NANOPAC INNOVATION LIMITED

(ARBN 169020580)
(Incorporated in Samoa)

ANNUAL REPORT

For the financial year ended 31 December 2016

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The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Nanopac Innovation Limited ("the Company") and its controlled entities (collectively, the "Group") for the financial year ended 31 December 2016 and the statement of financial position of the Company as at 31 December 2016.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up 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 the financial performance, change in equity and cash flows of the Group for the financial year ended on that date in accordance with the International Financial Reporting Standards; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of the Directors authorised these financial statements for issued on the date of this report.

Name of Directors

The Directors of the Company in office at the date of this report are:

Name	Particulars
DATO Dr CHENG Kok Leong	Executive Director, Chairman
HO Chin Wooi	Executive Director

Arrangements for enable Directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its controlled entities was a party to any arrangement of which the object was to enable the Directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other corporate body, other than as disclosed in this report.

Directors' interests in shares

None of the Directors who held office at the end of the financial year had any interests in the shares of the Company or its related corporation, except as follows:

	Holdings registered in the Name of Director or nominee		Holdings in which Director is Deemed to have an interest	
	As at 31.12.2016	2015 01.01.2016	As at 31.12.2016	2015 01.01.2016
DATO Dr CHENG Kok Leong	26,250,000	26,250,000	109,651	109,651
HO Chin Wooi	5,336	5,336	109,651	109,651

Share Options

During the financial year, no options were granted to take up unissued shares of the Company and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company. At the end of the financial year, there were no unissued shares of the Company under option.

Directors' contractual benefits

Except as disclosed in the financial statements, since the date of incorporation, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Independent auditor

The independent auditor, CK & Associates, has expressed its willingness to accept re-appointment.

On behalf of the Directors

....

DATO DR CHENG Kok Leong
Independent, Executive Chairman

....

HO Chin Wooi
Executive director

Dated: 05 NOV 2019

CK & ASSOCIATES (AF 1598)
Chartered Accountants
(Member Firm of the Malaysian Institute of Accountants)

Unit A-6-2, Wisma Yoon Cheng, No. 726, Batu 4½,
Jalan Ipoh, 51200 Kuala Lumpur.

Tel : 03-6257 1423 , 03-6257 9902
Fax : 03-6257 0523
Email : associatesck@gmail.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NANOPAC INNOVATIONS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NANOPAC INNOVATIONS LIMITED., which comprise the statements of financial position of the Group as at 31 December 2016 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the year then ended and a summary of significant accounting policies and other explanatory information, as set out on pages 1 to 17.

In our opinion, the accompanying financial statements have been properly drawn up in accordance with International Accounting and Financial Reporting Standards and the requirement of Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group as at 31 December 2016 and of its financial performance and cash flows for the year then ended.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

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 Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NANOPAC INNOVATIONS LIMITED

(Continued)

Information Other than the Financial Statements and Auditors' Report Thereon (Continued)

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

NANOPAC INNOVATIONS LIMITED

(Continued)

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

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

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

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NANOPAC INNOVATIONS LIMITED

(Continued)

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

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

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the accounting and other records and the registers required 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 auditors' report of all the subsidiaries of which we have not acted as auditors being accounts that have been included in the consolidated financial statements.

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

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 266 (2) of the Act.

CK & ASSOCIATES (AF 1598)
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NANOPAC INNOVATIONS LIMITED

(Continued)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

CK & ASSOCIATES
AF: 1598
Chartered Accountants

CHONG CHOONG KONG
No: 02226/01/2018 J
Chartered Accountant

Kuala Lumpur

Date:

05 NOV 2019

NANOPAC INNOVATION LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 USD (Restated)	2015 USD
Revenue	1,172,032	4,502,685
Cost of sales	(742,905)	(3,820,383)
Gross profit	429,127	682,302
Administrative expenses	(476,084)	(402,932)
Selling and marketing expenses	(20,356)	(11,373)
Other operating expenses	(149,744)	(163,502)
Impairment	(1,016,000)	-
	(1,662,184)	(577,806)
Operating profit	(1,233,057)	104,496
Other operating income	388,173	6
Finance costs	(40,220)	(975)
Profit before tax	(885,104)	103,527
Taxation	(21,265)	-
PROFIT AFTER TAX	(906,368)	103,527
Exchange Gain/(Loss) on translating foreign operations	(7,896)	-
	(914,264)	103,527
Total Comprehensive Income		
Attributable To:		
Owners of the Company	(927,284)	103,527
Non-controlling interest	13,020	-
	(914,264)	103,527
Earnings per share basic and diluted - attributable to the Shareholder of parent company	(0.0131)	0.0020

The annexed notes from 1 to 24 form an integral part of these financial statements.

