,199,558	469,327,279	769,498	15,938,713	497,469,119		
Accumulated impairment losses	-	-	558,352	285,066	-	4,696	48,250,380	-	4,497,727	53,596,221		
At 31 December 2016	-	159,376	8,547,188	1,300,479	70,446	2,204,254	517,577,659	769,498	20,436,440	551,065,340		
Net carrying amount												
At 31 December 2016	1,610,000	1,540,624	45,236,517	538,016	8,692	321,631	54,897,671	234,796	3,474,027	107,861,974		

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15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Renovation RM	Electrical installation RM	Motor vehicles RM	Gaming machines RM	Plant, machinery, fittings and equipment RM	Furniture, fittings and office equipment RM	Total RM
At 31 December 2015										
Cost										
At 1 January 2015	1,610,000	1,700,000	42,068,947	1,292,294	70,148	2,087,647	472,054,179	809,951	23,395,110	545,088,276
Additions	-	-	-	201,101	-	-	23,247,278	10,602	430,011	23,888,992
Disposal/Written off	-	-	-	-	-	-	(26,964,900)	-	(4,571,897)	(31,536,797)
Movement of assets transferred to assets held for sale	-	-	1,199,230	-	-	-	-	-	250,343	1,449,573
Transfer to inventory	-	-	-	-	-	-	(9,372,570)	-	-	(9,372,570)
Exchange differences	-	-	8,498,045	205,431	-	345,604	108,222,097	-	3,103,839	120,375,016
At 31 December 2015	1,610,000	1,700,000	51,766,222	1,698,826	70,148	2,433,251	567,186,084	820,553	22,607,406	649,892,490
Accumulated depreciation and impairment losses										
At 1 January 2015	-	106,251	4,930,641	912,523	70,147	1,594,661	410,612,961	690,862	18,095,545	437,013,591
Depreciation charge for the financial year (Note 9)	-	26,563	977,518	99,224	-	145,738	26,180,614	42,702	887,287	28,359,646
Disposal/Written off	-	-	-	-	-	-	(26,927,734)	-	(2,545,853)	(29,473,587)
Movement of assets transferred to assets held for sale	-	-	144,297	-	-	-	-	-	146,068	290,365
Transfer to inventory	-	-	-	-	-	-	(5,572,295)	-	-	(5,572,295)
Impairment loss recognised in profit or loss (Note 9)	-	-	-	-	-	-	814,038	-	-	814,038
Exchange differences	-	-	1,107,779	143,658	-	247,948	95,910,380	-	2,473,252	99,883,017
At 31 December 2015	-	132,814	7,160,235	1,155,405	70,147	1,988,347	501,017,964	733,564	19,056,299	531,314,775
Analysed as:										
Accumulated depreciation	-	132,814	6,625,355	882,323	70,147	1,983,848	450,678,610	733,564	14,700,836	475,807,497
Accumulated impairment losses	-	-	534,880	273,082	-	4,499	50,339,354	-	4,355,463	55,507,278
At 31 December 2015	-	132,814	7,160,235	1,155,405	70,147	1,988,347	501,017,964	733,564	19,056,299	531,314,775
Net carrying amount										
At 31 December 2015	1,610,000	1,567,186	44,605,987	543,421	1	444,904	66,168,120	86,989	3,551,107	118,577,715

Notes to the Financial Statements

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15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Furniture, fittings and office equipment RM
At 31 December 2016	
Cost	
At 1 January 2016	156,768
Addition	6,676
At 31 December 2016	163,444
Accumulated depreciation	
At 1 January 2016	112,317
Depreciation charge for the financial year (Note 9)	12,412
At 31 December 2016	124,729
Net carrying amount At 31 December 2016	38,715
At 31 December 2015	
Cost	
At 1 January 2015	118,819
Addition	37,949
At 31 December 2015	156,768
Accumulated depreciation	
At 1 January 2015	101,666
Depreciation charge for the financial year (Note 9)	10,651
At 31 December 2015	112,317
Net carrying amount At 31 December 2015	44,451

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

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15. PROPERTY, PLANT AND EQUIPMENT (Continued)

- (b) Depreciation is calculated to write off the cost to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates are as follows:

Buildings	2%
Renovation	10%
Electrical installation	10%
Motor vehicles	10 - 20%
Gaming machines	20%
Plant, machinery, fittings and equipment	10 - 20%
Furniture, fittings and office equipment	10 - 20%

Freehold land has an unlimited useful life and is not depreciated. Leasehold land is depreciated over the period of the lease of 99 years.

The leasehold land has a remaining tenure of 56 years (2015: 57 years).

- (c) The net carrying amounts of property, plant and equipment which have been charged to licensed banks as security for the secured borrowings of the Group as disclosed in Note 31 to the financial statements are as follows:

	2016 RM	Group 2015 RM
Freehold land	-	1,610,000
Long term leasehold land	770,312	1,567,186
Buildings	716,667	5,091,559
	1,486,979	8,268,745

- (d) A motor vehicle of the Group with a net carrying amount of RM289,874 (2015: RM375,694) is held under hire purchase agreement and in trust for a subsidiary in the name of a Director.
- (e) The Group has carried out a review of the recoverable amount of its property, plant and equipment during the financial year. The review has led to the recognition of an impairment loss of RM1,135,415 (2015: RM814,038). The recoverable amount was based on value-in-use of the cash generating unit ("CGU") to which the property, plant and equipment are allocated.

The value-in-use calculations use the discounted cash flow projections based on financial forecasts approved by management covering the remaining estimated useful lives of the property, plant and equipment.

Key assumptions and management's approach to determine the values used in value-in-use calculations are as follows:

- (i) Net revenue

The estimated net revenue with no growth rate used to calculate the cash inflows from operations is the estimated net collections from the placement of machines for each outlet.

- (ii) Discount rate

The discount rate used was pre-tax and reflect specific risks relating to the relevant assets and segment to which the assets are allocated to. The discount rate used is 6.4% (2015: 6.6%).

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16. INVESTMENTS IN SUBSIDIARIES

	2016 RM	Company 2015 RM
Unquoted shares at cost	152,014,420	55,677,196
Share option granted to employees of subsidiaries	4,908,527	4,770,204
Equity loan to a subsidiary	-	96,337,224
	156,922,947	156,784,624

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Proportion of ownership interest		Principal activities
		2016 %	2015 %	
Held by the Company:				
RGB Sdn. Bhd.	Malaysia	100	100	Manufacturing, refurbishment, technical support and maintenance, sales and marketing of gaming and amusement machines and equipment, sales and marketing of security surveillance products and systems for local and overseas markets.
RGB Ltd.	Malaysia	100	100	Investment holding, sales and marketing, technical support and management of gaming and amusement machines and equipment solely for the overseas markets.
Data Touch Sdn. Bhd.	Malaysia	100	100	Renting of property.
RGB (Singapore) Pte. Ltd.*	Singapore	100	100	Trading, maintenance and management of gaming and amusement machine and equipment.
Macrocept Sdn. Bhd.	Malaysia	100	100	Investment holding.
Held through subsidiaries:				
RGB (Macau) Limited [@]	Macau	100	100	Import and export including sales and marketing, technical support and management of gaming and amusement machines and equipment and all other business activities related to hospitality and leisure industries.
Nex Gen Studio Limited [^] (formerly known as Media Horizon Holdings Limited)	Hong Kong	100	100	Trading of gaming machines and equipment.

Notes to the Financial Statements

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16. INVESTMENTS IN SUBSIDIARIES (Continued)

Details of the subsidiaries are as follows (Continued) :

Name of company	Country of incorporation	Proportion of ownership interest		Principal activities
		2016 %	2015 %	
Held through subsidiaries (Continued):				
Chateau de Bavet Club Co., Ltd. #②	Cambodia	45.14	45.14	Renting of property.

* Audited by BDO member firms.

^ Audited by firm other than BDO member firms.

Consolidated using management financial statements up to 31 December 2016.

② The financial statements of these subsidiaries are not required to be audited in its country of incorporation.

- (a) An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less any accumulated impairment losses.
- (b) The Group considers that it controls Chateau de Bavet Club Co., Ltd. ("CDBC") even though it owns 45.14% of the voting rights as Macrocept Sdn. Bhd. ("MCSB") is the single largest shareholder of CDBC. MCSB entered into an agreement with another shareholder of CDBC who owns a 25.6% equity interest to act in concert with MCSB in the management of CDBC. MCSB also has three (3) representatives out of total of four (4) members in the Board of Directors of CDBC.
- (c) In the previous financial year, the deconsolidation of RGB OMMCO Ltd. had the following effects on the financial position of the Group:

	2015 RM
Other receivables	517,873
Cash and bank balances	89
Other payables	(74,433)
Due to a minority shareholder of a subsidiary	(932,613)
Net liabilities deconsolidated	(489,084)
Transfer from foreign currency translation reserve	(267,553)
Non-controlling interest at deconsolidation date	171,180
	(585,457)
Total proceeds from deconsolidation	-
Gain on deconsolidation to the Group (Note 9)	(585,457)
Cash outflow arising on deconsolidation:	
Cash and cash equivalents of subsidiaries deconsolidated	(89)
Net cash outflow on deconsolidation	(89)

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16. INVESTMENTS IN SUBSIDIARIES (Continued)

(d) The subsidiaries in which the Group has material non-controlling interests ("NCI") are as follows:

	Chateau de Bavet Club Co., Ltd.	Other individual immaterial subsidiaries	Total
2016			
NCI percentage of ownership interest and voting interest	54.86%		
Carrying amount of NCI (RM)	22,540,561	-	22,540,561
Profit allocated to NCI (RM)	447,499	-	447,499
2015			
NCI percentage of ownership interest and voting interest	54.86%		
Carrying amount of NCI (RM)	21,126,923	-	21,126,923
Profit/(Loss) allocated to NCI (RM)	451,065	(25,296)	425,769

The NCI of all other subsidiaries that are not wholly owned by the Group are deemed to be immaterial.

(e) The summarised financial information before intra-group elimination of a subsidiary in which the Group has a material NCI as at the end of the financial year is as follows:

	Chateau de Bavet Club Co., Ltd.	
	2016 RM	2015 RM
Assets and liabilities		
Non-current assets	42,588,730	41,893,035
Current assets	4,550,118	4,280,448
Current liabilities	(6,051,424)	(7,662,868)
Net assets	41,087,424	38,510,615
Results		
Profit for the financial year	815,710	829,791
Total comprehensive income	2,576,809	7,848,205
Cash flows used in operating activities	(8,582)	(1,109,282)
Cash flows from investing activities	-	2,025,588
Net (decrease)/increase in cash and cash equivalents	(8,582)	916,306

Notes to the Financial Statements

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17. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unquoted shares at cost	1	1	1	1
Share of post-acquisition reserves	(1)	(1)	-	-
	-	-	1	1
Less: Impairment losses	-	-	(1)	(1)
	-	-	-	-

Details of the joint venture is as follows:

Name of company	Country of incorporation	Proportion of ownership interest		Principal activity
		2016 %	2015 %	
RGB Xtale Sdn. Bhd.	Malaysia	50	50	Dormant.

