



JIANKUN INTERNATIONAL BERHAD
(111365-U)



2016
Annual
Report



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Corporate Information

Board of Directors

Dato' Ir Lim Siang Chai
(Executive Chairman)

Lee Leong Kui
(Executive Director)

Foong Kah Heng
(Executive Director)

Fathi Ridzuan Bin Ahmad Fauzi
(Independent Non-Executive Director)

Kamil Bin Abdul Rahman
(Independent Non-Executive Director)

Chan Fook Mun
(Independent Non-Executive Director)

Company Secretaries

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)

Registered Office

Suite 10.03, Level 10, The Gardens South Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur
Telephone : 03-2279 3080
Facsimile : 03-2279 3090

Principal Place of Business

No. 39, Jalan 5/62A
Bandar Menjalara
52200 Kuala Lumpur
Telephone : 03-62638869
Facsimile : 03-62625889
Website : www.jki.com.my

BOARD COMMITTEES

Audit Committees

Fathi Ridzuan Bin Ahmad Fauzi (Chairman)
Kamil Bin Abdul Rahman
Chan Fook Mun

Remuneration Committee

Chan Fook Mun (Chairman)
Dato' Ir Lim Siang Chai
Kamil Bin Abdul Rahman

Nomination Committee

Kamil Bin Abdul Rahman (Chairman)
Fathi Ridzuan bin Ahmad Fauzi
Chan Fook Mun

Risk Management Committee

Dato' Ir. Lim Siang Chai (Chairman)
Lee Leong Kui
Foong Kah Heng

Auditors

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone : 03-2279 3088
Facsimile : 03-2279 3099

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

Telephone : 03-2783 9299
Facsimile : 03-2783 9222

Share Registrar's Customer Service Centre
Unit G-3, Ground Floor, Vertical Podium,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

Principal Bankers

Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad
Am Bank (Malaysia) Berhad
Public Bank (Hong Kong) Ltd

Stock Exchange Listing

Ordinary Shares

Main Market of Bursa Malaysia Berhad
Sector : Properties
Stock Number : 8923
Stock Short Name : Jiankun

Warrants

Main Market of Bursa Malaysia Berhad
Stock Name : JIANKUN-WA
Stock Code : 8923WA



SIT FROM THE LEFT

Fathi Ridzuan Bin Ahmad Fauzi
(Independent Non-Executive Director)

Dato' Ir Lim Siang Chai
(Executive Chairman)

Kamil Bin Abdul Rahman
(Independent Non-Executive Director)

STAND FROM THE LEFT

Chan Fook Mun
(Independent Non-Executive Director)

Lee Leong Kui
(Executive Director)

Foong Kah Heng
(Executive Director)

Current Projects

Amani Residences



Bayu Heights 2



Corporate Structure



JIANKUN INTERNATIONAL BERHAD
(111365-U)

- 100% ● JKI Development Sdn. Bhd.
- 100% ● Nagamas Bizworks Sdn. Bhd.
- 100% ● JKI Construction Sdn. Bhd.
- 100% ● Nagamas Venture Sdn. Bhd.
- 100% ● Mas-Be Travel Services Sdn. Bhd.
- 100% ● Nagamas Aviation Services Sdn. Bhd.
- 100% ● Key Success Development Sdn. Bhd.
- 100% ● Nadi Pancar Sdn. Bhd.
- 100% ● Nagamas International (HK) Limited *
- 100% ● Nagamas Enterprise (HK) Limited *

* Incorporated in Hong Kong





On behalf of the Board of Directors of Jiankun International Berhad (“JIB”, “the Company” or “the Group”), it gives me great pleasure to present the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended (FYE) 31 December 2016 together with the Management Discussion And Analysis (“MD&A”).

The following MD&A of the operating performance and financial condition of Jiankun International Berhad (“Jiankun” or the “Company”) and its subsidiary Companies (the “Group”) for the twelve months ended 31 December 2016, should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2016 and related notes thereto.

The information presented in the MD&A, including information relating to comparative periods in 2016, is presented in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) unless otherwise stated.

Overview of Business and Operations

Jiankun is a Company listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) under the Property category. The latest share capital and number of issue shares of the Company is represented by 151,677,519 ordinary shares equivalent to RM37,919,379.75.

For the year ended 31 December 2016, Jiankun concentrated its business for the construction of 3-storey factory, the construction has been completed in December 2016. Jiankun recorded a revenue of RM18.23 million (2015 :RM11.46 million) and a loss before tax of RM3.02 million (2015: RM1.20 million).

Jiankun has appointed a certified valuer to revalue its 14 units of properties located in Huizhou, Huiyang China. Because the investment property was held in foreign currency, the valuation has contributed a positive effect to the group. The total comprehensive income was RM0.90 million was recorded for financial year ended 31 December 2016 as compare with total comprehensive income of RM3.96 million for preceding year.

Management Discussion And Analysis (Cont'd)

Corporate Objective and Strategies

The Management is of the view that 2017 will continue to be challenging due to Malaysian properties market is expected to remain flat. The underlying factors were due to tightening of credit lending policies by the banks and lower loan approval rate for the residential properties. This would affect the sales take up rate of the properties develop by the Group.

The changes of government's and bank's policies may also affect us in closing business deals with our customers.

The Management together with the board will look into various efficient and cost effective ways to face the challenges and improve the performance of the Group. The Management will continue to adjust its business strategies by reviewing the market position and needs in order to achieve a sustainable growth.

In 1st quarter of year 2017, the Group have launched Bayu Heights 2 and Amani Residences projects. The successfully launched of the 2 development projects will lead the group into positive path.

In long run, the Management will continue to source for potential opportunities either in acquisition of new land or by joint venture to expand the growth of our business. Any concluded deal will be presented to the board and keep our shareholders and stakeholders informed via Bursa Securities website.

Financial Indicator and Results

The Group's key financial information for the year ended 31 December 2016 and 2015 are summarised as follows:

	2016	2015
	RM Million	RM Million
Turnover	18.23	11.46
Earnings Before Interest, Depreciation, Amortisation and Taxation (EBITDA)	(3.02)	(1.48)
Profit /(Loss) Before Taxation	(3.02)	(1.20)
Taxation	(0.38)	0.55
Profit After Taxation and Minority Interest	(3.41)	(0.65)
Total Comprehensive Income / (Loss)	(2.51)	3.30
Net Tangible Assets	45.60	48.11
Gearing ratio	0.70	0.25

Turnover

The Group's turnover for financial year ended 31 December 2016 of RM18.23 million (2015: RM11.46 million). The revenue was mainly derived from construction activity and project management for 3-storey factory before the commencement of the development projects .

Results

For the financial year ended 31 December 2016, the Company recorded a negative EBITDA of RM3.02 million and loss before taxation of RM3.02 million. The negative EBITDA was widen from RM1.48 million to RM3.02 million and loss before taxation from RM1.20 million to RM3.02 million was due to higher operation cost incurred in preparing the development and launching of Bayu Heights 2 and Amani Residences projects and reduction in interest income for an approximately RM0.27 million.

The total comprehensive income stand at negative RM2.51 million for 2016 as compare to comprehensive income of RM3.30 million for preceding year. The comprehensive income was derived from the translation of foreign subsidiary which holding investment properties in foreign currency.

Management Discussion And Analysis (Cont'd)

Non-financial Indicators

Beside the financial indicators in evaluating the Group performance, non-financial indicators such as sales take up rate and number of successful loan approvals into solid sales for the Group will be the important indicator to propel the Group's properties business.

Financing and Expansion

In support of the development projects, the Group has obtained RM25.5 million banking facilities from United Overseas Bank (Malaysia) Berhad to develop 84 units of 3-storey terrace houses. After reassessment of the market positioning and buyers' need, total gross development value for this project has been fixed to be approximately RM69 million. Bearing unforeseen circumstances, this project shall contribute positive return for the next 2 years starting from year 2017.

For the development and construction of 377 units of service apartments with Gross Development Value of RM209 million, the Group has obtained banking facilities of RM53.63 million from the Malayan Banking Berhad to facilitate the construction of the development. The project will contribute positively for the future returns and enhance Group's performance for proceeding years.