DIRECTOR
CHENG KOK LEONG

DIRECTOR
HO CHIN WOI

NANOPAC INNOVATION LIMITED
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 USD (Restated)	2015 USD
Profit for the year		(906,368)	103,527
Other comprehensive income			
Items that may not be reclassified subsequently to profit or loss account:			
Exchange Gain/(Loss) on translating foreign operations		(7,896)	2,219
Income tax relating to items that may be reclassified	17	-	-
		(7,896)	2,219
		(914,264)	105,746

The annexed notes from 1 to 24 form an integral part of these financial statements.

DIRECTOR
CHENG KOK LEONG

DIRECTOR
HO CHIN WOI

NANOPAC INNOVATION LIMITED
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital		Reserves				
	Ordinary	Convertible	Foreign currency translation reserve	Consolidated etained earnings	Total reserves	Non-Controlling Interest	Total equity an reserves
			---USD---				
Shares issued during the period	500,000	2,750,993	-	-	-		3,250,993
Profit for the period ended 31 December 2015	-	-	-	3,131,541	3,131,541		3,131,541
Other comprehensive income	-	-	63,933	-	63,933		63,933
Balance as at 31 December 2015	**500,000**	**2,750,993**	**63,933**	**3,131,541**	**3,195,474**	-	**6,446,467**
Shares issued during the period	-	4,630,698	-	-	-		4,630,698
Profit for the period ended 31 December 2016	-	-	-	(927,284)	(927,284)		(927,284)
Other comprehensive income	-	-	(177,923)	-	(177,923)	146,013	(31,910)
Balance as at 31 December 2016	**500,000**	**7,381,691**	**(113,990)**	**2,204,257**	**2,090,267**	**146,013**	**10,117,971**

The annexed notes from 1 to 24 form an integral part of these financial statements.

DIRECTOR
CHENG KOK LEONG

DIRECTOR
HO CHIN WOI

NANOPAC INNOVATION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	2016 USD (Restated)	2015 USD
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	2,687,350	2,483,032
Intangible assets	3,738	6,234
Goodwill	1,747,848	-
	4,438,936	2,489,266
CURRENT ASSETS		
Stock in trade	195,988	79,683
Trade receivables	302,780	4,238,207
Deposits and other receivables	7,398,280	62,536
Current tax assets	10,928	-
Cash and bank balances	1,131,454	909,988
	9,039,431	5,290,414
TOTAL ASSETS	13,478,367	7,779,680
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital	14,000,001	14,000,001
Issued, subscribed and paid up capital	7,881,691	3,250,993
Consolidated retained earnings	2,090,267	3,195,474
Shareholder's equity	9,971,958	6,446,467
Non-controlling interest	146,012	-
	10,117,970	6,446,467
CURRENT LIABILITIES		
Trade payables	285,904	80,423
Term loan	1,677,856	388,873
HP creditors	148,086	86,363
Accruals and deposits received	7,809	682,844
Amount due to a director	186,395	94,710
	2,306,051	1,333,213
NON-CURRENT LIABILITIES		
Term loan	1,047,098	-
HP creditors	7,247	-
	1,054,346	-
TOTAL EQUITY AND LIABILITIES	13,478,367	7,779,680

The annexed notes from 1 to 24 form an integral part of these financial statements.