- (a) In the separate financial statements of the Company, an investment in a joint venture is stated at cost less any accumulated impairment losses.
- (b) In the consolidation financial statements, an investment in a joint venture is accounted for using the equity method.
- (c) In the previous financial year, the disposal of Rasa Perpaduan Malaysia Sdn. Bhd. had the following effects on the financial statements of the Group and the Company:

	2015 RM
Group	
Cost of investment	50,000
Share of post-acquisition reserves	(50,000)
	-
Net proceeds from disposal	(5)
	-
Gain on disposal (Note 9)	(5)
Company	
Cost of investment	50,000
Impairment losses	(50,000)
	-
Net proceeds from disposal	(5)
	-
Gain on disposal (Note 9)	(5)

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17. INVESTMENT IN A JOINT VENTURE (Continued)

- (d) The summarised financial information of the joint venture, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are as follows:

	2016 RM	Group 2015 RM
Assets and liabilities		
Current assets	1,013	1,013
Current liabilities	(1,132,234)	(1,132,234)
Net liabilities	(1,131,221)	(1,131,221)
Proportion of the ownership of the Group	50%	50%
Carrying amount of the investments in a joint venture	-	-
Results		
Administrative expenses	-	(1,883)
Loss before tax	-	(1,883)
Loss for the financial year	-	(1,883)
Share of loss by the Group for the financial year	-	-

- (e) The unrecognised share of losses of joint venture amounted to RM Nil (2015: RM942) in the current financial year and RM565,611 (2015: RM565,611) cumulatively. The Group has ceased recognising its share of losses since there is no further obligation in respect of those losses using the equity method of accounting.

18. INVESTMENTS IN ASSOCIATES

	2016 RM	Group 2015 RM
Unquoted shares at cost	39,894	39,894
Share of post-acquisition reserves	82,537	82,537
Exchange differences	122,431 56,444	122,431 48,925
	178,875	171,356

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18. INVESTMENTS IN ASSOCIATES (Continued)

Details of the associates are as follows:

Name of company	Country of incorporation	Proportion of ownership interest		Principal activities
		2016 %	2015 %	
Held through subsidiaries:				
Dreamgate Holding Co., Ltd.	Cambodia	49	49	Property investment holding.
Players Club Co., Ltd.	Cambodia	35	35	Dormant.
Rainbow World Club Ltd.	Cambodia	20	20	Dormant.
Goldenmac., Ltd.	Cambodia	25	25	Dormant.
Cash Box Entertainment Co., Ltd.	Cambodia	20	20	Dormant.
Olympic Entertainment Co., Ltd.	Cambodia	20	20	Dormant.
Golden Beach Club Ltd.	Cambodia	50	50	Dormant.

- (a) In the separate financial statements of the Company, investments in associates are stated at cost less any accumulated impairment losses.
- (b) In the consolidated financial statements, investments in associates are accounted for using the equity method.
- (c) The summarised financial information of the associates are as follows:

	Dreamgate Holding Co., Ltd. RM	Other individual immaterial associates RM	Total RM
2016			
Assets and liabilities			
Non-current assets	4,477,161	-	4,477,161
Current assets	297,550	941,323	1,238,873
Current liabilities	(6,447,837)	(6,726,210)	(13,174,047)
Net liabilities	(1,673,126)	(5,784,887)	(7,458,013)
Results			
Revenue	22,033	-	22,033
Profit for the financial year	5,297	-	5,297
Total comprehensive income	5,297	-	5,297
Cash flows from operating activities	144,479	-	144,479
Net increase in cash and cash equivalents	144,479	-	144,479

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18. INVESTMENTS IN ASSOCIATES (Continued)

(c) The summarised financial information of the associates are as follows (Continued):

	Dreamgate Holding Co., Ltd. RM	Other individual immaterial associates RM	Total RM
2015			
Assets and liabilities			
Non-current assets	4,300,002	-	4,300,002
Current assets	146,637	901,750	1,048,387
Current liabilities	(6,054,123)	(6,443,451)	(12,497,574)
Net liabilities	(1,607,484)	(5,541,701)	(7,149,185)
Results			
Revenue	20,568	-	20,568
Profit for the financial year	14,605	-	14,605
Total comprehensive income	14,605	-	14,605
Cash flows used in operating activities	(40,180)	-	(40,180)
Net decrease in cash and cash equivalents	(40,180)	-	(40,180)

(d) The reconciliation of net assets of the associates to the carrying amount of the investments in associates are as follows:

	Dreamgate Holding Co., Ltd. RM	Other individual immaterial associates RM	Total RM
As at 31 December 2016			
Share of net assets of the Group	-	178,875	178,875
Carrying amount in the statement of financial position	-	178,875	178,875
Share of results of the Group for the financial year ended 31 December 2016			
Share of profit of the Group	-	-	-
Share of total comprehensive income of the Group	-	-	-

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18. INVESTMENTS IN ASSOCIATES (Continued)

- (d) The reconciliation of net assets of the associates to the carrying amount of the investments in associates are as follows (Continued):

	Dreamgate Holding Co., Ltd. RM	Other individual immaterial associates RM	Total RM
As at 31 December 2015			
Share of net assets of the Group	-	171,356	171,356
Carrying amount in the statement of financial position	-	171,356	171,356
Share of results of the Group for the financial year ended 31 December 2015			
Share of profit of the Group	-	-	-
Share of total comprehensive income of the Group	-	-	-

- (e) The unrecognised share of profit of associates amounted to RM2,596 (2015: RM7,157) in the current financial year. As a result, the accumulated unrecognised share of losses of associates amounted to RM1,873,390 (2015: RM1,875,986). The Group has ceased recognising its share of profit since there is no further entitlement in respect of those profits using the equity method of accounting.

19. OTHER INVESTMENT [2015 ONLY]

	Group RM
Available-for-sale financial assets	
- Unquoted shares at cost	4,000
Less: Impairment losses	(4,000)
	-

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20. INTANGIBLE ASSETS

Group	Goodwill RM	Development costs RM	Gaming licenses RM	Rights RM	Total RM
At 31 December 2016					
Cost					
At 1 January 2016	1,142,351	6,697,879	1,073,875	4,488,798	13,402,903
Additions	-	965,132	-	-	965,132
Written off	-	(3,736,852)	-	-	(3,736,852)
Exchange differences	-	(226,821)	47,125	196,982	17,286
At 31 December 2016	1,142,351	3,699,338	1,121,000	4,685,780	10,648,469
Accumulated amortisation and impairment					
At 1 January 2016	271,839	3,929,967	-	4,488,798	8,690,604
Amortisation (Note 9)	-	1,045,090	-	-	1,045,090
Written off	-	(2,178,743)	-	-	(2,178,743)
Exchange differences	-	(87,803)	-	196,982	109,179
At 31 December 2016	271,839	2,708,511	-	4,685,780	7,666,130
Net carrying amount					
At 31 December 2016	870,512	990,827	1,121,000	-	2,982,339
At 31 December 2015					
Cost					
At 1 January 2015	271,839	5,931,367	847,363	3,659,067	10,709,636
Additions	-	35,738	-	-	35,738
Acquisition of a subsidiary	870,512	-	-	-	870,512
Movement of assets transferred to assets held for sale	-	-	28,012	-	28,012
Exchange differences	-	730,774	198,500	829,731	1,759,005
At 31 December 2015	1,142,351	6,697,879	1,073,875	4,488,798	13,402,903
Accumulated amortisation and impairment					
At 1 January 2015	271,839	2,445,733	-	1,601,870	4,319,442
Amortisation (Note 9)	-	1,343,924	-	2,291,212	3,635,136
Exchange differences	-	140,310	-	595,716	736,026
At 31 December 2015	271,839	3,929,967	-	4,488,798	8,690,604
Net carrying amount					
At 31 December 2015	870,512	2,767,912	1,073,875	-	4,712,299

20. INTANGIBLE ASSETS (Continued)

- (a) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

- (b) Development costs refer to development of games and platform unit for the production of gaming machines. Upon the completion of the project, the development costs would be amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five (5) years.
- (c) Gaming licenses are initially measured at cost. Following the initial recognition, gaming licenses are carried at cost less any accumulated impairment losses. Gaming licenses have indefinite useful lives as based on all relevant factors there is no foreseeable limit to the period over which the licenses are expected to generate cash inflows. Gaming licenses are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired. The useful life of gaming licenses is also reviewed annually to determine whether the useful life assessment continues to be supportable.
- (d) Rights relate to the use of Manny Pacman's design and theme in the development of games and jackpot display for gaming machines. The rights acquired have finite useful lives and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the unit of production method to allocate the cost of rights over its estimated useful lives.
- (e) Impairment tests for goodwill and gaming licenses with indefinite useful lives

Allocation of goodwill and gaming licenses

The goodwill and gaming licenses have been allocated to the Group's others segment CGU, which constitutes a separately reportable segment in Note 4 to the financial statements.

Key assumptions used in value-in-use calculations

The recoverable amount of the CGU have been determined based on value-in-use calculations using cash flow projections based on financial forecasts approved by management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated assuming zero growth rates.

Key assumptions and management's approach to determine the values used in value-in-use calculations are most sensitive to the following assumptions:

- (i) Net revenue

The estimated net revenue with no growth rate used to calculate the cash inflows for impairment tests for goodwill and gaming licenses is the estimated net collections from similar operations in the Philippines and the estimated leasing income receivable from the leasing of casino building together with the gaming license to a casino operator in Cambodia respectively.

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20. INTANGIBLE ASSETS (Continued)

- (e) Impairment tests for goodwill and gaming licenses with indefinite useful lives (Continued)

Key assumptions used in value-in-use calculations (Continued)

Key assumptions and management's approach to determine the values used in value-in-use calculations are most sensitive to the following assumptions (Continued):

- (ii) Exchange rate

The exchange rate used to translate foreign currencies transactions into the other segment's functional currency is based on the exchange rates obtained immediately before the forecast year. Values assigned are consistent with external sources of information.

- (iii) Discount rate

The discount rate used was 6.4% (2015: 6.6%) based on the Group's weighted average cost of capital.