Significant changes in performance, financial position & liquidity

The Group is not anticipating any significant changes in the performance, financial position and liquidity as currently the Group will concentrate current projects.

If the opportunities arise, the performance, financial position & liquidity would change in order to enhance the shareholders and stakeholders returns.

Capital expenditure requirement, structure & resources

The Group will not incur any significant capital expenditure due to the Group principle activities involved in properties development. Major resources and needs would be provided by our vendors or contractors to construct our development projects.

Business and industries trend

Bearing uncertainties and concerns over the inventories remains, slow loan growth and weak credit cycle continues.

The financial institutions stringent approval criterias and lower loan approval rate have caused the drop in the number of property transactions, the increasing cost of living and economic uncertainties have created worries about jobs security. This factors have resulted more cautious consumers' spending. These also have change the market condition to more owner occupied purchasers with less speculative buyers resulting longer period of conclusion sales.

The supply of houses has remained resilient with greater activities in larger cities. Government proposals to boost public servants' housing loan eligibility may stimulate some residential sales, apart from other plans to increase the number of units of low and medium cost and affordable residential properties. No doubt residential development will continue to be active within Klang Valley, especially supported by the rapid infrastructure developments and population growth.

Management Discussion And Analysis (Cont'd)

Associated risks and mitigation plans & strategies

a) Foreign currency risk

The Group's exposure to foreign currency risk is minimal.

b) Interest rate risk

The development business required external financing and the cost of financing is dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, or any restrictions imposed by the Government of Malaysia and political, social and economic conditions in Malaysia. The Group business may also be exposed to fluctuation of interest rate movements. Any significant increase in interest rate may also adversely affect the financial performance of the Group.

The Management would monitor and mitigate the interest rate risk by undertaking prudent capital budgeting where in all major financing decision would be made with the consultation and approval from the Board.

c) Competition risk

The Group's competitiveness is dependent on the ability of the Management to price the product competitively, to provide quality and timely delivery of developments and to manage the sales of the properties.

The Management will continue to undertake measures to remain competitive in the property development industry by providing quality products and competitive pricing and ensure timely completion and delivery of properties sold.

d) Delays in commencement and completion

There are many external factors which are beyond the control of the Management that could affect the timely completion of property development like getting the necessary approvals from relevant authorities, the availability of construction materials in reasonable amounts and satisfactory performance of the appointed building contractors.

The Management will closely monitor the progress of work to mitigate the risks by rectify any setbacks in order to ensure timely completion of the development.

Forward looking statement

Possible trend, outlook & sustainability of each principal business segment

Based on the current economic conditions, weak property market sentiment and high inventory carry forward from 2016. The Management will foresee that the property market will remain stable and flat in 2017, the market likely to recover in 2018 onwards.

Since the Group is involved in construction and properties development, the Management is of the view that the Group's performance will be strongly dependent on two projects currently launched, namely 84 units of 3 storey-link houses known as Bayu Heights 2 at Serdang and 377 units of service apartments namely Amani Residences at Bandar Puteri, Purchong. This projects will be the main contributor to the Group's performance for the next few years.

**Prospects of new business or investments**

The weak property market sentiment and high inventory in property industry will affect the Management's decision on new business and investment. The Management will be cautious and careful in exploring new business opportunities and work closely with the Board in evaluating any potential businesses or investments to optimise the performance the Group.

Dividend/distribution policy & factors contributing

At this moment, the Group has not formalised any dividend/distribution policy in rewarding the shareholders. After taken into consideration of Group's performance, cash flow position and the needs for future expansion of the Group, the Board will act in the best interest of the shareholders to growth the Group's financial performance as well as to reward the shareholders who had given continuous support to the Group once the Group financial position is positive.

Conclusion

The Management will consider year 2017 will be a challenging year ahead. The Management remain confident with the business opportunities identified and will act cautiously to ensure continue business growth.

Dato'lr Lim Siang Chai
Executive Chairman

Profile Of Directors



Dato' Ir Lim Siang Chai

Executive Chairman

62 years of age, Malaysian, Male

Chairman of Risk Management Committee

Member of Remuneration Committee

Dato' Ir Lim Siang Chai was appointed to the Board on 1 July 2013 as Executive Chairman of the Company.

Dato' Ir Lim is a Chartered Engineer (C Eng) registered with the Engineering Council, United Kingdom and Professional Engineer (C Eng) registered with the Board of Engineers, Malaysia. He is a member of the Institution of Engineers Malaysia (MIEM), Institute of Engineering and Technology of United Kingdom (MIET), an Honourary Fellow of the ASEAN Federation of Engineering Organisation, and a member of the Malaysian Institute of Management. He also holds a Masters in Business Administration from Deakin University, Australia and had undergone many technical and management training in Japan.

Dato' Ir Lim is a Chartered Engineer (C.Eng) registered with the Engineering Council, United Kingdom and Professional Engineer (P.Eng) registered with the Board of Engineers, Malaysia. He is a member of the Institution of Engineers Malaysia (MIEM) and Institute of Engineering and Technology of United Kingdom (MIET). Dato' Ir Lim also holds a Masters in Business Administration from Deakin University, Australia. He is an Honourary Fellow of the ASEAN Federation of Engineering Organisation and a member of the Malaysia Institute of Management (MIM). He had also undergone many technical and management training in Japan.

Dato' Ir Lim had also served the Malaysian Government in various capacities as follows:

- 2010 – 2013 Deputy Minister of Finance
- 2006 – 2008 Deputy Minister of Tourism
- 2003 – 2006 Deputy Minister of Information
- 1999 – 2003 Parliamentary Secretary, Ministry of Transport
- 1995 – 2008 Member of Parliament (Petaling Jaya South)

Dato' Ir Lim is the Past President of the Electrical and Electronic Association, Past President of the Subang National Golf Club and Chairman of the Ping Pong Association of Petaling District.

Dato' Ir Lim is actively involved in various NGOs and has held various key positions, like Adviser to The Federation of Malaysia Chinese Clans and Guilds Youth Association, the Lim Clan Association of Malaysia, Gerakan Belia Bersatu Malaysia, the Business and Commerce Association of Petaling District, as well as the Association of Hawkers and Small Traders of Petaling Jaya.

Apart from the Company, Dato' Ir Lim also the Executive Chairman and Managing Director of Advance Information Marketing Berhad. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past five (5) years.

Profile of Directors (Cont'd)



Lee Leong Kui
Executive Director
40 years of age, Malaysian, Male

Mr Lee Leong Kui was appointed to the Board on 13 January 2015 as an Executive Director. He graduated with Degree in Business Administration from Anglia Polytechnic University in United Kingdom.

He was the Executive Director of Solid Property Developments Sdn Bhd in year 2009. He pursued his career as Head of Business Development Division in Newday Development Sdn Bhd in year 2011. He joined Juara Gred Development Sdn Bhd in year 2014 as Director.

Mr. Lee is not a director of any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past five (5) years.



Foong Kah Heng
Executive Director
54 years of age, Malaysian, Male

Mr. Foong Kah Heng was appointed to the Board on 13 January 2015 as Executive Director. He graduated with Diploma in Accountancy from Systematic College in Kuala Lumpur.

He acted as Managing Director of Falcon Speed Automobile Sdn Bhd from year 1991 to year 2013.

Mr Foong is not a director of any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past five (5) years.

Profile of Directors (Cont'd)



Fathi Ridzuan Bin Ahmad Fauzi
 Independent Non-Executive Director
 52 years of age, Malaysian, Male
 Chairman of Audit Committee
 Member of Nomination Committee

Mr. Fathi Ridzuan Bin Ahmad Fauzi was appointed to the Board on 20 April 2012 as an Independent Non-Executive Director.

Mr. Fathi Ridzuan holds a degree in B. Sc. Accounting & Financial Analysis from the School of Industrial and Business Studies, University of Warwick, Coventry, United Kingdom in 1988. He has more than 20 year experiences, including 15 years in the capital market and 3 years in the Business Process Outsourcing (“BPO”) industry.