DIRECTOR
CHENG KOK LEONG

DIRECTOR
HO CHIN WOI

NANOPAC INNOVATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 USD
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit(Loss) before taxation	**(906,368)**
Adjustments for:	
- Exchange difference on translation of foreign operations	**7,896**
- Financial charges	**40,220**
- Depreciation	**145,037**
- Amortization	**-**
- Impairment on goodwill	**1,016,000**
	1,209,153
Operating profit before working capital changes	**302,785**
WORKING CAPITAL CHANGES	
(Increase/(decrease) in current assets	
Stock in trade	**(79,027)**
Trade receivables	**1,785,676**
Other receivables and deposits	**(7,275,603)**
Current tax assets	**(5,144)**
(Increase/(decrease) in current liabilities	
Trade payables	**159,555**
Accruals and deposits received	**7,809**
Amount due to directors	**154,621**
	(5,252,113)
Cash generated from operations	**(4,949,328)**
- Finance cost paid	**(40,220)**
- Tax paid	**(14,929)**
Net cash inflows from operating activities	**(5,004,477)**
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of properties, plant and equipment	**(303,599)**
Proceeds from disposal of intangible assets	**334,374**
Net cash outflow from acquisition of subsidiaries	**(204,954)**
Net cash outflows from investing activities	**129,420**
CASH FLOWS FROM FINANCING ACTIVITIES	
Shares issued during the period	**4,630,698**
Net advances from / (repayment to) affiliated companies	**378,860**
Net repayment of term loan	**(14,867)**
Net repayment of HP creditors	**(56)**
Net cash inflows from financing activities	**4,994,635**
Net increase/(decrease) in cash and cash equivalents	**119,578**
Cash and cash equivalents at beginning of the period	**872,997**
Cash and cash equivalents at the end of the period	**992,575**

DIRECTOR
CHENG KOK LEONG

DIRECTOR
HO CHIN WOI

1. STATUS AND NATURE OF BUSINESS

The Group consist of the following companies:

1.1 Holding company

Nanopac Innovation Ltd was icorporated under the International Companies Act, 1987 in Samoa as an international company on the March 07, 2014. The registered office of the company is situated at Level 2, Lotemau Centre, Vaea Street, Apia, Samao. The principal activities of the company are investment holding and engaged in manufacturing, supplying, importing, exporting of nano technology products, photo catalyst power, coating solutions and chemical solutions of every description.

1.2 Subsidiary company

Nanopac (M) Sdn. Bhd. (634805-K) is a private limited liability company incorporated and domiciled in Malaysia. The principal activities of the company are investment holding and engaged in manufacturing, supplying, importing, exporting of nano technology products, photo catalyst power, coating solutions and chemical solutions of every description. There have been no significant changes in the nature of these activities during the financial year. The registered office of the company is at 67-1, Jalan Puteri 5/7, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan. The address of the principal place of business of the company is No 27, Jalan Rajawali 2, Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan.
Sega Lubricant Sdn. Bhd. (985702-U) and DNA Petrochem Sdn Bhd (941525-D) are private limited liability company incorporated and domiciled in Malaysia. The principal activities of the company are investment holding and engaged in manufacturing, supplying, importing and exporting of engine oil products. There are the subsidiary companies of Nanopac (M) Sdn Bhd.

2. BASIS OF PREPARATION

2.1 Basis of measurement

The consolidated financial statements of the Group have been prepared in acordance with International Financial Reporting Stnadards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been prepared on a historical cost basis.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary made up to 31 December 2016 using uniting of interest method.
Under the uniting of interest method, the cost of the business combination is measured at the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred or assumed, and equity. At the acquisition date, the cost of the business combination is allocated to identifiable assets, liabilities and cointingent liabilities in the business combination which are measured initially at closing values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net closing value of the identifiable assets, liabilities and contingent liabilities, the Group will:

a) Reassess the identification and assessment of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of the combination; and

b) Recognise immediately in profit and loss any excess remaining after that assessment.
Subsidiaries are consolidated from the acquisition date, which is the date on which the group effectively obtains control, untill the date on which the group ceases to control the subsidiaries. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable are taken into account.

Intragroup balances, transactions and unrealized gains and losses on the intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for transactions or events in similar circumstances, appropriate adjustments are made to its financial statements in preparing consolidated financial statements.

The gain or loss on the disposal of a subsidiary, which the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, recognized in the consolidated statement of comprehensive income.

Under the uniting of interest method, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued. Non controlling interest is that portion of the profit or loss and net assets of the subsidiary attributable to the equity interests that are not owned, directly and indirectly through subsidiaries, by the group. It is measured at the non controlling interest share of the fair value of the subsidiaries identifiable assets and liabilities at the acquisition date and the non controlling interest share of changes in the subsidiaries equity since that date.

2.3 Statement of compliance

These financial statements have been prepared in accordance with the International Accounting and Financial Reporting Standards and the requirements of the Samoa's International Companies Act, 1987. In case requirements differ, the provisions or directives of the International Companies Act, 1987 shall prevail.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards, amendments and interpretations which became effective during the year

Below is the list of the amendments to IFRSs and the new interpretations that are mandatorily effective for accounting periods that begin on or after 1 January 2015.

- Amendments to IFRS 10 and IAS 27 Investment Entities; and
- Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting.