21. INVENTORIES

	2016 RM	Group 2015 RM
At cost		
Gaming machines	945,605	582,077
Spare parts, gaming and amusement accessories, table game equipment and accessories	127,246	1,058,683
Goods at third party premises	21,807	5,704,788
Goods in transit	575,088	26,685
	1,669,746	7,372,233
At net realisable value		
Gaming and amusement machines, coin and notes counting machines and binding machines	2,119,240	1,316,328
Spare parts, gaming and amusement accessories, table game equipment and accessories	1,333,720	2,553,731
	3,452,960	3,870,059
	5,122,706	11,242,292

- (a) Inventories are stated at the lower of cost and net realisable value. Cost is determined using the formula as follows:

Gaming and amusement machines, coin and notes counting machines and binding machines	- specific identification
Spare parts, gaming and amusement accessories, table game equipment and accessories	- weighted average basis

- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM126,599,195 (2015: RM119,562,890).
- (c) Inventories where the net realisable value is expected to be below the carrying amount were written down. The amount written down during the financial year was RM2,466,010 (2015: RM2,612,126) for the Group.

Notes to the Financial Statements

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22. TRADE RECEIVABLES

	2016 RM	Group 2015 RM
Trade receivables		
Third parties	66,715,519	58,966,872
Related parties	4,912,790	945,760
	71,628,309	59,912,632
Less: Impairment losses		
Third parties	(1,908,474)	(1,869,837)
Trade receivables, net	69,719,835	58,042,795
Representing trade receivables:		
- Current	68,202,563	49,819,238
- Non-current	1,517,272	8,223,557
	69,719,835	58,042,795

- (a) Trade receivables are classified as loans and receivables, and measured at amortised cost using effective interest method.
- (b) Normal trade credit terms granted to the customers range from one (1) month to three (3) months. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition. Credit terms granted to related parties range from six (6) months to twelve (12) months.
- (c) "Trade receivables third parties" which will be paid by monthly instalments, interest-free and are payable as follows:

	2016 RM	Group 2015 RM
Current	7,930,613	10,724,273
Non-current	722,069	1,024,763
	8,652,682	11,749,036

- (d) "Trade receivables third parties" with variable instalments terms, which are based on an agreed percentage on the gross collections generated from the machines sold, interest-free and are payable as follows:

	2016 RM	Group 2015 RM
Current	11,300,013	11,076,069
Non-current	795,203	7,198,794
	12,095,216	18,274,863

Notes to the Financial Statements

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22. TRADE RECEIVABLES (Continued)

(e) The currency exposure profile of trade receivables are as follows:

	2016 RM	Group 2015 RM
United States Dollar	41,692,117	41,871,626
The Philippines Peso	19,691,315	9,764,476
Thai Baht	3,939,230	2,996,030
Ringgit Malaysia	3,781,123	3,369,797
Singapore Dollar	406,979	40,866
Others	209,071	-
	69,719,835	58,042,795

(f) Ageing analysis of trade receivables

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

	2016 RM	Group 2015 RM
Neither past due nor impaired	46,497,575	33,302,538
1 to 30 days past due not impaired	9,254,407	16,106,889
31 to 60 days past due not impaired	3,758,933	3,763,108
61 to 90 days past due not impaired	3,808,540	883,651
91 to 120 days past due not impaired	1,669,301	1,904,951
More than 120 days past due not impaired	4,731,079	2,081,658
	23,222,260	24,740,257
Impaired	1,908,474	1,869,837
	71,628,309	59,912,632

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

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

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM23,222,260 (2015: RM24,740,257) that are past due at the reporting date but not impaired of which RM4,731,079 (2015: RM2,081,658) are due more than 120 days.

The management had assessed and concluded that those receivables are recoverable as these accounts are still active.

Notes to the Financial Statements

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22. TRADE RECEIVABLES (Continued)

(g) Movement in accumulated impairment losses are as follows:

	2016 RM	Group 2015 RM
At 1 January	1,869,837	1,517,878
Charge for the financial year (Note 9)	35,639	153,278
Reversal of impairment losses (Note 9)	(77,263)	(63,983)
Written off	-	(59,015)
Exchange differences	80,261	321,679
At 31 December	1,908,474	1,869,837

Trade receivables that are individually determined to be impaired at the reporting date are those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

(h) Information on financial risks of trade receivables is disclosed in Note 40 to the financial statements.

23. OTHER RECEIVABLES

	2016 RM	Group 2015 RM	2016 RM	Company 2015 RM
Deposits	18,942,471	14,736,526	9,250	7,000
Interest receivables	168,189	162,609	65,461	65,462
Sundry receivables	5,107,991	3,189,720	-	-
	24,218,651	18,088,855	74,711	72,462
Less: Impairment losses	(376,732)	(361,220)	-	-
	23,841,919	17,727,635	74,711	72,462
Prepayments	4,747,120	2,085,790	-	-
	28,589,039	19,813,425	74,711	72,462
Representing other receivables:				
- Current	28,529,178	19,749,505	74,711	72,462
- Non-current	59,861	63,920	-	-
	28,589,039	19,813,425	74,711	72,462

Notes to the Financial Statements

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23. OTHER RECEIVABLES (Continued)

- (a) Other receivables are classified as loans and receivables, and measured at amortised cost using effective interest method.
- (b) The currency exposure profile of other receivables excluding prepayments are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
United States Dollar	21,663,754	13,342,123	-	-
Ringgit Malaysia	793,823	768,006	74,711	72,462
Hong Kong Dollar	486,994	653,019	-	-
The Philippines Peso	260,390	266,304	-	-
Euro	240,817	997,351	-	-
Singapore Dollar	229,069	52,488	-	-
Thai Baht	93,725	1,556,959	-	-
Japanese Yen	60,350	91,385	-	-
Others	12,997	-	-	-
	23,841,919	17,727,635	74,711	72,462

- (c) Movement in impairment accounts:

	Group	
	2016 RM	2015 RM
At 1 January	361,220	310,357
Charge for the financial year (Note 9)	-	102,417
Written off	-	(98,169)
Exchange differences	15,512	46,615
At 31 December	376,732	361,220

- (d) Included in non-current receivables are an amount of RM59,861 (2015: RM63,920) which is secured by unquoted shares pledged to the Group, interest-free and not receivable within the next one (1) year.
- (e) Information on financial risks of other receivables is disclosed in Note 40 to the financial statements.

24. DUE FROM SUBSIDIARIES

	Company	
	2016 RM	2015 RM
Due from subsidiaries	1,669,138	18,480,269
Less: Impairment losses	(30,599)	(47,124)
	1,638,539	18,433,145

Notes to the Financial Statements

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24. DUE FROM SUBSIDIARIES (Continued)

- (a) Amounts due from subsidiaries are classified as loans and receivables, and measured at amortised cost using effective interest method.
- (b) Amounts due from subsidiaries are non-trade in nature, interest-free, unsecured, repayable on demand and to be settled in cash.
- (c) The currency exposure profile of amounts due from subsidiaries are as follows:

	2016 RM	Company 2015 RM
United States Dollar	1,397,038	18,220,178
Singapore Dollar	227,152	197,776
Ringgit Malaysia	14,349	39,412
Hong Kong Dollar	-	(24,221)
	1,638,539	18,433,145

- (d) Movement in impairment accounts:

	2016 RM	Company 2015 RM
At 1 January	47,124	10,452,444
Reversal of impairment losses (Note 9)	(16,525)	(68,834)
Written off	-	(10,336,486)
At 31 December	30,599	47,124

25. DUE FROM A JOINT VENTURE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Due from a joint venture	924,925	924,595	924,925	924,595
Less: Impairment losses	(924,925)	(924,595)	(924,925)	(924,595)
	-	-	-	-

- (a) Amount due from a joint venture is classified as loans and receivables, and measured at amortised cost using effective interest method.
- (b) Amount due from a joint venture is non-trade in nature, interest-free, unsecured, repayable on demand and to be settled in cash.
- (c) Amount due from a joint venture is denominated in Ringgit Malaysia.

Notes to the Financial Statements

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25. DUE FROM A JOINT VENTURE (Continued)

(d) Movement in impairment accounts:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At 1 January	924,595	990,441	924,595	990,441
Charge for the financial year (Note 9)	1,320	6,220	1,320	6,220
Reversal of impairment losses (Note 9)	(990)	(21,000)	(990)	(21,000)
Written off	-	(51,066)	-	(51,066)
At 31 December	924,925	924,595	924,925	924,595

(e) Information on financial risks of due from a joint venture is disclosed in Note 40 to the financial statements.

26. DUE FROM/(TO) ASSOCIATES

	Group	
	2016 RM	2015 RM
Due from associates	6,857,366	6,609,129
Less: Impairment losses	(2,369,967)	(2,427,537)
	4,487,399	4,181,592
Due to associates	(95,991)	(91,956)

(a) Amounts due from/(to) associates are classified as loans and receivables and other financial liabilities respectively, and measured at amortised cost using effective interest method.

(b) Amounts due from/(to) associates are non-trade in nature, interest-free, unsecured, repayable on demand and to be settled in cash.

(c) Amounts due from/(to) associates are denominated in United States Dollar.

(d) Movement in impairment accounts:

	Group	
	2016 RM	2015 RM
At 1 January	2,427,537	2,304,417
Reversal of impairment losses (Note 9)	(129,553)	(245,697)
Exchange differences	71,983	368,817
At 31 December	2,369,967	2,427,537

(e) Information on financial risks of due from/(to) associates is disclosed in Note 40 to the financial statements.

Notes to the Financial Statements

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27. CASH AND BANK BALANCES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deposits with licensed banks	8,886,213	9,651,120	1,980,345	1,947,152
Cash and bank balances	69,839,736	75,527,787	667,998	7,297,118
	78,725,949	85,178,907	2,648,343	9,244,270

(a) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
United States Dollar	36,462,130	41,723,156	-	21
Ringgit Malaysia	13,579,768	16,380,282	2,648,343	9,244,249
The Philippines Peso	12,990,185	14,639,219	-	-
Thai Baht	13,121,633	11,310,865	-	-
Singapore Dollar	1,482,318	319,745	-	-
Euro	531,654	4,708	-	-
Hong Kong Dollar	298,916	539,314	-	-
Japanese Yen	208,615	195,894	-	-
Others	50,730	65,724	-	-
	78,725,949	85,178,907	2,648,343	9,244,270

(b) For the purpose of the statements of cash flows, cash and cash equivalents comprise of the followings as at the end of the financial year:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deposits with licensed banks	8,886,213	9,651,120	1,980,345	1,947,152
Cash and bank balances	69,839,736	75,527,787	667,998	7,297,118
	78,725,949	85,178,907	2,648,343	9,244,270
Less: Fixed deposits pledged to licensed banks	(7,962,472)	(7,716,829)	(1,980,345)	(1,947,152)
Bank balances pledged to licensed banks	(3,036,869)	(8,321,363)	-	(7,082,637)
	67,726,608	69,140,715	667,998	214,481

(c) Included in the deposits with licensed banks of the Group and the Company are an amount of RM7,962,472 (2015: RM7,716,829) and RM1,980,345 (2015: RM1,947,152) pledged to licensed banks as security for the secured borrowings of the Group as disclosed in Note 31 to the financial statements.