Mr. Fathi Ridzuan started career in 1989 in the insurance industry with Malaysian National Reinsurance Berhad, and followed by American International Assurance Co. Ltd (AIA) in 1990. In year 1991, he joined the capital market with the Kuala Lumpur Stock Exchange (KLSE) Group and he was employed in various senior financial and operational roles with various subsidiaries of the group. During the 15-year tenure, was involved in major development of the Exchange, including the implementation of the Central Depository System (CDS), Human Resources Information System, the CDS Compensation Fund, Clearing Guarantee Fund, the setting up of a new Exchange for high-growth companies (MESDAQ), the demutualization of the KLSE and the Initial Public Offerings (IPO) and listing of Bursa Malaysia. Left Bursa Malaysia in 2005, with the last position of Head of Exchanges.

During tenure in the KLSE Group and Bursa Malaysia, also held Board directorships in MCD Nominees Sdn Bhd, KLSE Information Services Sdn Bhd and Labuan Financial Exchange Incorporated (LFX). Was also appointed by the Minister of Finance as member of the Central Depository Advisory Council, by Labuan Offshore Financial Services Authority (LOFSA) as member of the LFX Exchange Committee, and by the Securities Commission as member of the Licensing & Examination Advisory Panel.

In year 2007, he joined VADS Berhad, a subsidiary of Telekom Malaysia (TM) and listed on the main board of Bursa Malaysia, as Chief Financial Officer. Left VADS after the completion of the privatization of the company by TM, and the delisting of the company from Bursa Malaysia. In July 2009, he joined Maybank Investment Bank Berhad as Chief Operating Officer/Chief Financial Officer, responsible for financial, administrative, legal, information technology, risk management and stockbroking operations of the bank.

He started a Business Process Outsourcing Consulting company, IX.Com Sdn Bhd, in 2010, and was involved in providing consultancy and training for call-centres until 2012. In 2013, joined Prime Mantle Corporation plc, an investment holding company domiciled in the Republic of Ireland, as Executive Director and Chief Financial Officer. In 2014, joined ScopeTel Sdn Bhd, a company providing VSAT services to the oil and gas industry, as Chief Operating Officer.

In year 2016 set up FNW Capital Partners, a network of veteran capital market professionals, and holds the position of Managing Partner.

Currently, Mr Fathi Ridzuan also sits on the Board of Advancecon Holdings Berhad, Alloy Insurance Brokers Sdn Bhd as well Vascory AG, a company listed in Germany.

He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past five (5) years.

Profile of Directors (Cont'd)



Kamil Bin Abdul Rahman

Independent Non-Executive Director

68 years of age, Malaysian, Male

Chairman of Nomination Committee

Member of Audit Committee and Remuneration Committee

Encik Kamil Bin Abdul Rahman was appointed to the Board on 29 January 2015 as an Independent Non-Executive Director.

He graduated with a Bachelor of Commerce degree from the University of Otago, New Zealand and Certificate, Building Contractor Programme, Universiti Putra Malaysia and Director Accreditation Programme, Research Institute of Investment Analysts, subsequently qualified as a Chartered Accountant of the Institute of Chartered Accountants of New Zealand. He is also a Fellow Chartered Secretary of the Institute of Chartered Secretaries and Administrators, United Kingdom, and a Chartered Accountant of the Malaysian Institute of Accountants.

He was Senior Vice President of the Bank of Commerce (M) Berhad, Executive Director of Commerce International Merchant Bankers Berhad, and an Adviser of Grant Thornton Consulting Sdn. Bhd. His area of specialization is in corporate governance, corporate finance and risk management.

He is a Past Chairman of Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), Past Vice President and Secretary, Kuala Lumpur Malay Chamber of Commerce & Industry (KLMCC), Past Executive Committee Member of Malaysia New Zealand Chamber of Commerce (MNZCC) and Past Treasurer of Malaysia South Africa Business Council (MSHBC).

Apart from the Company, he is also an Independent Non-Executive Director of Khind Holdings Berhad and Brahim's Holdings Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past five (5) years.

Profile of Directors (Cont'd)

**Chan Fook Mun**

Independent Non-Executive Director

46 years of age, Malaysian, Male

Chairman of Remuneration Committee

Member of Audit Committee and Nomination Committee

Mr. Chan Fook Mun was appointed to the Board on 29 May 2015 as an Independent Non-Executive Director.

He graduated with Bachelor Architecture in Curtin University of Technology, Perth, Australia. He is also member of Lembaga Arkitek Malaysia and member of Persatuan Arkitek Malaysia.

In year 2002, he had established Redd Integrated Sdn Bhd with Tan Sri Lim Kok Wing. In year 2004, he had set up RDO (Redd Design Office Sdn. Bhd.). In year 2007, he had established Chan & Rakan-rakan (Branch Abu Dhabi) in Abu Dhabi, UAE. In year 2009, he had established Redd Development Sdn. Bhd. In year 2010, he had published in Architecture @ 10 The next generation of architecture in Asia + New building technologies and products, publisher: BCI Asia. In year 2014, he had published in The Edge business and investment newspaper.

Mr. Chan is not a director of any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past five (5) years.

Profile of Chief Operating Officer



MR. LIM CHING CHOY

Chief Operating Officer

56 years of age, Malaysian, Male.

Mr. Lim Ching Choy was appointed on 1st March 2016 as Chief Operating Officer. He has diverse and broad involvement in various capacities in the corporate and financial sectors. He spent a total of 22 years in the banking and financial services industry where he acquired administrative, operational and management skills in the new ventures, expansion and business turnaround situations.

Mr. Lim Ching Choy worked 12 years for Arab-Malaysian Banking Group before joining Bolton Finance Berhad as its Chief Executive Officer in 1996, a post which he held for 5 years until 2001. In 2001, he was appointed Chief Executive Director of Alliance Finance Berhad (formerly known as Bolton Finance Berhad).

Mr. Lim served as the Chief Executive Officer / Executive Director of Mah Sing Group Berhad from July 2002 to October 2006. His presence in Mah Sing Group Berhad was significant in helping the group to increase the projects from one to eight as well as increasing the group's turnover significantly.

Under Mr. Lim's leadership, Mah Sing Group Berhad had undertaken the following projects :-

- i Semi-detached homes and bungalows for the high-end Damansara Legenda Development in Petaling Jaya (the Legenda series)
- ii Perdana Residence Development in Selayang.
- iii Aman Perdana Township Development in the Meru – Shah Alam Growth Corridor (the Perdana series)
- iv Austin Perdana Township Development in Tebrau, Johor
- v Sri Pulai Perdana Township Development in Skudai, Johor

During his tenure at Mah Sing Group Berhad, Mr. Lim also served as a member of the Tender Committee, Land Acquisition Committee and Business Development Committee of the company.

Mr. Lim was appointed the Executive Director / Chief Executive Officer of Magna Prima Berhad in 2006 and held the position till 2009. In recent years, Mr. Lim has been invited as a speaker for various prestigious events, both locally and internationally.

In year 2013, Mr. Lim had been appointed as Executive Director for Berjaya Land Berhad to lead the overall sales and marketing, end financing and corporate finance of the property division. In year 2014, Mr. Lim for the first time open up his own advisory firm offering a range of services from project development and planning advisory, project marketing and consultancy, real estate advisory, investment advisory, and corporate & finance advisory.

In summary, Mr. Lim's fortes are in transforming companies as he find his expertise are in the following areas namely leadership, management, business enterprise skills, property and development, creative financing, project appraisal and risk management, building corporate image and branding, leveraging on IT for quality, products innovation and human capital development.

Corporate Sustainability Statement

The Board of Directors acknowledge the importance of corporate sustainability (“CS”) and strive to fulfil the expectation of its stakeholders by enhancing its social environmental and economical performance while ensuring the sustainability and operational success of the company.



Sustainability is an integral part of our business and the Group’s corporate responsibility and practices which focus on four areas - Environment, Workplace, Market Place and Community which aim to deliver sustainable value to society at large.