Amendments to IFRS 10 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and introduce an exception from the requirement to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is an investment entity when it:

- obtains funds from one or more investors for the purpose of providing them with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measures and evaluates performance of substantially all of its investments on a fair value basis.

Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities. In general, the amendments require retrospective application, with specific transitional provisions.

Amendments to AIS 39 Continuation of Hedge Accounting

The amendments to IAS 39 permits an entity to apply the hedge accounting requirements, for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets and liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the "own

3.2 Standards, amendments and interpretations issued but not yet effective

Below is a list of new and revised IFRSs that are not yet mandatorily effective (but allow early application) for the year ending 31 December 2016:

- IFRS 5 Discontinued operations; Annual improvements
- IFRS 7 Financial instruments; Annual improvements
- IFRS 9 Financial instruments;
- IFRS 14 Regulatory Deferral Accounts;
- IFRS 15 Revenue from Contracts with Customers;
- IFRS 16 Leases
- Amendments to IFRS 11 Accounting for Acquisitions of interests in Joint Operations
- IAS 01-Presentation of Financial Statements - Disclosure Initiative (Amendment)
- IAS 16 - Property, Plant and Equipment and IAS - 38 Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment).
- IAS 19 Employees Benefit; Annual Improvements
- IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)
- Amendments to IAS 28 Investment in associates and joint ventures; Sale or Contribution of assets, Consolidation exceptions.

There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

4 SIGNIFICANT ACCOUNTING, JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Exiting circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company.

4.1 Measurement of fair value

When measuring the fair value of assets and liabilities, the company uses market observables data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as stated in Note 17 to these financial statements.

4.2 Revenue Recognition

In making their judgement, the directors considered the detailed criteria for the recognition of revenue from the rendering of services as set out in IAS 18 and, in particular, whether the company has established the right to record the said revenue.

5 SIGNIFICANT OF ACCOUNTING POLICIES

5.1 Functional and presentation currency

These financial statements are prepared in US Dollars, which is the company's functional as well as presentation currency.

5.2 Foreign currency

Transactions in foreign currencies during the financial year are converted into United States Dollars (USD) at exchange rates ruling at the transaction dates. Foreign currency monetary assets and liabilities at the statement of financial position date are transacted into USD at exchange rates ruling at that date. All exchange gains or losses are dealt with in the income statement.

5.3 Trade and other receivables

Receivables are stated at anticipated realizable value. Bad debts are written off in the period in which they are identified. Allowance for bad and doubtful debts is made on estimates of possible losses which may arise from non-collection of certain debts.

5.4 Financial instruments

Financial instruments are recognized in thr Statement of financial position when the Company is a party to the contractual provision of the instruments. The recognized financial instruments of the company in the statement of financial position comprise cash and cash equivalents, investments, short term loans and interest receivables that arise directly from its operations, non-trade receivables and payables arising from tarnsactions entered into in the normal course of business, borrowings, and ordinary share capital. The company classifies its financial assets into following measurement categories.

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held to maturity
- Available for sale

Financial liabilities are classified as either held at fair value through profit or loss or at amortized cost. Management determines the classification of financial assets and liabilities at initial recognition or, where appropriate, at the time of reclassification.

5.5 Cash and cash equivalent

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an significant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented.

5.6 Trade creditors

Payables are stated at their nominal values which are the fair values of the consideration to be paid in the future for goods and services rendered.

5.7 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the company's business, revenue is recognized when the amount of revenue can be relaibly measured, it is probable that future economic benefits will flow to the company and specific criteria has been met for each of the company's activities as described below:

Rendering of services

Revenue from contracts is recognized on accrual basis

The recognition of revenue to the stage of completion of a transaction is often referred to as the percentage of completion method. Under this method, revenue is recognized in the accounting periods in which the services are rendered. The recognition of revenue on this basis provides useful information on the extent of service activity and performance during a period.

Interest / Mark up income

Interest / Mark up is recognized on a time propotion basis by reference to the principal outstanding and the applicable rate of return.

5.8 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the company has a legally enforceable right to offset the recognized amounts and the company intends to settle either on a net basis or realize the asset and settle the liability.