Notes to the Financial Statements

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27. CASH AND BANK BALANCES (Continued)

- (d) Included in the cash and bank balances of the Group and the Company are an amount of RM3,036,869 (2015: RM8,321,363) and RM Nil (2015: RM7,082,637) pledged to licensed banks as security for the secured borrowings of the Group as disclosed in Note 31 to the financial statements.
- (e) Information on financial risks of cash and bank balances is disclosed in Note 40 to the financial statements.

28. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM0.10 each		Amount	
	2016	2015	2016 RM	2015 RM
Authorised:				
At 1 January/31 December	1,500,000,000	1,500,000,000	150,000,000	150,000,000
Issued and fully paid:				
At 1 January	1,307,621,300	1,177,599,600	130,762,130	117,759,960
Issue of ordinary shares pursuant to:				
ESOS	21,562,400	11,698,400	2,156,240	1,169,840
Private Placement	-	118,323,300	-	11,832,330
At 31 December	1,329,183,700	1,307,621,300	132,918,370	130,762,130

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one (1) vote per share at the meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM130,762,130 to RM132,918,370 by way of issuance of 21,562,400 new ordinary shares of RM0.10 each for cash pursuant to the exercise of ESOS at a weighted average issue price of RM0.102 per ordinary share.

29. RESERVES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Non-distributable:				
Share premium	21,124,411	20,774,345	21,124,411	20,774,345
Foreign currency translation reserve	31,035,245	23,576,435	-	-
Share option reserve	963,550	989,978	963,898	990,326
	53,123,206	45,340,758	22,088,309	21,764,671
Distributable:				
Retained earnings/(Accumulated losses)	17,410,077	(849,422)	5,721,843	4,770,907
	70,533,283	44,491,336	27,810,152	26,535,578

29. RESERVES (Continued)**(a) Foreign currency translation reserve**

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group.

(b) Share option reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options.

30. EMPLOYEE BENEFITS**ESOS**

The Company's ESOS is governed by the Bye-Laws approved by the shareholders at the Extraordinary General Meeting held on 16 October 2009. The ESOS was implemented on 21 October 2009 and is to be in force for a period of 5 years from the date of implementation. On 24 August 2012, the Company had extended the ESOS for another 5 years until 20 October 2019.

The main features of the ESOS are as follows:

- (i) The ESOS Committee appointed by the Board of Directors to administer the ESOS may at any time and from time to time recommend to the Board any addition or amendment to or deletion of these Bye-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add, to amend or delete all or any of these Bye-Laws upon such recommendation.
- (ii) Subject to the discretion of the ESOS Committee, any employee of the Group who is at least eighteen (18) years of age, whose employment has been confirmed and any Executive Director or Non-executive Director of the Company, shall be eligible to participate in the ESOS.
- (iii) The total number of shares to be issued under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS and out of which not more than 60% of the shares shall be allocated, in aggregate, to Executive and Non-executive Directors and senior management. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual Director or eligible employee who, either singly or collectively through persons connected with the eligible employees, holds 20% or more in the issued and paid-up capital of the Company.
- (iv) The option price for each share shall be based on the higher of the following:
 - (a) the weighted average market price of the Company's shares for five market days preceding the date of offer, with a discount that does not exceed 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the period of the scheme; or
 - (b) the par value of the Company's shares.

Notes to the Financial Statements

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30. EMPLOYEE BENEFITS (Continued)

ESOS (Continued)

The main features of the ESOS are as follows (Continued):

- (v) The ESOS shall be in force for a period of five (5) years from the date of commencement. The ESOS Committee shall have the absolute discretion, without the need for any approvals of the Company's shareholders, to extend the duration of the ESOS for up to another five (5) years immediately from the expiry of the first five (5) years. The Scheme may be terminated by the Company prior to the expiry of the duration of the ESOS provided that the Company had obtained prior approval of the Company's shareholders and written consent of all Grantees who have yet to exercise their Options, either in part or in whole. Any extension or renewal of the duration of the ESOS beyond ten (10) years from the date of commencement may only be made by the ESOS Committee with the approval of the relevant authorities and the Company's shareholders and without contravening any applicable laws prevailing at the time of such extension or renewal.
- (vi) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.
- (vii) The shares granted will only be vested to the eligible employees and/or Directors of the Group who have duly accepted the offer under the ESOS, remain in employment with the Group as at vesting dates.

The details of the options over ordinary shares of the Company are as follows:

Grant Date	Number of options over ordinary shares of RM0.10 each					
	Outstanding at 1 January '000	Granted '000	Exercised '000	Forfeited '000	Outstanding at 31 December '000	Exercisable at 31 December '000
2016						
2010 options:						
Grant 1	25,062	-	(16,849)	(31)	8,182	8,182
2012 options:						
Grant 2	1,482	-	(415)	(120)	947	947
Grant 3	4,051	-	(1,573)	(62)	2,416	2,416
2013 options:						
Grant 4	2,782	-	(327)	(322)	2,133	2,133
2014 options:						
Grant 5	8,710	-	(2,243)	(249)	6,218	3,548
2015 options:						
Grant 6	4,649	-	(156)	(393)	4,100	1,977
	46,736	-	(21,563)	(1,177)	23,996	19,203
WAEP* (RM)	0.104	-	0.102	0.106	0.106	0.104

Notes to the Financial Statements

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30. EMPLOYEE BENEFITS (Continued)

ESOS (Continued)

The details of the options over ordinary shares of the Company are as follows (Continued) :

Grant Date	← Number of options over ordinary shares of RM0.10 each →					Outstanding at 31 December '000	Exercisable at 31 December '000
	Outstanding at 1 January '000	Granted '000	Exercised '000	Forfeited '000			
2015							
2010 options:							
Grant 1	31,664	-	(6,602)	-	25,062	25,062	
2012 options:							
Grant 2	1,678	-	-	(196)	1,482	1,482	
Grant 3	6,244	-	(2,193)	-	4,051	4,051	
2013 options:							
Grant 4	3,491	-	(503)	(206)	2,782	1,883	
2014 options:							
Grant 5	11,837	-	(2,340)	(787)	8,710	3,228	
2015 options:							
Grant 6	-	4,875	(60)	(166)	4,649	1,117	
	54,914	4,875	(11,698)	(1,355)	46,736	36,823	
WAEP* (RM)	0.104	0.104	0.104	0.111	0.104	0.102	

* WAEP represents Weighted Average Exercise Price

In the previous financial year, the Company granted options over ordinary shares amounting to 4,875,200 to eligible employees of the Group at an exercise price of RM0.104 per share under the Company's ESOS on 12 October 2015.

The details of share options outstanding at the end of the reporting period are as follows:

	Exercise price		Exercise period
	2016 RM	2015 RM	
2010 options:			
Grant 1	0.100	0.100	25.11.2010 – 20.10.2019
2012 options:			
Grant 2	0.100	0.100	13.02.2012 – 20.10.2019
Grant 3	0.100	0.100	01.11.2012 – 20.10.2019
2013 options:			
Grant 4	0.105	0.105	11.12.2013 – 20.10.2019
2014 options:			
Grant 5	0.117	0.117	01.10.2014 – 20.10.2019
2015 options:			
Grant 6	0.104	0.104	12.10.2015 – 20.10.2019

Share options exercised during the financial year resulted in the issuance of 21,562,400 (2015: 11,698,400) ordinary shares at an average price of RM0.102 (2015: RM0.104) each. The related weighted average ordinary share price at the date of exercise was RM0.204 (2015: RM0.163).

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30. EMPLOYEE BENEFITS (Continued)

ESOS (Continued)

The fair value of the share options granted under ESOS on 12 October 2015 is estimated at the grant date using a binomial options pricing model, taking into account the terms and conditions upon which the instruments were granted. The risk-free rate is based on Malaysian Government Securities.

In the previous financial year, the fair value of share options were measured at grant date and the assumptions were as follows:

2015

	Batch 1	Batch 2	Grant 6 Batch 3	Batch 4
Fair value of share options granted on 12 October 2015 (RM)	0.043	0.059	0.067	0.072
Share price (RM)	0.138	0.138	0.138	0.138
Exercise price (RM)	0.104	0.104	0.104	0.104
Dividend yield (%)	1.28	1.28	1.28	1.28
Expected volatility (%)	62.33	62.33	62.33	62.33
Risk-free interest rate (% p.a.)	3.62	3.62	3.62	3.62
Option life (years)	4.03	4.03	4.03	4.03
Cliff vesting period (years)	0	1	2	3
Expected employee exit rate (%)	17.30	17.30	17.30	17.30
Expected early exercise price multiple (times)	1.47	1.47	1.47	1.47

The expected employee exit rate and the expected early exercise price multiple were based on historical data and was not necessary indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility was indicative of future trends, which may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

31. BORROWINGS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Short term borrowings (secured):				
Onshore foreign currency loan	2,338,475	-	-	-
Commercial papers	-	16,732,676	-	16,732,676
Hire purchase creditors (Note 32)	60,497	57,608	-	-
Term loans	1,793,600	1,718,200	-	-
	4,192,572	18,508,484	-	16,732,676
Long term borrowings (secured):				
Hire purchase creditors (Note 32)	118,394	178,900	-	-
Term loans	3,587,200	6,872,800	-	-
	3,705,594	7,051,700	-	-

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31. BORROWINGS (Continued)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Long term borrowings (unsecured):				
Medium term notes	-	10,000,000	-	10,000,000
	3,705,594	17,051,700	-	10,000,000
Total borrowings:				
Onshore foreign currency loan	2,338,475	-	-	-
Commercial papers	-	16,732,676	-	16,732,676
Hire purchase creditors (Note 32)	178,891	236,508	-	-
Medium term notes	-	10,000,000	-	10,000,000
Term loans	5,380,800	8,591,000	-	-
	7,898,166	35,560,184	-	26,732,676

- (a) Borrowings are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) The secured borrowings, other than hire purchase creditors, are secured by the following:
- (i) legal charges over certain freehold land, leasehold land and buildings of the Group as disclosed in Note 15(c) to the financial statements;
 - (ii) certain bank balances and deposits with licensed banks as disclosed in Note 27 to the financial statements; and
 - (iii) corporate guarantees of RM43,077,655 (2015: RM42,180,655) by the Company.
- (c) The currency exposure profile of borrowings are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
United States Dollar	7,719,276	8,591,000	-	-
Ringgit Malaysia	178,890	26,969,184	-	26,732,676
	7,898,166	35,560,184	-	26,732,676

- (d) Information on financial risks of borrowings is disclosed in Note 40 to the financial statements.