I) Environment

The Group recognises the impact of its day to day business on the environment. As such, the Group is committed by implementing environmentally friendly work processes in the development projects while raising the environmental awareness among its staff.

II) Workplace

The Group believes that human capital are key resources to drive long term and sustainable organizational successes. As such, the Group continuously create a safe, pleasant and conducive working environment for its employee.

The Group respects the different cultures, gender and religions of our stakeholders as we understand that the diversity and differences give us broader range of competence, skills and experience to enhance our capabilities to achieve business results which is important for the overall business sustainability. Thus, the Group is committed to provide our staff an environment of equal opportunity to strive while promoting diversity in workforce.

To optimise the employee talents and capacities, various training programmes and seminars are continuously provided to all employees to equip with latest knowledge and skill to discharge its duties.

III) Market place

The Group is committed to ensure that the interests of all its important stakeholders (i.e. shareholders, analysts, bankers, customers, suppliers, authority bodies and public) are being taken care of. The Group endorses on good corporate governance practices, transparency and accountability to meet shareholders’ expectations.

IV) Community

The Group recognises the co-relationship between business growth and social well-being and welfare. Therefore, in fulfilling its corporate responsibility to the community in which it conducts its business, the Group is obligated to nourish and improve the quality of the society at large.

The Group shall continue to focus its corporate responsibility on enhancing community sustainability

Statement Of Corporate Governance

The Board of Directors of Jiankun International Berhad (“JIB” or “the Company”) is committed to ensure that a high standard of corporate governance is practised throughout the Company and its subsidiaries (“the Group”) in discharging its responsibilities with integrity, transparency and professionalism, to protect and enhance shareholders’ value and the financial position of the Group.

The Board recognises the importance of good corporate governance and fully supports the principles and best practices promulgated in the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) to enhance business prosperity and maximise shareholders’ value. The Board will continuously evaluate the Group’s corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG 2012 to the best interest of the shareholders of the Company.

Below is a statement and description in general on how the Group has applied the principles and complied with the best practice provisions as laid out in MCCG 2012 throughout the financial year ended 31 December 2016 pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”)(“Listing Requirements”).

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear functions of the Board and those delegated to Management

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

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

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

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

1.2 Clear Roles and Responsibilities

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

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

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

- **Review and Adopt Strategic Plan of the Group**

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

Statement Of Corporate Governance (Cont'd)

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

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

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

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

- **Succession Planning**

The Board has entrusted the Nomination Committee and Remuneration Committee with the duty to review candidates for the Board and key management positions and to determine remuneration packages for these appointments, and to formulate nomination, selection, remuneration and succession policies for the Group.

The Board, together with the Management, put in place informal structure and practice to ensure key roles within the Group are supported by competent and caliber second-in-line to reduce the impact of abrupt departure of key personnel to the minimum possible. The succession planning of the Group is enhanced by the policies and standard operating procedures as well as job descriptions established for key business processes within the Group. In addition, during the review of the performance and strategies presented, at times, the Board reviews on the adequacy of caliber and competent human resources that are put in place for daily management and control of operations as well as proper execution of approved strategies.

The roles and responsibilities of the Board are clearly defined in the Board Charter, which is available on the Company's website at www.jki.com.my

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

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

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

1.3 Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture which engenders ethical conduct. The Board has formalised the Code of Conducts and Ethics which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Code of Conduct and Ethics provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

Statement Of Corporate Governance (Cont'd)

The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Conduct and Ethics are available for reference at the Company's website at www.jki.com.my

1.4 Strategies Promoting Sustainability

The Board is aware of the importance of business sustainability and reviews operational practices which impact on sustainability of environment, governance and social aspects of its business on a regular basis.

The Group is committed to the continuous efforts in maintaining a delicate balance between its sustainability agenda and other stakeholders' interest. The details of the sustainability efforts are set out in the "Corporate Sustainability Statement" of this Annual Report.

1.5 Access to Information and Advice

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

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

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

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

1.6 Qualified and Competent Company Secretary

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

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

Statement Of Corporate Governance (Cont'd)

1.7 Board Charter

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

The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. A copy of the Board Charter is available for reference at the Company's website at www.jki.com.my.

PRINCIPLE 2 – STRENGTHEN COMPOSITION

2. Board committees

To assist the Board to effectively discharge its roles and functions, the Board delegates certain of its role and functions of four (4) Board Committees which operate within clearly defined terms of reference.

The Chairman of the respective Committees will brief the Board on the matters discussed at the Committee meetings and minutes of these meetings are circulated to the Board. The Board committees are:-

- a) Audit Committee;
- b) Nomination Committee;
- c) Remuneration Committee; and
- d) Risk Management Committee.

a) Audit Committee

Composition of the AC, duties and responsibilities, term of reference and a summary of its activities are set out on pages 39 to 40 of this Annual Report.

b) Nomination Committee

As recommended by MCGG 2012, the Company has established the Nomination Committee comprising exclusively of Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis.

The present members are:-

Chairman : Kamil Bin Abdul Rahman
 Member : Fathi Ridzuan Bin Ahmad Fauzi
 Member : Chan Fook Mun

The Terms of Reference of the Nominating Committee can be viewed at the Company's website at www.jki.com.my

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

In fulfilling its primary objectives, the Nomination Committee shall undertake, amongst others, the following duties and responsibilities :

- i) to regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- ii) to evaluate the effectiveness of the Board as a whole, the various Committees and each individual Director's contribution to the effectiveness on the decision making process of the Board;

Statement Of Corporate Governance (Cont'd)

- iii) give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future;
- iv) prepare a description of the role and capabilities required for a particular appointment;
- v) identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- vi) in determining the process for the identification of suitable new candidates, the Nomination Committee will ensure that an appropriate review or search is undertaken by an independent third party to ensure the requirement and qualification of the candidate nominated;
- vii) to make recommendations to the Board on candidates it considers appropriate for appointment; and
- viii) to recommend to the Board concerning the re-election by shareholders of any director under the "retirement by rotation" provisions in the Company's Article of Association.

The summary of activities undertaken by the Nomination Committee during the financial year included the following :

- i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;
- ii) Reviewed and recommended the retirement and re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company's Articles of Association; and
- iii) Reviewed the Terms of Reference of the Nomination Committee.

c) Remuneration Committee

In line with the best practices of the Code, the Board has set up a RC which would comprise a majority of Independent Non-Executive Directors in order to assist the Board for determining the Director's remuneration. The present members of the RC as follow:-

Chairman : Chan Fook Mun
 Member : Dato' Ir Lim Siang Chai
 Member : Kamil Bin Abdul Rahman

The Remuneration Committee is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. The Remuneration Committee shall meet at least once a year and at such time, the Chairman of the Remuneration Committee may request for a meeting as and when deemed necessary. The quorum of the Remuneration Committee meeting shall be two (2) members, of which at least one (1) shall be an independent director.

The Terms of Reference of the Remuneration Committee can be viewed at the Company's website at www.jki.com.my.

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The Remuneration Committee's principal objective is to evaluate, deliberate and recommend to the Board a remuneration policy for Executive Directors that is fairly guided by market norms and industry practice. The Remuneration Committee also recommends the Executive Directors' remuneration and benefits based on their individual performances and that of the Group.

Statement Of Corporate Governance (Cont'd)

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

The summary of activities undertaken by the Remuneration Committee during the financial year included the following :

- (a) Reviewed and recommended the payment of Directors' fees to Non-Executive Directors; and
- (b) Reviewed the Terms of Reference of the Remuneration Committee

For the financial year under review, the RC held two (2) meetings, which was attended by the members of the RC.

d) Risk Management Committee

In line with the best practices of the Code, the Board has set up a Risk Management Committee (RMC) which would comprise Executive Director and head of departments. The RMC assists the Board in identifying, mitigating and monitoring critical risks highlighted by business units.