6 PROPERTY, PLANT AND EQUIPMENT

Particulars	COST			Rate	DEPRECIATION			WDV as on
	As on 1 Jan 2016	Addition during the year	As on 31 Dec 2016	%	As on 1 Jan 2016	For the Period	As on 31 Dec 2016	31 Dec 2016
	USD				USD			
Land and building	1,352,360	884,242	2,236,602		-	-	-	2,236,602
Motor vehicles	-	258,773	258,773	20	-	172,399	172,399	86,375
Office equipment	8,856	139,500	148,356	20	6,477	39,730	46,207	102,149
Computer	10,545	84,292	94,837	20	8,977	11,804	20,781	74,056
Machinery		141,949	141,949	10	-	83,434	83,434	58,515
Renovation	5,176	168,643	173,819	20	3,609	40,556	44,165	129,654
Total	**1,376,937**	**1,677,399**	**3,054,336**		**19,063**	**347,923**	**366,986**	**2,687,350**

7 INTANGIBLE ASSETS

Particulars	COST			Rate	DEPRECIATION			WDV as on
	As on 1 Jan 2016	Addition during the year	As on 31 Dec 2016	%	As on 1 Jan 2016	For the Period	As on 31 Dec 2016	31 Dec 2016
	USD				USD			
Software	8,000	-	8,000	20	1,766	2,496	4,262	3,738
Total	**8,000**	**-**	**8,000**		**1,766**	**2,496**	**4,262**	**3,738**

	2016 USD	2015 USD
8. STOCK IN TRADE		
- Nano technology products	**195,988**	79,683

9. TRADE RECEIVABLES

The Company's normal trade credit terms vary from 30 to 90 days. Other trade credit terms are assessed and approved on a case-by-case basis.

	2016 USD	2015 USD
10. DEPOSITS AND OTHER RECEIVABLES		
Other receivables	**7,398,280**	60,474
Deposits	-	2,062
	7,398,280	62,536

	2016 USD	2015 USD
11. CASH AND BANK BALANCE		
Cash in hand	-	-
Cash at bank:		
- saving accounts	-	-
- current accounts	**1,131,454**	909,988
	1,131,454	909,988

	Note	2016 USD	2015 USD
12. SHARE CAPITAL			
Authorized share capital			
Ordinary Share Capital			
1,000,000,000 ordinary shares of USD 0.01 each		**10,000,000**	10,000,000
1 founder share of USD 1.00 each		**1**	1
		10,000,001	10,000,001
Convertible Shares			
400,000,000 convertible shares of USD 0.01 each		**4,000,000**	4,000,000
		14,000,001	14,000,001
12. Issued, subcribed and paid up share capital			
Ordinary Share Capital			
500,000,000 shares of USD 0.01 each		**500,000**	500,000
Convertible Share Capital			
20,000,000 shares of USD 0.01 each	**12.1**	**3,250,993**	200,000
		4,630,698	2,550,993
		7,881,691	3,250,993

12.1 The convertible shares are convertible at the option of the company once the company has raised additional capital in access of USD 30 million. These share are not entitled to the dividends declared by the company before any conversion. The company retaind the right to either convert the shares into ordinary share or to pay them off and redeem them.

13. CONSOLIDATED RETAINED EARNINGS

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Malaysian income Tax Act 1967 for dividend purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

14. TRADE PAYABLES

The normal trade credit terms granted to the company vary from 30 to 60 days.

15. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES:

There were no contingencies as on the statement of financial position date.

COMMITMENTS:

There were no capital comitments as on the statement of financial position date.

16. REVENUE

Revenue represents invoiced value from sales of nanotechnology products less return inwards and discount allowed.

17. TAXATION

According to the management of the group, the parent company as well as its subsidiary company are not liable to pay any tax in any jurisdiction.

18. EARNINGS PER SHARES

		2016	2015
		USD	USD
Profit after taxation for the year	USD	(906,368)	103,527
Weighted average number of ordinary	Number of shares	70,000,000	55,037,279
Earnings per share - basic and diluted	USD	(0.0131)	0.0019

18.1 There is no dilutive effect on basic earnings per share.

19. BUSINESS COMBINATION

As at July 16, 2014 the company accquired Nanopac Innovation Ltd., a company with its registered office in Hong Kong.

The acquisition was accounted for by applying the purchase method. The cost of the acquisition was measured at the fair value of the consideration given. Identified assets acquired, liabilities assumed or incurred have been carried at the fair value as at the acquisition date.