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32. HIRE PURCHASE CREDITORS

	2016 RM	Group 2015 RM
Minimum hire purchase payments:		
- Not later than one (1) year	67,367	67,370
- Later than one (1) year and not later than five (5) years	123,475	190,851
Total minimum hire purchase payments	190,842	258,221
Less: Future interest charges	(11,951)	(21,713)
Present value of minimum hire purchase payments	178,891	236,508
Repayable as follows:		
Current liabilities		
- Not later than one (1) year	60,497	57,608
Non-current liabilities		
- Later than one (1) year and not later than five (5) years	118,394	178,900
	178,891	236,508

33. DEFERRED TAX LIABILITIES

	2016 RM	Group 2015 RM
At 1 January	159,306	171,502
Recognised in profit or loss (Note 12)	(9,139)	(12,196)
At 31 December	150,167	159,306

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Development costs RM	Property, plant and equipment RM	Total RM
At 1 January 2016	99,750	495,256	595,006
Recognised in profit or loss	29,520	24,221	53,741
At 31 December 2016	129,270	519,477	648,747
At 1 January 2015	99,750	515,002	614,752
Recognised in profit or loss	-	(19,746)	(19,746)
At 31 December 2015	99,750	495,256	595,006

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33. DEFERRED TAX LIABILITIES (Continued)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (Continued):

Deferred tax assets of the Group:

	Unused tax losses, unabsorbed capital allowances and tax incentives RM	Accruals RM	Other investments, lease receivables, trade and other receivables RM	Property, plant and equipment expensed out RM	Total RM
At 1 January 2016	(348,230)	(14,880)	(59,150)	(13,440)	(435,700)
Recognised in profit or loss	(9,200)	(111,430)	56,310	1,440	(62,880)
At 31 December 2016	(357,430)	(126,310)	(2,840)	(12,000)	(498,580)
At 1 January 2015	(350,750)	(10,250)	(66,500)	(15,750)	(443,250)
Recognised in profit or loss	2,520	(4,630)	7,350	2,310	7,550
At 31 December 2015	(348,230)	(14,880)	(59,150)	(13,440)	(435,700)

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

	2016 RM	Group 2015 RM	2016 RM	Company 2015 RM
Unused tax losses	4,846,000	4,027,000	-	-
Unabsorbed capital allowances	58,000	57,000	39,000	39,000
	4,904,000	4,084,000	39,000	39,000

The unused tax losses and unabsorbed capital allowances of the Group amounting to RM4,846,000 (2015: RM4,027,000) and RM19,000 (2015: RM18,000) respectively which are derived from Singapore operations are available for offsetting against future taxable profits of a subsidiary in Singapore, subject to the agreement with the tax authority.

The unabsorbed capital allowances of the Company are available for offsetting against future taxable profits subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The deductible temporary differences do not expire under the current tax legislation.

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34. TRADE PAYABLES

	2016 RM	Group 2015 RM
Trade payables		
Third parties	31,714,526	38,253,490
Related parties	424,169	406,337
	32,138,695	38,659,827
Representing trade payables:		
- Current	31,630,029	34,839,054
- Non-current	508,666	3,820,773
	32,138,695	38,659,827

- (a) Trade payables are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) "Trade payables third parties" which will be paid by monthly instalments, interest-free and are repayable as follows:

	2016 RM	Group 2015 RM
Current	2,700,283	4,865,569
Non-current	508,666	667,137
	3,208,949	5,532,706

- (c) In the previous financial year, included in "trade payables third parties" was an amount of RM238,285 which will be paid by monthly instalments and on which interest is charged at 5.3% per annum.
- (d) "Trade payables third parties" with variable instalments terms, which are based on an agreed percentage on the gross collections generated from the machines purchased, interest-free and are repayable as follows:

	2016 RM	Group 2015 RM
Current	9,164,834	12,863,123
Non-current	-	3,153,636
	9,164,834	16,016,759

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34. TRADE PAYABLES (Continued)

- (e) Trade payables are interest-free and the normal trade credit terms granted to the Group range from one (1) month to three (3) months.
- (f) Amount owing to related parties are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (g) The currency exposure profile of trade payables are as follows:

	2016 RM	Group 2015 RM
United States Dollar	32,095,175	38,527,748
Ringgit Malaysia	35,670	90,218
Euro	-	28,060
Australian Dollar	4,546	4,381
Hong Kong Dollar	3,053	9,420
Others	251	-
	32,138,695	38,659,827

- (h) Information on financial risks of trade payables is disclosed in Note 40 to the financial statements.

35. OTHER PAYABLES

	2016 RM	Group 2015 RM	2016 RM	Company 2015 RM
Accruals	18,530,741	15,142,494	549,284	528,770
Deposits received	11,821,772	14,518,388	7,403	7,403
Sundry payables	691,341	1,068,196	28,606	503
Deferred revenue	58,856	152,920	-	-
	31,102,710	30,881,998	585,293	536,676
Representing other payables:				
- Current	31,102,710	30,849,352	585,293	536,676
- Non-current	-	32,646	-	-
	31,102,710	30,881,998	585,293	536,676

- (a) Other payables are classified as other financial liabilities, and measured at amortised cost using the effective interest method.

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35. OTHER PAYABLES (Continued)

(b) The currency exposure profile of other payables are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
United States Dollar	17,973,769	22,321,249	-	-
The Philippines Peso	9,174,348	4,456,776	-	-
Thai Baht	2,192,271	1,402,688	-	-
Hong Kong Dollar	950,551	1,208,385	-	-
Ringgit Malaysia	622,699	1,421,947	585,293	536,676
Others	189,072	70,953	-	-
	31,102,710	30,881,998	585,293	536,676

(c) Information on financial risks of other payables is disclosed in Note 40 to the financial statements.

36. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

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

	2016 RM	2015 RM
Group		
Related parties*:		
- Sales of products	2,783,007	3,026,795
- Technical service fee received	35,510	2,520
- Management fee received	99,496	153,426
- Technical support and management income	3,542,661	3,224,527
Company		
Subsidiaries:		
- Dividend income	12,115,208	16,058,190
- Interest income	-	477,619
- Operating lease expense	42,000	42,000

* Related parties are corporations in which certain Directors of the Company and certain subsidiaries have substantial interest in these corporations.

The related party transactions described above were undertaken on mutually agreed and negotiated terms.

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36. RELATED PARTY DISCLOSURES (Continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The remuneration of Directors and other members of key management personnel during the financial year was as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Short-term employee benefits	4,114,188	4,170,714	1,066,038	933,826
Post-employment benefits:				
Defined contribution plans	373,923	361,699	62,237	52,030
Share-based payments	125,956	270,924	125,956	266,880
	4,614,067	4,803,337	1,254,231	1,252,736

Included in the total remuneration of key management personnel are:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors' remuneration (Note 11)	4,573,569	3,914,186	877,609	978,064

Executive and Non-executive Directors of the Group and the Company and other members of key management have been granted the following number of options under the ESOS.

	Group		Company	
	2016	2015	2016	2015
At 1 January	29,366,200	38,239,000	28,550,000	37,600,000
Adjustment	(816,200)	-	-	-
Granted	-	177,200	-	-
Exercised	(19,150,000)	(9,050,000)	(19,150,000)	(9,050,000)
At 31 December	9,400,000	29,366,200	9,400,000	28,550,000

The share options were granted to the same terms and conditions as those offered to other employees of the Group as disclosed in Note 30 to the financial statements.

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37. CAPITAL COMMITMENTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Capital expenditure				
Approved but not contracted for:				
Property, plant and equipment	68,740,000	18,600,000	210,000	-

38. CONTINGENT LIABILITIES

- (a) The Group designates corporate guarantees given to financial institutions for banking facilities granted to subsidiaries and trade payables as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- (b) (i) The Company has given unsecured corporate guarantees to certain financial institutions for banking facilities granted to its subsidiaries for a limit of up to RM43,077,655 (2015: RM42,180,655) of which RM8,533,642 (2015: RM9,670,373) was utilised at the end of reporting period.
- (ii) The Company has given unsecured corporate guarantees to certain trade payables of its subsidiaries for a limit of up to RM107,616,000 (2015: RM103,092,000) of which RM18,356,289 (2015: RM29,009,806) was utilised at reporting date.
- (iii) The Directors are of the view that the chances of the financial institutions and trade payables calling upon the corporate guarantees are unlikely. Accordingly, the fair values of the above corporate guarantees are negligible.
- (c) A subsidiary of the Company, RGB (Macau) Limited ("RGBM") was served with a writ of summons by Comcorp H.L.E Projects Pty. Ltd. ("Comcorp") for an alleged infringement of copyrights. The writ of summons was also served to 3 other parties. The alleged claims by Comcorp included cost of designs of the copyrights, compensation for non-monetary losses and loss of profits, interest, court fee and incidental expenses which is liable jointly and severally by all the co-defendants, or by any combination of the co-defendants.

Subsequent to the Statement of Defence filed by RGBM's solicitors on 24 October 2014, the representative and witness of RGBM have attended the hearings on 16 February 2017 and 15 March 2017 respectively. The Court's judgement will be delivered at a later date.

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39. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2016 and 31 December 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep lower gearing ratio. The Group includes within net debt, borrowings, trade and other payables, less cash and cash equivalents. Capital represents equity attributable to the owners of the Company.

	Note	2016 RM	Group 2015 RM	2016 RM	Company 2015 RM
Borrowings (current and non-current)	31	7,898,166	35,560,184	-	26,732,676
Trade payables (current and non-current)	34	32,138,695	38,659,827	-	-
Other payables (current and non-current)	35	31,102,710	30,881,998	585,293	536,676
Less:					
Cash and bank balances	27	(78,725,949)	(85,178,907)	(2,648,343)	(9,244,270)
Net debt		(7,586,378)	19,923,102	(2,063,050)	18,025,082
Equity attributable to the owners of the Company, represent total capital		203,451,653	175,253,466	160,728,522	157,297,708
Capital and net debt		195,865,275	195,176,568	158,665,472	175,322,790
Gearing ratio		*	10%	*	10%

* Gearing ratio is not presented as the Group and the Company are in a net cash position as at financial year ended 31 December 2016.