The present members of the RMC as follow:-

Chairman : Dato' Ir Lim Siang Chai
 Member : Lee Leong Kui
 Member : Foong Kah Heng

The responsibilities of the RMC include the following:-

- Assessment and monitoring of risks associated with the operations of the Group;
- Development and implementation of internal compliance and control systems and procedures to manage risk;
- Assessment and monitoring of the effectiveness of controls instituted;
- Review and make recommendations to the Board in relation to Risk Management;
- Consider, and make recommendations to the Board in connection with, the compliance by the Group with its Risk Management Strategy;
- Report to the Board on any material changes to the risk profile of the Group;
- Monitor and refer to the Board any instances involving material breaches or potential breaches to the Group's Risk Management Strategy;
- Report to the Board in connection with the Group's annual reporting responsibilities in relation to matters pertaining to the Group's Risk Management Strategy; and
- Undertake annual review, in accordance with the Group's Risk Management framework and to make recommendations to the Board in connection with changes required to be made to the Group's Risk Management Strategy.

Appointments to the Board

The NC makes independent recommendations for appointments to the Board. In making these recommendations, the NC assesses the suitability of candidates, taking into account the character, integrity, competence, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval.

Statement Of Corporate Governance (Cont'd)

Criteria for Recruitment

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

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

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

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

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

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

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

Criteria for Board Assessment

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

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

Statement Of Corporate Governance (Cont'd)

Based on the assessment conducted for the financial year 2016, the Board and the Nomination Committee is satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board members and the independence of its Independent Non-Executive Directors.

Re-election of Directors and re-appointment of Directors by rotation

In accordance with the Company's Articles of Association ("AA"), all Directors who are appointed by the Board may only hold office until the next following Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM. The AA also provide that one-third of the Directors, or if their number is not three or a multiple of three, then the number nearest to one-third, are subject to retirement by rotation at every AGM but are eligible for re-election provided always that each Directors shall retire from office at least once in every three years.

Boardroom and Gender Diversity

The Board recognises the importance of diversity in its composition in ensuring its effectiveness and good corporate governance. Although the Board has yet to establish any diversity policy. However, the Board will consider females onto the Board in due course to bring about a more diverse perspective.

Whistle-blowing Policy

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

The main objectives of the policy are:

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

The details of the Whistle-blowing Policy are available for reference at the Company's website at www.jki.com.my.

Stakeholders, who have suspected fraud, misconduct or any integrity concerns, are encouraged to fill up a Whistle Blowing Report Form and email to:

Attention : Encik Fathi Ridzuan Bin Ahmad Fauzi
 Designation : Chairman of Audit Committee
 Email : fathi.ridzuan@gmail.com

Directors' remuneration procedures and policies

The Board believes that JIB should have a fair remuneration policy to attract, retain and motivate directors. It has established a Remuneration Committee ("RC") to review and ensure that the remuneration of its members fairly reflect the Board's and members' responsibilities, the expertise required by Bison and the complexity of its operations. The said remuneration should also be in line with the business strategy and long term objectives of JIB.

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) and categorised into appropriate components for the financial year ended 31 December 2016 are as follows :

Statement Of Corporate Governance (Cont'd)

i) Aggregate Directors' Remuneration

Director	Company		Group	
	Fees (RM)	Salaries and * other emoluments (RM)	Fees (RM)	Salaries and * other emoluments (RM)
Executive Directors	-	742,362	-	880,114
Non-Executive Directors	125,000	6,000	125,000	6,000
Total	125,000	748,362	125,000	886,114

* Other emoluments include the meeting allowance for the Directors' attendance at Board and Board's Committee Meetings.

ii) Analysis of Directors' Remuneration

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

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	4
RM50,000 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	2	-
RM300,001 to RM350,000	1	-
RM350,001 to RM400,000	-	-
RM400,001 to RM450,000	-	-
RM900,001 to RM950,000	-	-

Details of the individual Director's remuneration are not disclosed in this report as the Board is of the view that the above remuneration disclosure by band and analysis between Executive and Non-Executive Directors satisfies the accountability and transparency aspects of the MCG 2012.

PRINCIPLE 3 – REINFORCE INDEPENDENCE

1. Annual Assessment of Independence

The Board has set out policies and procedures to ensure effectiveness of the Independent Directors on the Board, including new appointment. The Board assesses the independence of the Independent Directors annually, taking into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.

The Independent Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor risk profile of the Company's business and the reporting of monthly business performance.

Based on the assessment carried out during the financial year ended 31 December 2016, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during the financial year under review, and that each of them continues to fulfill the definition of independence as set out in the Listing Requirements of Bursa Securities.

Statement Of Corporate Governance (Cont'd)

2. Tenure of Independent Directors and shareholders' approval for the re-appointment of Independent Directors who have served more than nine (9) years

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

However, as recommended by the MCGG 2012, the tenure of an independent director should not exceed cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting, normally the annual general meeting of the Company.

As at the date of this statement, none of the independent directors had served the Company for more than nine (9) years as per the recommendations of MCGG 2012.

4. Separation of the Positions of the Chairman and Group Managing Director and Chief Executive Officer ("CEO")

The MCGG 2012 required the positions of Chairman and CEO to be held by two different individuals. The Chairman is responsible for the leadership of the Board and ensures effectiveness of the Board while the CEO, guided by the Executive Chairman, manages the day-to-day business and operations and also implements the Board's directive, strategies and policies. The distinct and separate roles, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The Chairman of the Company is currently also the Executive Chairman of the Company. The Board is aware that it is not in compliance with the best practices of the MCGG 2012 on the separation of the roles of the Chairman and Managing Director and CEO.

However, the Board is satisfied with the role held by the same person in view of his varied experience and knowledge of the businesses of the Group and the time he has spent in discharging his duties and fulfilling his responsibilities.

The presence of the 3 independent directors from a total of the 6 Board members are sufficient to provide the necessary checks and balances on the decision making process of the Board. The contributions of the independent directors in the decision making process is evidenced in their participation as members of the various committees of the Board.

The Executive Chairman ensures that all procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted. He also holds the primary executive responsibility for the Group's business performance and manages the Group in accordance with the strategies and policies approved by the Board. He also leads the Board in making and implementing the day-to-day decisions on the business operations, managing resources and risks in pursuing the corporate objectives of the Group.

Composition of the Board

During the financial year under review, the Board of Jiankun currently comprises six (6) Board members, which includes one (1) Executive Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The composition of the Board is in compliance with Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Berhad ("Bursa Malaysia") and the adoption of best practices set out in the Code whereby at least two (2) or one-third (1/3) of its Board members are Independent Directors. The profile of each Director is presented separately in pages 12 to 16 of the Annual Report 2016.

Statement Of Corporate Governance (Cont'd)

The current composition of the Board provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct. This wide spectrum of skills and experience provide the strength that is needed to lead the Company to meet its objectives. The Board is of the opinion that the directors, with their different background and specializations, collectively bring with them a wide range of experience and expertise required to discharge the Board's duties and responsibilities.

PRINCIPLE 4 – FOSTER COMMITMENT

Time Commitment and Directorship in Other Public Listed Companies

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

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

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

The following are the Board meetings attended by the Directors during the financial year ended 31 December 2016:-

Director	Position	No. of Board Meetings Attended
Dato' Ir Lim Siang Chai	Executive Chairman	5/5
Lee Leong Kui	Executive Director	5/5
Foong Kah Heng	Executive Director	5/5
Fathi Ridzuan Bin Ahmad Fauzi	Independent Non-Executive Director	5/5
Kamil Bin Abdul Rahman	Independent Non-Executive Director	5/5
Chan Fook Mun	Independent Non-Executive Director	4/5
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	Independent Non-Executive Director	1/2
(Retired on 23 May 2016)		

Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

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

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

Statement Of Corporate Governance (Cont'd)

Directors' Training

The Board recognises the importance of training as a continuous education process for the Directors in order to ensure that the Directors stay abreast of the latest developments and changes in laws and regulations, business environment and new challenges and to equip the Directors with the necessary knowledge and skills to enable them to fulfill their responsibilities and to discharge their duties effectively.

All Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Listing Requirements. The Directors shall be committed to continuous education to equip themselves with the knowledge and understanding of various provisions, rules, regulations and the latest development in the industries to effectively discharge their duties and obligations.