	2014
	USD
Fair value of identifiable net assets at date of acquisition	3,338,848
Percentage of identifiable net assets acquired	100%
Purchase consideration paid in ordinary shares of the company	575,000
Bargain Purchase Gain	2,763,848

		2016	2015
20.	**FINANCIAL INSTRUMENTS**	**USD**	USD
20.1	**Financial instruments by class and category**		
	Financial assets		
	Stock in trade	**195,988**	79,683
	Trade receivables	**302,780**	4,238,207
	Deposits and other receivables	**7,398,280**	62,536
	Current tax assets	**10,928**	-
	Cash and bank balance	**1,131,454**	909,988
		9,039,431	5,290,414

20.2 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts. Further, there are no fair value estimation uncertainties.

20.2.1 Methods of determining fair values

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. The fair value of financial assets (other than investments) and liabilities with no active market are determinced in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

20.2.2 Discount/interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

20.2.3 Fair value hierarchy

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of

the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from market).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The fair value hierarchy or financial assets measured at fair value is as follows:

	2016			
	Total	**Level 1**	**Level 2**	**Level 3**
Stock in trade	**195,988**	-	-	**195,988**
Trade receivables	**302,780**	-	-	**302,780**
Deposits and other receivables	**7,398,280**	-	-	**7,398,280**
Current tax assets	**10,928**	-	-	**10,928**
Cash and bank balance	**1,131,454**	-	-	**1,131,454**
	9,039,431	-	-	**9,039,431**

	2015			
	Total	Level 1	Level 2	Level 3
Stock in trade	79,683	-	-	79,683
Trade receivables	4,238,207	-	-	4,238,207
Deposits and other receivables	62,536	-	-	62,536
Cash and bank balance	909,988	-	-	909,988
	5,290,414	-	-	5,290,414

21 FINANCIAL RISK MANAGEMENT

Financial risk factors

Financial instruments comprise investment in equity instruments, interest accrued, trade debts, cash and bank balances, short term borrowings and trade and other payables, short term investments.

The company has exposure to the following risks from its use of financial instruments:

Market risk

Liquidity risk

Credir risk

The Board of Directors has the overall responsibility for the establishment and oversight of company's risk management framework. The Board is also responsible fro developing and monitoring the company's risk management policies.

The company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk maangement policies and systems are reviewed and regularly to react to changes in market conditions and the company's activities.

The note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

21.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchanges rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial intruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currecy risk

Currecy risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate bacause of changes in foreign exchange rates. Currecy risk arises mainly from future commercial transactions or receivables and payables that exist.

The company's exposure to currency risk arising from currency exposure to the United States Dollar (USD) on amounts placed with scheduled banks in foreign currency account.

Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company has no significant interest-bearing assets.

Interest rate risk management

The company manages interest rate risk by analyzing its interest rate exposure on dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios the company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

21.2 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge on obligation. The carrying amount of financial assets represents the maximum credit exposure. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate.

The maximum exposure to credit risk at the reporting date was as follows:

21.2.1 Maximum exposure to credit risk

The maximum exposure to credit risk as at the reporting date is as follows:

	2016 USD	2015 USD
Stock in trade	**195,988**	79,683
Trade receivables	**302,780**	4,238,207
Deposits and other receivables	**7,398,280**	62,536
Current tax assets	**10,928**	-
Cash and bank balance	**1,131,454**	909,988
	9,039,431	5,290,414

21.2.2 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is classified in its funds managed by it and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk.

21.2.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external ratings, where available, or to historical information about counterparty default rates.

21.2.3.1 Counterparties with external credit ratings

These include banking companies, which are counter parties to bank balances, various aother organizations which are counter parties to investments in debt securities and dividend and profit recivable thereon. These counterparties have reasonably high ratings based on which non-performance by these counterparties is not expected.

21.2.3.2 Counterparties without external credit ratings

These include trade receivables and receivable from shareholders. Non performance by these counterparties is not expected.

21.2.4 Collateral held

The Company does not hold any collateral to secure its financial assets.

21.2.5 Credit risk management

The Company's credit risk is primarily attributable to its investment in its funds, balances with banks, and security deposits. Bank balances are maintained with counter parties that are banking companies with reasonably high credit ratings. The risk of default is considered minimal in case of investments in debt

21.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial laibilities.

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

22. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated or consolidation and are not disclosed in this note. There are no related party transactions in the year.

23. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved and authorized for issue on ______________________ by the Board of Directors of the parent company.

24. GENERAL

- Figures have been rounded off to the nearest US Dollar.
- Corresponding figures have been rearranged or reclassified, whenever necessary for the purpose of comparison.

DIRECTOR
CHENG KOK LEONG

DIRECTOR
HO CHIN WOI