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39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial instruments

	Note	2016 RM	Group 2015 RM	2016 RM	Company 2015 RM
Loans and receivables					
Trade receivables (current and non-current)	22	69,719,835	58,042,795	-	-
Other receivables (current and non-current), excluding prepayments	23	23,841,919	17,727,635	74,711	72,462
Due from subsidiaries	24	-	-	1,638,539	18,433,145
Due from associates	26	4,487,399	4,181,592	-	-
Cash and bank balances	27	78,725,949	85,178,907	2,648,343	9,244,270
		176,775,102	165,130,929	4,361,593	27,749,877
Other financial liabilities					
Trade payables (current and non-current)	34	32,138,695	38,659,827	-	-
Other payables (current and non-current)	35	31,102,710	30,881,998	585,293	536,676
Borrowings (current and non-current)	31	7,898,166	35,560,184	-	26,732,676
Due to associates	26	95,991	91,956	-	-
		71,235,562	105,193,965	585,293	27,269,352

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are a reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of fixed rate loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair value of these borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

39. FINANCIAL INSTRUMENTS (Continued)**(c) Methods and assumptions used to estimate fair value (Continued)**

The fair values of financial assets and financial liabilities are determined as follows (Continued):

- (ii) Amounts due from subsidiaries, a joint venture and associates

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of each reporting period.

(d) Fair value hierarchy

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

The following tables set out the financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statements of financial position.

	Financial instruments not carried at fair value			
	Group		Company	
	Fair value (Level 2) RM	Carrying amount RM	Fair value (Level 2) RM	Carrying amount RM
2016				
Financial liabilities				
Hire purchase creditors	116,361	118,394	-	-
	116,361	118,394	-	-
2015				
Financial liabilities				
Hire purchase creditors	177,771	178,900	-	-
Medium term notes	9,804,119	10,000,000	9,804,119	10,000,000
	9,981,890	10,178,900	9,804,119	10,000,000

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40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from receivables and amounts due from subsidiaries respectively. For other financial assets (including investment securities and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with the recognised and creditworthy third parties. It is the Group's policy that all customers who trade on credit terms are subject to credit verification procedures by the Credit Control and Risk Assessment Department. In addition, the Credit Control and Risk Assessment Department analyses and reviews the creditworthiness and standing of all customers regularly. Receivable balances are monitored on an ongoing basis via the Group's management reporting procedures.

As at 31 December 2016, other than the amounts owing by subsidiaries constituting 96% (2015: 100%) of the total receivables of the Company, the Group also has a significant concentration of credit risk that may arise from exposures to groups of receivables which contributed approximately 82% (2015: 85%) of the total trade receivables at the end of the reporting period. These customers contributed approximately 43% (2015: 55%) of the total revenue of the Group.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period are as follows:

	2016 RM	% of total	Group	2015 RM	% of total
By segment:					
Sales and marketing	43,515,026	63%		43,201,761	76%
Technical support and management	25,942,313	37%		14,762,441	24%
Others	262,496	0%		78,593	0%
	69,719,835	100%		58,042,795	100%

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**(a) Credit risk (Continued)**Credit risk concentration profile (Continued)

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period are as follows (Continued):

	2016 RM	Group % of total	2015 RM	Group % of total
By country:				
Malaysia	3,859,252	6%	3,924,810	7%
Southeast Asia (excluding Malaysia)	65,342,507	93%	53,647,930	92%
South Asia	372,463	1%	178,250	0%
Other countries	145,613	0%	291,805	1%
	69,719,835	100%	58,042,795	100%

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 22 to the financial statements. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding trade receivables that are either past due or impaired is disclosed in Note 22 to the financial statements.

(b) Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arising primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash equivalents to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

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40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity and cash flow risk (Continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Total RM
2016			
Group			
Financial liabilities:			
Trade and other payables	62,732,739	508,666	63,241,405
Borrowings	4,351,281	3,801,056	8,152,337
Due to associates	95,991	-	95,991
Total undiscounted financial liabilities	67,180,011	4,309,722	71,489,733
Company			
Financial liabilities:			
Trade and other payables	585,293	-	585,293
Total undiscounted financial liabilities	585,293	-	585,293
2015			
Group			
Financial liabilities:			
Trade and other payables	65,689,971	3,853,419	69,543,390
Borrowings	19,891,850	19,156,512	39,048,362
Due to associates	91,956	-	91,956
Total undiscounted financial liabilities	85,673,777	23,009,931	108,683,708
Company			
Financial liabilities:			
Trade and other payables	536,676	-	536,676
Borrowings	17,723,531	11,750,000	29,473,531
Total undiscounted financial liabilities	18,260,207	11,750,000	30,010,207

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments would fluctuate because of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in deposits.

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40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Interest rate risk (Continued)

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Interest rates of bank borrowings are mainly subject to fluctuations in the banks' base lending rates.

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the financial instruments of Group and of the Company that are exposed to interest rate risk:

	Note	Weighted average effective interest rate (%)	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	Total RM
At 31 December 2016								
Group								
Fixed rates								
Deposits with licensed banks	27	2.1	8,886,213	-	-	-	-	8,886,213
Hire purchase creditors	31	2.5	(60,497)	(63,390)	(55,004)	-	-	(178,891)
Floating rates								
Onshore foreign currency loan	31	2.9	(2,338,475)	-	-	-	-	(2,338,475)
Term loans	31	3.2	(1,793,600)	(3,587,200)	-	-	-	(5,380,800)
Company								
Fixed rate								
Deposits with licensed banks	27	3.3	1,980,345	-	-	-	-	1,980,345
At 31 December 2015								
Group								
Fixed rates								
Deposits with licensed banks	27	2.3	9,651,120	-	-	-	-	9,651,120
Medium term notes	31	5.0	-	-	-	-	(10,000,000)	(10,000,000)
Hire purchase creditors	31	2.5	(57,608)	(60,500)	(63,393)	(55,007)	-	(236,508)
Commercial papers	31	7.0	(16,732,676)	-	-	-	-	(16,732,676)
Trade payables	34	5.3	(238,285)	-	-	-	-	(238,285)
Floating rate								
Term loans	31	3.2	(1,718,200)	(1,718,200)	(5,154,600)	-	-	(8,591,000)
Company								
Fixed rates								
Deposits with licensed banks	27	3.3	1,947,152	-	-	-	-	1,947,152
Medium term notes	31	5.0	-	-	-	-	(10,000,000)	(10,000,000)
Commercial papers	31	7.0	(16,732,676)	-	-	-	-	(16,732,676)

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40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Interest rate risk (Continued)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by ten (10) basis points with all other variables held constant:

	Effect on profit after tax	
	2016 RM	2015 RM
Group		
<u>Increase by 0.1%</u>		
Onshore foreign currency loan	(1,753)	-
Term loans	(5,372)	(8,578)
<u>Decrease by 0.1%</u>		
Onshore foreign currency loan	1,753	-
Term loans	5,372	8,578

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

Subsidiaries operating in the Philippines, Cambodia, Laos, Macau, Vietnam and Singapore have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group and the Company to a reasonably possible change in the United States Dollar ("USD"), The Philippines Peso ("Peso") and Thai Baht ("THB") exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

	Effect on profit after tax			
	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<u>Strengthened 5%</u>				
USD/RM	(951)	118,152	69,852	911,010
Peso/USD	1,188,322	1,010,610	-	-
THB/USD	748,062	723,013	-	-
<u>Weakened 5%</u>				
USD/RM	951	(118,152)	(69,852)	(911,010)
Peso/USD	(1,188,322)	(1,010,610)	-	-
THB/USD	(748,062)	(723,013)	-	-

41. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs**41.1 New MFRSs adopted during the financial year**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2016, the Group and the Company adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2016.

Title	Effective Date
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to MFRSs 2012 – 2014 Cycle</i>	1 January 2016

There is no material impact upon the adoption of these Standard and Amendments during the financial year, other than the adoption of Amendments MFRS 101 *Disclosure Initiative*, which resulted in the following:

- (a) Grouping together supporting information for items presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, in the order in which each statement and each line item is presented.
- (b) Disclosures of only significant accounting policies comprising the measurement bases used in preparing the financial statements and other accounting policies that are relevant to the financial statements.

Notes to the Financial Statements

31 December 2016

41. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (Continued)

41.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

The Standards that are issued but not yet effective up to the date of issuance of financial statements of the Group and of the Company are disclosed below. The Group and the Company intend to adopt these Standards, if applicable, when they become effective.

Title	Effective Date
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

42. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

There were no material subsequent events from the end of reporting period up till the date the financial statements are authorised for issue except for the followings:

- (a) The Company has allotted a total of 6,561,600 ordinary shares of RM0.10 each for cash pursuant to the exercise of ESOS at a weighted average issue price of RM0.108 per ordinary share.
- (b) The Companies Act, 2016 (New Act) was enacted to replace the Companies Act, 1965 and was passed by Parliament on 4 April 2016. The New Act was subsequently gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the effective date of the New Act, except for section 241 and Division 8 of Part III of the New Act, to be 31 January 2017.

Amongst the key changes introduced in the New Act, which will affect the financial statements of the Group and of the Company, are the removal of the authorised share capital, introduction of no par value shares in place of par or nominal value shares, and the treatment of share premium and capital redemption reserves.

The adoption of the New Act does not have any financial impact on the Group and the Company for the financial year ended 31 December 2016 as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on the disclosures to the annual report and financial statements of the Group and of the Company for the financial year ending 31 December 2017.

Notes to the Financial Statements

31 December 2016

43. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings/(accumulated losses) as at the end of each reporting period may be analysed as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total (accumulated losses)/retained earnings of the Company and its subsidiaries:				
- Realised	(56,769,761)	(75,356,226)	10,316,722	10,094,301
- Unrealised	(1,641,653)	(620,137)	(4,594,879)	(5,323,394)
Total share of accumulated losses from joint ventures:				
- Realised	(1)	(1)	-	-
Total share of retained earnings from associates:				
- Realised	82,537	82,537	-	-
	(58,328,878)	(75,893,827)	5,721,843	4,770,907
Add:				
Consolidation adjustments	75,738,955	75,044,405	-	-
Retained earnings/(Accumulated losses) as per financial statements	17,410,077	(849,422)	5,721,843	4,770,907

LIST OF GROUP PROPERTIES

AS AT 31 DECEMBER 2016

Registered Owner/ Address/Location	Description	Use	Tenure	Approximate Age of Building (Years)	Built-up Area (Sq. Metres)	Audited Net Book Value (RM)	Date of Last Revaluation
RGBSB							
1. 65 Sims Avenue #08-04 Yi Xiu Factory Building Singapore	Building	Office cum Factory	Freehold	34	113	869,094	1 January 2011
2. No. 2017 Solok Perusahaan 3 Kawasan Perusahaan Perai 13600 Perai, Penang Malaysia	Land & Building	Factory	Leasehold – 99 years expiring on 12 December 2074	43	1,035.03	1,486,979	1 January 2011
3. No. 2018 Solok Perusahaan 3 Kawasan Perusahaan Perai 13600 Perai, Penang Malaysia	Land & Building	Factory	Leasehold – 99 years Expiring on 12 December 2074	43	1,109.71	1,535,529	1 January 2011
Data Touch Sdn. Bhd.							
4. No. 8 Green Hall 10200 Penang Malaysia	Land & Building	Office	In Perpetuity	38	2,387.16	4,215,572	1 January 2011
Chateau De Bavet Club Co., Ltd.							
5. No. 1, National Road Bavet Commune Chantrea District Svay Rieng Province Kingdom of Cambodia	Building	Hotel & Casino	Freehold	8	23,727	40,279,967	-
Total						48,387,141	

The Group does not have a formal revaluation policy for its landed properties.