The Directors are briefed by the Company Secretary on the letters and circulars issued by Bursa Malaysia at every Board Meeting. The Directors also will continue to undergo training and education programmes in order to keep themselves abreast on the various issues facing the changing business environment within which the company operates in order to discharge their duties and responsibilities more effectively.

Updates on the MCG 2012, Companies Act, 2016 and the Listing Requirements were given by the Company Secretary to all Directors to facilitate knowledge enhancement in the areas of the Corporate Governance and relevant compliance areas.

All Directors have full opportunity to attend seminars, trainings, workshops and conference to update their knowledge and skills to contribute and to carry out their roles and duties in line with the directors' responsibility.

All Directors have complied with the Continuous Training Programme prescribed by Bursa Securities. The Directors have participated in conferences, seminars and training programmes and during the financial year ended 31 December 2016, the following training programmes and seminars were attended by the Directors:-

Name	Date of Training	Subject
Dato' Ir Lim Siang Chai	28 May 2016	China-Malaysian Economic Forum
	15 November 2016	IPO organised by Crowe Horwath
	13 December 2016	ASEAN Economic Forum
Fathi Ridzuan Bin Ahmad Fauzi	16 November 2016	Admendments to Listing Requirements – with Latest Cases on Directors Duties
	21 November 2016	"How to Leverage on AGMs for Better Engagement with Shareholders"
Kamil Bin Abdul Rahman	30 March 2016	MIDA Seminar organised by La Camera
	12-13 April 2016	Financial Analysis & Modelling Lecture and workshop presented by Malaysian Institute of Accountants
	8-9 August 2016	National Annual Conference presented by Malaysian Institute of Chartered Secretaries and Administrators
	15-16 November 2016	International Conference presented by Malaysian Institute of Accountants
Foong Kah Heng	27 June 2016	Future of Auditor Reporting- The Game Changer for Boardroom
Lee Leong Kui	16 March 2016	Travel & Tours Enhancement Course
Chan Fook Mun	22-23 July 2016	PAM DATUM Conference @ Kuala Lumpur Architecture Festival 2016

Statement Of Corporate Governance (Cont'd)

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board take responsibility to present a balanced and meaningful assessment of the Group's position and prospect and to ensure that the financial statements are drawn up in accordance with the provision of Companies Act, 2016 and applicable accounting standards in Malaysia. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Responsibility Statement by the Directors pursuant to Listing Requirements of Bursa Securities set out in this Annual Report.

In addition to the above, the Company also undertook an independent assessment of the internal control system and the Audit Committee has been assured that no material issue and major deficiency had been detected which posed a high risk to the overall internal control under review.

Assessment of Suitability and Independence of External Auditors

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

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

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

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

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

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

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 December 2016.

Statement Of Corporate Governance (Cont'd)

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs UHY as the External Auditors of the Company for the financial year ending 31 December 2017.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

Risk Management and Internal Control

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

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

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

The information on the Group's internal control is further elaborated in page 35 on the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies

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

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

The practice of disclosure of information is to adopt the best practices recommended in the MCCG 2012 with regard to strengthening engagement and communication with shareholders, it is not only established just to comply with the Listing requirements of Bursa Securities.

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

Leverage on Information Technology for Effective Dissemination of Information

The Company's website at www.jki.com.my incorporates an Investor Relations section which provides all relevant information on the Company accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports.

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

Statement Of Corporate Governance (Cont'd)

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN AND SHAREHOLDERS

Annual General Meeting

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

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

Poll Voting

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

Effective Communication and Proactive Engagement

The Group maintains its effective communication with shareholders by adopting timely, comprehensive, and continuing disclosures of information to its shareholders as well as the general investing public and adopts the best practices recommended by the MCCG 2012 with regards to strengthening engagement and communication with shareholders.

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

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

Shareholders and stakeholders may raise their concerns and queries by contacting the Registered Office of the Group, the details of which as provided under the “Corporate Information” section of this Annual Report. The Share Registrar is also available to attend to administrative matters relating to shareholder interests.

Statement Of Directors' Responsibility In Relation To The Financial Statements

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

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

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

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

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2016, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement on Corporate Governance. The Board considers that the Statement on Corporate Governance provides the information necessary to enables shareholders to evaluate how the MCGG 2012 has been applied. The Board considers and is satisfied that the Company has fulfilled its obligation under the MCGG 2012, the Listing Requirements of Bursa Securities and all applicable laws and regulations throughout the financial year ended 31 December 2016. This Statement is made in accordance with a resolution of the Directors dated 11 April 2017

Statement On Risk Management And Internal Control

INTRODUCTION

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities requires the Board of Directors of the Company to make a statement in this Annual Report about the state of risk management and internal control in the Company as a Group. The Board of Directors recognises the importance of good practice of corporate governance and is committed to maintain a sound system of internal control to safeguard shareholders' investments and Group's assets. The Board is pleased to provide the following Statement on Risk Management and Internal Control which has been prepared in accordance with the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers".

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound risk management framework and system of internal control, and for reviewing its adequacy and integrity to safeguard shareholders' investment and the Company's assets. The review of the Group's risk management and system of internal control is a concerted and continuing process. In the pursuit of this objective, the Directors are aware that the internal control system is designed to manage rather than eliminate the risk of failure to achieve the Group's objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has received assurance from the Executive Director and Finance and Accounts Manager that the Group's risk management and internal control is operating adequately and effectively, in all material aspects based on the risk management and internal control system of the Group.

KEY ELEMENTS OF INTERNAL CONTROL

CONTROL ENVIRONMENT AND CONTROL ACTIVITIES

- Organization structure with clearly defined lines of responsibility, authority and accountability;
- Clearly defined authorization limits at appropriate levels are set out in an authority matrix for controlling and managing business operations;
- Experienced and competent staffs are placed in areas of responsibility to support and continuously monitor the effectiveness of the Group's system of internal control;
- Policies and procedures for key business processes are formalised and documented for implementation and continuous improvements. These policies are subject to regular reviews to meet new business required.

MONITORING AND COMMUNICATION

- Regular Board and Management meetings are held where information is provided to the Board and Management covering financial performance and operations;
- Regular visits to operating subsidiaries by members of the Board and Senior Management whenever appropriate;
- Regular review of business processes to assess the effectiveness of internal controls by the independent internal auditor. Reports on findings of the internal audit are presented to the Audit Committee and subsequently presented to the Board for consideration for necessary action to be carried out by management.
- Management Accounts and reports are prepared regularly for monitoring of actual performance.
- Regular Management Meetings to identify, assessment and mitigate any potential risk face by the Group.
- An internal audit function carries out quarterly internal audit to ascertain the adequacy of and to monitor the effectiveness of operational and financial procedures. The internal audit also reviews and assesses risks faced by the Group and reports directly to the Audit Committee;
- Regular internal audit visits to monitor compliance with policies and procedures to assess the integrity of both financial and non-financial information provided; and
- Follow-up visits are then subsequently conducted by the internal auditor to ensure proper implementation of agreed action plans by the respective process owners.

Statement On Risk Management And Internal Control

(Cont'd)

RISK MANAGEMENT

The Board confirms that there is an on-going process of risk identifying; assessing and responding to achieve the objectives of the Group for the financial year under review. This process is in place for the year under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

Risk management forms an integral part of the Group's business operations. The process of identifying, evaluating, monitoring and managing significant risk is embedded in the various work processes and procedures of the respective operational functions and management team. Any significant issues and controls implemented were discussed at the regular operations and management meetings. Management is putting in place a formal risk management task force consisting of Senior Management and Audit Committee members of the Group.

As part of the Risk Management process, a Registry of Risk and a Risk Management Handbook were adopted. The Registry of Risk records the identified principal business risk. The Risk Management handbook summarises risk management methodology, approach and processes, roles and responsibilities, and various risk management concept.

A Risk Management Review Group is established to support and advise the Group and Audit Committee on the implementation and monitoring of the Group Risk Management Policy and Strategy. The Review group comprised of all the Executive Management team that comprises of Executive Directors and Heads of Department. The Independent Non-Executive Directors are encouraged to attend Risk Registry Review meeting.