LIST OF ASSOCIATE'S PROPERTIES

AS AT 31 DECEMBER 2016

Registered Owner/ Address/Location	Description	Use	Tenure	Approximate Age of Building (Years)	Built-up Area (Sq. Metres)	Audited Net Book Value (RM)	Date of Last Revaluation
Dreamgate Holding Co., Ltd.							
1. No. 13 & 14, Block C E0, E1, Chantrea Bavet Sway Rieng Kingdom of Cambodia	Shoplot	Office	Freehold	10	128	413,516	-
2. No. 1, National Road Bavet Commune Chantrea District Svay Rieng Province Kingdom of Cambodia	Land	Hotel & Casino	Freehold	-	-	4,060,711	-
Total						4,474,227	

ADDITIONAL COMPLIANCE INFORMATION

Recurrent Related Party Transactions ("RRPT")

The summary of the RRPT which have been entered by the Company and its subsidiaries which are involved in the RRPT namely RGB Sdn. Bhd. ("RGBSB"), RGB Ltd. ("RGBL") and RGB (Macau) Limited ("RGBML") [collectively referred to as "RGBI Group"] during FYE 31 December 2016 pursuant to the shareholders' mandate obtained by the Company at the EGM held on 26 May 2016 are as follows:-

Provider of goods and services	Recipient of goods and services	Nature of Transaction	Actual value transacted ⁽ⁱ⁾ (RM)	Related Parties
RGBSB	Channel Paradise Sdn. Bhd. ("CPSB")	Sale of products ⁽ⁱⁱ⁾	2,001,302	<p>Datuk Chuah Kim Seah is a director and major shareholder of the Company. He is also a director of RGBSB.</p> <p>Chuah Kim Chiew is a director of the Company and RGBSB.</p> <p>Dato' Chuah Poh Aun, a person connected to Datuk Chuah Kim Seah, Chuah Kim Chiew and Chuo Ah Ngau, is a director and major shareholder of CPSB.</p> <p>Chuah Eng Hwa, an employee of the Company and a person connected to Datuk Chuah Kim Seah and Chuah Eng Meng, is a director and major shareholder of CPSB.</p> <p>Datin Tok Moy, a person connected to Dato' Chuah Poh Aun, Datuk Chuah Kim Seah and Chuah Kim Chiew, is a director of CPSB.</p> <p>Chuah Eng Meng, a person connected to Datuk Chuah Kim Seah and Chuah Eng Hwa, is a director of CPSB.</p> <p>Chuo Ah Ngau is a director of RGBSB and a person connected to Dato' Chuah Poh Aun and Datin Tok Moy.</p>
RGBSB	Manju Sdn. Bhd. ("MSB")	Sale of products ⁽ⁱⁱ⁾ and technical fee	25,294	<p>Datuk Chuah Kim Seah is a director of the Company, RGBSB and MSB. He is also a major shareholder of the Company and MSB.</p> <p>Chuah Kim Chiew is a director of the Company, RGBSB and MSB. He is also a major shareholder of MSB.</p>

Additional Compliance Information

Provider of goods and services	Recipient of goods and services	Nature of Transaction	Actual value transacted ⁽ⁱ⁾ (RM)	Related Parties
RGBSB	Suneka Sdn. Bhd. ("SSB")	Sale of products ⁽ⁱⁱ⁾	2,200	<p>Datuk Chuah Kim Seah is a director of the Company, RGBSB and SSB. He is also a major shareholder of the Company and SSB.</p> <p>Chuah Kim Chiew is a director of the Company, RGBSB and SSB. He is also a major shareholder of SSB.</p>
RGBI Group	Timor Holding, Lda. ("THL")	Sale of products ⁽ⁱⁱ⁾ , technical support management, leasing of products and management fee ⁽ⁱⁱⁱ⁾	3,642,157	<p>Datuk Chuah Kim Seah is a director and major shareholder of the Company and THL via his interest in 1 Georgetown Ltd. ("1GL"). 1GL is a major shareholder of THL. He is also a director of RGBSB, RGBL, RGBML and 1GL.</p> <p>Datuk Lim Tow Boon is a director of the Company, RGBSB, RGBL, RGBML, THL and 1GL. He is also a major shareholder of THL via his interest in 1GL.</p>
RGBI Group	Pacific Legenda Capital Ltd. ("PLCL")	Sale of products ⁽ⁱⁱ⁾	Nil	<p>Datuk Chuah Kim Seah is a director of the Company, RGBSB, RGBL, RGBML and PLCL. He is also a major shareholder of the Company and PLCL.</p> <p>Datuk Lim Tow Boon is a director of the Company, RGBSB, RGBL, RGBML and PLCL. He is also a shareholder of PLCL.</p> <p>Mazlan Ismail is a director of the Company, RGBSB, RGBL and PLCL. He is also a major shareholder of PLCL.</p> <p>Chuah Kim Chiew is a director of the Company, RGBSB, RGBL and PLCL. He is also a major shareholder of PLCL.</p>

Notes:

⁽ⁱ⁾ The actual value transacted of RRPT during FYE 31 December 2016.

⁽ⁱⁱ⁾ Products include gaming and amusement machines, gaming system, spare parts, casino equipment and accessories, gaming equipment and accessories.

⁽ⁱⁱⁱ⁾ Provision of management services encompassing advisory works.

Additional Compliance Information

Utilisation of Proceeds

There were no proceeds raised from any corporate proposals during the current financial year.

Options, Warrants or Convertible Securities

The ESOS allocations to directors and chief executive during the financial year 2016 and since the commencement of the ESOS as at 31 December 2016 are as follows:

Directors and Chief Executive	Aggregate options granted	Aggregate options exercised	Aggregate options lapsed	Aggregate options outstanding
During the financial year 2016	-	-	-	-
Since the commencement of the ESOS	56,000,000	42,000,000	6,000,000	8,000,000

As at 31 December 2016, the aggregate maximum and actual allocation of the ESOS to directors and senior management during the financial year 2016 and since the commencement of the ESOS are as follows:

Directors and senior management	Aggregate maximum allocation (%)	Actual allocation (%)
During the financial year 2016	-	-
Since the commencement of the ESOS	52.14	45.37

A breakdown of the options granted to and exercised by non-executive directors as at 31 December 2016 is as follows:

Non-Executive Directors	Amount of options granted	Amount of options exercised
Dato' Mahinder Singh Dulku	4,000,000	3,000,000
Ng Eng Tong	4,000,000	4,000,000
Lam Voon Kean	4,000,000	1,000,000
Tan Sri Norazman Hamidun	4,000,000	3,000,000
Total	16,000,000	11,000,000

Additional Compliance Information

Audit and Non-audit Fees

The amount of audit and non-audit fees paid or payable to the external auditors by the Company and the Group for the FYE 31 December 2016 were as follows:

Fees	Company (RM)	Group (RM)
Audit	53,300	210,550
Non-audit	85,000	93,581

Material Contracts

During the year under review, there were no material contracts of the Company involving the interests of major shareholders and/or directors.

Contract Relating to Loans

During the year, there were no contracts relating to loans entered into by the Company involving the interests of major shareholders and/or directors.

STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2017

Share Capital

Total number of issued shares	:	1,335,745,300
Paid-up share capital	:	RM133,620,102.80
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

Distribution of Shareholdings

Size of holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
1 - 99	9	0.10	342	0.00
100 - 1,000	304	3.38	199,892	0.01
1,001 - 10,000	2,975	33.11	19,323,276	1.45
10,001 - 100,000	4,577	50.95	191,081,895	14.31
100,001 - 66,787,264 (*)	1,117	12.43	647,757,619	48.49
66,787,265 and above (**)	2	0.02	477,382,276	35.74
Total	8,984	100.00	1,335,745,300	100.00

Remarks :

* Less than 5% of issued shares

** 5% and above of issued shares

Substantial Shareholders holding 5% or more in the share capital

Name	Direct Interest		Indirect Interest	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Datuk Chuah Kim Seah	348,350,290	26.08	1,603,800 ^(a)	0.12
Gerak Juara Sdn Bhd	129,031,986	9.66	-	-
Mazlan Ismail	-	-	129,031,986 ^(b)	9.66
Ahmad Anwar Mohd Nor	-	-	129,031,986 ^(b)	9.66

^(a) Deemed interested by virtue of holding more than 20% in the shares of Manju Sdn Bhd.^(b) Deemed interested by virtue of holding more than 20% in the shares of Gerak Juara Sdn Bhd.

Statistics of Shareholdings

As at 31 March 2017

Directors' interests in the ordinary shares of the Company

	Direct Interest		Indirect Interest		No of unexercised ESOS options
	No. of Shares	% of Shares	No. of Shares	% of Shares	
Dato' Mahinder Singh Dulku	40,000	0.00	-	-	1,000,000 ^(d)
Datuk Chuah Kim Seah	348,350,290	26.08	1,753,800 ^(a)	0.13	-
Datuk Lim Tow Boon	6,640,500	0.50	-	-	-
Mazlan Ismail	-	-	129,031,986 ^(b)	9.66	-
Chuah Kim Chiew	27,764,194	2.08	1,603,800 ^(c)	0.12	-
Ng Eng Tong	1,000,000	0.07	-	-	-
Lam Voon Kean	1,000,000	0.07	-	-	2,000,000 ^(e)
Tan Sri Norazman Hamidun	3,000,000	0.22	-	-	1,000,000 ^(e)

^(a) Deemed interested by virtue of holding more than 20% in the shares of Manju Sdn Bhd and 150,000 ordinary shares held by his spouse, Datin Tan Soon Kim.

^(b) Deemed interested by virtue of holding more than 20% in the shares of Gerak Juara Sdn Bhd.

^(c) Deemed interested by virtue of holding more than 20% in the shares of Manju Sdn Bhd.

^(d) The ESOS option was granted on 25 November 2010.

^(e) The ESOS option was granted on 1 October 2014.

By virtue of his interest in the shares of the Company, Datuk Chuah Kim Seah is also deemed to have an interest in the shares of the subsidiary companies to the extent the Company has an interest.

THIRTY LARGEST SHAREHOLDERS

AS AT 31 MARCH 2017

NO.	NAME	HOLDINGS	%
1	CHUAH KIM SEAH	127,087,830	9.51
2	GERAK JUARA SDN BHD	112,938,816	8.46
3	CHUAH KIM SEAH	111,355,630	8.34
4	CHUAH KIM SEAH	109,906,830	8.23
5	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	55,000,000	4.12
6	CHUAH KIM CHIEW	27,764,194	2.08
7	LEE WEI MING	18,000,000	1.35
8	GERAK JUARA SDN BHD	16,093,170	1.20
9	LEE WAI YUEN	14,000,000	1.05
10	YEOH MEI MEI	12,000,000	0.90
11	YAP KHONG	8,300,000	0.62
12	PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	6,753,900	0.51
13	LIM TOW BOON	6,640,500	0.50
14	RHB NOMINEES (TEMPATAN) SDN BHD FONG WOON YIN	6,230,000	0.47
15	GOH SIN TIEN	5,800,000	0.43
16	UNG CHI FONG	5,361,400	0.40
17	LAU KIM WAH	5,180,000	0.39
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN OIY POW (8045795)	4,960,000	0.37
19	FIRST GENESIS SDN BHD	4,400,000	0.33
20	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG POO HING @ WONG FOO HIN (800436)	4,295,000	0.32
21	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	4,228,800	0.32
22	NG SIM TANG @ WONG SENG TONG	4,215,000	0.32
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN CHEE YOUNG (MY2263)	4,130,000	0.31
24	GOH SWEE JOO	4,000,000	0.30
25	HSBC NOMINEES (ASING) SDN BHD TNTC FOR AJO EMERGING MARKETS SMALL-CAP FUND LTD	3,673,549	0.28
26	WONG KIM HAI	3,615,000	0.27
27	YAP NYOK LIAN	3,587,000	0.27
28	YAP BOOI LEK	3,500,000	0.26
29	ANG BOON GUAN	3,211,000	0.24
30	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND I8AB FOR TIFF MULTI-ASSET FUND	3,045,964	0.23
TOTAL		699,273,583	52.35

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 14th Annual General Meeting of the Company will be held at Sri Perak 1 & 2, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang, Malaysia on Monday, 29 May 2017 at 10.00 am for the following purposes:

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 and the Reports of Directors and Auditors thereon.
2. To approve the payment of a final single-tier dividend of 0.3 sen per ordinary share in respect of the financial year ended 31 December 2016 as recommended by the Board of Directors. **Resolution 1**
3. To approve the following payments to the Directors:
 - (a) Fees of RM409,440 for the financial year ended 31 December 2016 **Resolution 2**
 - (b) Benefits up to RM96,000 from 1 January 2017 until the next Annual General Meeting of the Company **Resolution 3**
4. To re-elect the following Directors retiring in accordance with Article 100(1) of the Company's Articles of Association (Constitution).
 - (a) Datuk Lim Tow Boon **Resolution 4**
 - (b) Ms. Lam Voon Kean **Resolution 5**
 - (c) Tan Sri Norazman Hamidun **Resolution 6**
5. To re-appoint the following Directors of the Company:
 - (a) Dato' Mahinder Singh Dulku **Resolution 7**
 - (b) Mr. Ng Eng Tong **Resolution 8**
6. To re-appoint Messrs. BDO as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 9**

As Special Business:

To consider and, if thought fit, to pass the following Resolutions with or without modifications:

7. **Ordinary Resolution** **Resolution 10**
Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares

"THAT pursuant to Section 76 of the Companies Act 2016 and subject to the approvals of the relevant authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the Annual General Meeting commencing next after the date on which the next Annual General Meeting after that date is required by law to be held whichever is earlier; but any approval may be previously revoked or varied by the Company in general meeting."

Notice of Annual General Meeting

8. **Ordinary Resolution**
Proposed additional and renewal of Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature

Resolution 11

"THAT approval be and is hereby given to the Company and its subsidiaries ("the Group") to enter into and to give effect to the recurrent related party transactions of a revenue or trading nature as specified in Section 2 of the Circular to Shareholders dated 28 April 2017, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the "Proposed Shareholders' Mandate").

THAT the Proposed Shareholders' Mandate shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless by a resolution passed at the said Annual General Meeting, the authority is renewed;
- (ii) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company at a general meeting, whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Shareholders' Mandate."

9. **Ordinary Resolution**
Continuation in office as an Independent Non-Executive Director

Resolution 12

"THAT Dato' Mahinder Singh Dulku, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be retained and continued to act as an Independent Non-Executive Chairman of the Company in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting of the Company."

10. **Ordinary Resolution**
Proposed grant of options to Ms. Chuah Tong Yi, an employee of the Company and a person connected to Mr. Chuah Kim Chiew, a Director of the Company

Resolution 13

"THAT the Board of Directors of the Company be and is hereby authorised, at any time and from time to time, to offer and grant to Ms. Chuah Tong Yi, an employee of the Company and a person connected to Mr. Chuah Kim Chiew, a Director of the Company, options to subscribe for up to a maximum entitlement of new shares of the Company subject to such terms and conditions as stipulated in the Bye-Laws governing and constituting the Employees' Share Option Scheme launched on 21 October 2009 as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the said Bye-Laws."

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and Company's Articles of Association (Constitution).

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the shareholders' approval for the payment of a final single-tier dividend of 0.3 sen per ordinary share in respect of the financial year ended 31 December 2016 ("the Dividend") under Resolution 1 at the 14th Annual General Meeting of the Company, the Dividend will be paid to the shareholders on 30 June 2017. The entitlement date for the Dividend shall be 15 June 2017.

Shareholders of the Company will only be entitled to the Dividend in respect of:

- (a) securities transferred into their securities account before 4.00 pm on 15 June 2017 for transfers; and
- (b) securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

WOON MEI LING (MAICSA 7047736)

Company Secretary
Penang
28 April 2017

Notes:

Appointment of Proxy

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42-A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.
5. If the appointor is a corporation, the Form of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
6. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 May 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Resolutions 7 and 8 – Re-appointment of Directors

With the coming into force of the Companies Act 2016 on 31 January 2017, there is no age limit for directors.

At the 13th Annual General Meeting of the Company held on 26 May 2016, Dato' Mahinder Singh Dulku and Mr. Ng Eng Tong, who are above the age of 70, were re-appointed pursuant to Section 129 of the Companies Act 1965 to hold office until the conclusion of the 14th Annual General Meeting. Their term of office will end at the conclusion of the 14th Annual General Meeting and they have offered themselves for re-appointment.

The proposed Resolutions 7 and 8, if passed, will enable Dato' Mahinder Singh Dulku and Mr. Ng Eng Tong to continue to act as Directors of the Company and they shall subject to retirement by rotation at a later date.

Notice of Annual General Meeting

Explanatory Notes on Special Business:

Resolution 10 – Authority to allot and issue shares

The proposed Resolution 10, if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

As of the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 26 May 2016 and which will lapse at the conclusion of the 14th Annual General Meeting.

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

Resolution 11 – Proposed additional and renewal of Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature

The proposed Resolution 11, if passed, will enable the Company and its subsidiaries to enter into the recurrent transactions involving the interest of the Related Parties which are of a revenue or trading nature and necessary for the Group's day-to-day operations subject to the transactions being carried out in the ordinary course of business on terms not more favourable than those generally available to the public and not detrimental to the minority shareholders of the Company.

Resolution 12 – Continuation in office as an Independent Non-Executive Director

The proposed Resolution 12, if passed, will allow Dato' Mahinder Singh Dulku to be retained as an Independent Non-Executive Director in line with the Recommendation No. 3.2 of the Malaysian Code on Corporate Governance 2012 and continued as an Independent Non-Executive Chairman of the Company.

Full details of the Board's justifications and recommendations for the retention of Dato' Mahinder Singh Dulku are set out under Corporate Governance Statement in the Company's Annual Report 2016.

Resolution 13 – Proposed grant of options to Ms. Chuah Tong Yi, an employee of the Company and a person connected to Mr. Chuah Kim Chiew, a Director of the Company

The proposed Resolution 13, if passed, will empower the Board of Directors to offer and grant to Ms. Chuah Tong Yi options to subscribe for up to a defined maximum entitlement of new shares of the Company subject to such terms and conditions as stipulated in the Bye-Laws of the Employees' Share Option Scheme.

STATEMENT ACCOMPANYING NOTICE OF 14TH ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.27(2) OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

No individual is standing election as a Director at the forthcoming 14th Annual General Meeting of the Company.



RGB International Bhd.
(603831-K)
(Incorporated in Malaysia)

FORM OF PROXY

No. of Shares Held	
CDS Account No.	

*I/We NRIC No./Company No.
(FULL NAME IN BLOCK CAPITAL)

of
(FULL ADDRESS)

being a *member/members of RGB International Bhd. (603831-K) ("the Company"), hereby appoint

..... NRIC No.
(FULL NAME IN BLOCK CAPITALS)

of.....
(FULL ADDRESS)

or failing *him/her, NRIC No.
(FULL NAME IN BLOCK CAPITALS)

of
(FULL ADDRESS)

or failing *him/her, the *CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us and on *my/our behalf at the 14th Annual General Meeting of the Company to be held at Sri Perak 1 & 2, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 Penang, Malaysia on Monday, 29 May 2017 at 10.00 am and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided below as to how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.)

RESOLUTIONS	1	2	3	4	5	6	7	8	9	10	11	12	13
FOR													
AGAINST													

Signed this day of 2017

	No. of Shares	%
Proxy 1		
Proxy 2		
Total		100

.....
Common Seal/Signature of Member

Note:

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42-A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.
5. If the appointor is a corporation, the Form of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
6. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 May 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
9. By submitting the duly executed Form of Proxy, the member and his/her proxy(ies) consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting of the Company and any adjournment thereof.

* Strike out whichever is not applicable.

Fold this flap for sealing

2nd fold here

Affix
Stamp

The Company Secretary

RGB INTERNATIONAL BHD. (603831-K)
Suite 16-1 (Penthouse Upper), Menara Penang Garden
42-A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia

1st fold here

www.rgbgames.com



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