For the financial year under review, the meeting was carried out on 23 November 2016. The meeting was attended by the Executive Directors, Head of Project Team, Head of Human Resources, Finance and Account Manager and Contract Manager.

The Finance and Account Manager updates the Audit Committee and Board on the Group's risk profile and reports any new significant risks once a year.

INTERNAL AUDIT FUNCTIONS

Independent reviews of internal control are essential in order to provide an objective assurance to the Board. At present, the review mechanism is under the purview of the Audit Committee. Functionally, the internal auditor report directly to the Audit Committee and are responsible to conduct reviews on the systems of risk management and internal control; report the weaknesses of the systems of risk management and internal control; and to provide recommendations for improvement to the management.

Statement On Risk Management And Internal Control

(Cont'd)

During the financial year, the internal auditors have performed the internal audit according to the revised plan approved by Audit Committee. For the financial year ended 31 December 2016, two Internal Audit Reviews and two Follow up internal audit reviews had been carried out:-

Audit Period	Reporting Month	Audited Areas
1st Quarter (Jan 2016 – Mar 2016)	May 2016	Internal Audit Review on Finance functions of Jiankun International Berhad and subsidiaries.
2nd Quarter (Apr 2016 – Jun 2016)	Aug 2016	Follow up reviews on Project and Contract Function for Nagamas Venture Sdn Bhd Report in February 2016.
3rd Quarter (Jul 2016 – Sep 2016)	Nov 2016	Follow up reviews on Finance functions review reported in May 2016. Review of the Risk Register, Risk Matrix and Risk Management Framework of Jiankun International Berhad.
4th Quarter (Oct 2016 – Dec 2016)	Feb 2017	Sales and Marketing and Sales Administration functions of Nagamas Bizworks Sdn. Bhd. and JKI Development Sdn. Bhd.

For the financial year ended 31 December 2016, the total fee incurred for the outsourced internal audit function were RM50,000.00.

CONCLUSION

For the year under review and up to the date of issuance of the statement in the Annual Report, the Board is of the opinion that the internal control system currently in place is adequate and effective to safeguard the Group's interests and assets. The Board will continually assess the adequacy and effectiveness of the Group's risk management and system of internal control and to strengthen it, as and when necessary.

Additional Compliance Information

1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

That on 9 July 2015, the Board of Directors had announced the revised approval on the utilisation of utilisation of the Rights Proceeds through announcement to Bursa Securities.

The Renounceable Rights Issue Together with Free Detachable Warrants has raised proceeds of RM 25.2 million and the fund utilisation status are stated below:

Purpose	Estimated Timeframe	Amounts allocated RM,000	Actual Utilisation RM,000	Unutilised Amounts RM,000
Payment for construction cost	Within 12 months from the listing of the Rights shares	3,877	3,877	-
Working Capital	Within 12 months from the listing of the Rights shares	2,248	2,248	-
To Fund Future Projects	Within 36 months from the listing of the Rights shares	18,747	18,162	585
To defray expenses relating to the Proposals	Within 3 months from the listing of the Rights shares	323	323	-
		25,195	24,610	585

2. AUDIT AND NON AUDIT FEES PAID TO EXTERNAL AUDITORS

During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 December 2016 were as follows :

	Company (RM)	Group (RM)
Audit Services Rendered	23,000	92,262
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	5,000	5,000

3. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

There was no recurrent related party transaction of revenue or trading nature during the financial year ended 31 December 2016.

4. REVALUATION POLICY

The Company does not have a revaluation policy on landed properties.

5. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

There was no other material contract and/or contracts relating to loan entered into by the Company and/or its subsidiary companies involving Directors and Major Shareholders' interests.

Audit Committee's Report

The Board of Directors of Jiankun International Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2016.

MEMBERS OF AUDIT COMMITTEE

The Audit Committee ("AC" or "Committee") consists of three (3) members, majority of whom are Independent Non-Executive Directors. The present members of the AC are: -

Director	Position
Fathi Ridzuan Bin Ahmad Fauzi (Chairman)	Independent Non-Executive Director
Kamil Bin Abdul Rahman	Independent Non-Executive Director
Chan Fook Mun	Independent Non-Executive Director

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee which laid down its duties and responsibilities are accessible via the Company's website at www.jki.com.my

Meetings held during the financial year ended 31 December 2016

The Committee met five (5) times during the financial year ended 31 December 2016 and the details of attendance are as follows:-

Director	Total meetings attended
Fathi Ridzuan Bin Ahmad Fauzi (Chairman)	5/5
Kamil Bin Abdul Rahman	5/5
Chan Fook Mun	4/5

Other Board members, Chief Operating Officer, Financial Controller and representatives of the External Auditors and Internal Auditors were present by invitation to brief the Committee on any specific issues, as and when necessary, with the Company Secretaries in attendance.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The activities of the Audit Committee during the financial year ended 31 December 2016 include the following:

- a) Reviewed the quarterly unaudited financial of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
- b) Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial year ended 31 December 2016;
- c) Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
- d) Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;

Audit Committee's Report (Cont'd)

- e) Evaluated the performance of the external auditors for the financial year ended 31 December 2016 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;
- f) Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;
- g) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;
- h) Reviewed the effectiveness of the Group's system of internal control;
- i) Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;
- j) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
- k) Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
- l) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report; and
- m) Report to the Board on its activities and significant findings and results.

Group Financial Highlights

GROUP FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2016

Revenue	Loss Before Taxation	Loss After Taxation	Shareholder's Fund	Earnings Per Share
18,235,694	3,023,778	3,405,866	45,597,845	(1.50 Sen)

FIVE YEARS' FINANCIAL PERFORMANCE

Revenue	RM
2012	10,291,455
2013	6,349,481*
2014	3,168,399*
2015	11,456,357
2016	18,235,694

Profit/ (Loss) Before Taxation	RM
2012	(1,593,922)
2013	8,850,720*
2014	(1,967,462)*
2015	(1,204,664)
2016	(3,023,778)

Shareholders' Fund	RM
2012	14,988,515
2013	20,543,603
2014	44,805,170
2015	48,107,672
2016	45,597,845

Earnings/ (Loss) Per Share	Sen
2012	(3.1)
2013	9.1*
2014	(3.8)*
2015	(0.43)
2016	(1.50)

* Inclusive of discontinued operation

Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

Principal Activities

The principal activities of the Company consist of the provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

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

Financial Results

	Group RM	Company RM
Net loss for the financial year	3,405,866	1,871,523
Attributable to: Owners of the parent	3,405,866	1,871,523

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

Warrants

The warrants were constituted under the Deed Poll (2014/2021) dated 2 December 2014.

A total free warrants up to 75,586,889 warrants on the basis of three warrant for every two existing ordinary shares at the exercise price of RM0.32 of the Company was issued.

As at 31 December 2016, the total numbers of warrants that remained unexercised were 75,586,889.

The salient terms of the warrants are disclosed in Note 15(b) to the financial statement.

Directors' Report (Cont'd)

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Directors

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

Dato' Ir Lim Siang Chai
 Fathi Ridzuan Bin Ahmad Fauzi
 Foong Kah Heng
 Lee Leong Kui
 Kamil Bin Abdul Rahman
 Chan Fook Mun
 Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman (Retired on 23.5.2016)

Directors' Interests

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.25 each			
	At 01.01.2016	Bought	Sold	At 31.12.2016
Interests in the Company				
Direct interests				
Dato' Ir Lim Siang Chai	15,500,000	-	-	15,500,000
Foong Kah Heng	7,530,000	-	-	7,530,000
Indirect interests				
Dato' Ir Lim Siang Chai	-	6,979,400	-	6,979,400
Foong Kah Heng	16,882,450	-	-	16,882,450

	Number of warrants 2014 / 2021			
	At 01.01.2016	Bought	Sold	At 31.12.2016
Direct interest				
Dato' Ir Lim Siang Chai	2,750,000	-	-	2,750,000
Foong Kah Heng	3,765,000	-	-	3,765,000
Indirect interests				
Foong Kah Heng	9,661,837	-	-	9,661,837

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Report (Cont'd)

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by 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, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 28 to the financial statements.

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

Other Statutory Information

- (a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off, and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) 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.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

Directors' Report (Cont'd)

Other Statutory Information (Cont'd)

(d) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;
- (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Auditors

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 11 April 2017.

DATO' IR LIM SIANG CHAI

LEE LEONG KUI

KUALA LUMPUR

Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 52 to 110 are drawn up in accordance with Financial Reporting Standards and the requirements 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 their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 33 to the financial statements on page 111 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 11 April 2017.

DATO' IR LIM SIANG CHAI

LEE LEONG KUI

KUALA LUMPUR

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, WONG KOK FONG, being the Officer primarily responsible for the financial management of JIANKUN INTERNATIONAL BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 52 to 111 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 11 April 2017)

WONG KOK FONG

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report

To The Members Of Jiankun International Berhad (111365-U)

Report on the Financial Statements

Opinion

We have audited the financial statements of Jiankun International Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 111.

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

Basis of Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matter

Key audit matter is those matter that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. This matter was 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 this matter.

Key Audit Matter

Investment properties

Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise.

The fair value of the investment properties of a foreign subsidiary located in China was determined based on valuations advised by an independent valuer in China. The fair value was derived using the market comparison approach by reference to recent sales price of comparable properties.

Our audit performed and responses thereon

- Reviewed and discussed with management on the carrying amount of investment properties in accordance with FRS140 *Investment Properties*.
- Evaluated the independent valuer's competence, capabilities, independence and objectivity.
- Assessed the methodologies used and the appropriateness of the key assumptions of the valuation report based on our knowledge and we also considered the work done by component auditors.
- Reviewed and tested the reasonableness of the conversion rate to restate the balances in foreign currency to RM.

Independent Auditors' Report

To The Members Of Jiankun International Berhad (111365-U) (Cont'd)

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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

Independent Auditors' Report

To The Members Of Jiankun International Berhad (111365-U) (Cont'd)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act 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 all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements, being accounts that have been included in the consolidated accounts.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (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.

Independent Auditors' Report

To The Members Of Jiankun International Berhad (111365-U) (Cont'd)

Other Reporting Responsibilities

The supplementary information set out in Note 33 on page 111 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.

UHY
Firm Number: AF 1411
Chartered Accountants

CHAN JEE PENG
Approved Number: 3068/08/18 (J)
Chartered Accountant

KUALA LUMPUR

11 April 2017

Statements Of Financial Position

As At 31 December 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	224,415	71,539	56,885	62,943
Goodwill	5	-	-	-	-
Investment properties	6	28,092,297	26,123,727	-	-
Investment in subsidiary companies	7	-	-	18,392,161	11,642,159
		28,316,712	26,195,266	18,449,046	11,705,102
Current assets					
Land and property development costs	8	27,279,409	23,345,073	-	-
Amount due from a contract customer	9	-	-	-	-
Trade receivables	10	7,273,644	7,677,361	-	-
Other receivables	11	31,194,633	13,138,712	60,221	497,564
Amount due from subsidiary companies	12	-	-	16,803,629	21,937,468
Tax recoverable		292,500	-	-	-
Fixed deposit with a licensed bank	13	-	2,057,768	-	2,057,768
Cash and bank balances		657,641	1,808,132	50,653	763,208
		66,697,827	48,027,046	16,914,503	25,256,008
Total assets		95,014,539	74,222,312	35,363,549	36,961,110
EQUITY					
Share capital	14	37,919,380	37,919,380	37,919,380	37,919,380
Reserves	15	7,678,465	10,188,292	(3,113,898)	(1,242,375)
Total equity		45,597,845	48,107,672	34,805,482	36,677,005

Statements Of Financial Position

As At 31 December 2016 (Cont'd)

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
LIABILITIES					
Non-current liabilities					
Finance lease payable	16	64,044	-	-	-
Bank borrowings	17	31,453,782	15,750,000	-	-
Deferred tax liabilities	18	5,812,932	5,172,943	-	-
		37,330,758	20,922,943	-	-
Current liabilities					
Trade payables	19	9,130,125	4,880,880	-	-
Other payables	20	1,847,641	310,817	275,530	133,001
Finance lease payable	16	8,837	-	-	-
Bank borrowings	17	1,096,218	-	-	-
Amount due to Directors	21	3,115	-	3,115	-
Amount due to subsidiary companies	12	-	-	279,422	151,104
		12,085,936	5,191,697	558,067	284,105
Total liabilities		49,416,694	26,114,640	558,067	284,105
Total equity and liabilities		95,014,539	74,222,312	35,363,549	36,961,110

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

Statements Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 December 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Revenue	22	18,235,694	11,456,357	2,035,000	1,410,000
Costs of sales		(16,771,103)	(9,105,172)	-	-
Gross profit		1,464,591	2,351,185	2,035,000	1,410,000
Other income		803,906	827,036	28,239	818,517
Administrative expenses		(5,291,031)	(3,282,984)	(3,934,762)	(3,023,865)
Other expenses		-	(1,099,901)	-	-
Loss from operations		(3,022,534)	(1,204,664)	(1,871,523)	(795,348)
Finance costs	23	(1,244)	-	-	-
Loss before tax	24	(3,023,778)	(1,204,664)	(1,871,523)	(795,348)
Taxation	25	(382,088)	549,950	-	-
Net loss for the financial year		(3,405,866)	(654,714)	(1,871,523)	(795,348)
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		896,039	3,957,216	-	-
Total comprehensive income for the financial year		(2,509,827)	3,302,502	(1,871,523)	(795,348)
Loss for the financial year attributable to owners of the parent		(3,405,866)	(654,714)	(1,871,523)	(795,348)
Total comprehensive income attributable to owners of the parent		(2,509,827)	3,302,502	(1,871,523)	(795,348)
Loss per share (sen)					
Basic	26	(2.25)	(0.43)	-	-
Diluted		(1.50)	(0.29)	-	-

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	Attributable to the owners of the parent					
	Non-Distributable			Distributable		
	Share Capital RM	Foreign Currency Translation Reserve RM	Warrant Reserve RM	Capital Reserve RM	Accumulated Losses RM	Total Equity RM
At 1 January 2016	37,919,380	5,172,947	13,605,640	2,792,663	(11,382,958)	48,107,672
Loss for the financial year	-	-	-	-	(3,405,866)	(3,405,866)
Other comprehensive income for the financial year	-	896,039	-	-	-	896,039
Total comprehensive income	-	896,039	-	-	(3,405,866)	(2,509,827)
At 31 December 2016	37,919,380	6,068,986	13,605,640	2,792,663	(14,788,824)	45,597,845
At 1 January 2015	37,919,380	1,215,731	13,605,640	2,792,663	(10,728,244)	44,805,170
Loss for the financial year	-	-	-	-	(654,714)	(654,714)
Other comprehensive income for the financial year	-	3,957,216	-	-	-	3,957,216
Total comprehensive income	-	3,957,216	-	-	(654,714)	3,302,502
At 31 December 2015	37,919,380	5,172,947	13,605,640	2,792,663	(11,382,958)	48,107,672

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2016 (Cont'd)

Company	Attributable to the owners of the parent					Total Equity RM
	Share Capital RM	Warrant Reserve RM	Capital Reserve RM	Accumulated Losses RM	Distributable	
At 1 January 2016	37,919,380	13,605,640	2,792,663	(17,640,678)		36,677,005
Net loss for the financial year, representing total comprehensive income for the financial year	-	-	-	(1,871,523)		(1,871,523)
At 31 December 2016	37,919,380	13,605,640	2,792,663	(19,512,201)		34,805,482
At 1 January 2015	37,919,380	13,605,640	2,792,663	(16,845,330)		37,472,353
Net loss for the financial year, representing total comprehensive income for the financial year	-	-	-	(795,348)		(795,348)
At 31 December 2015	37,919,380	13,605,640	2,792,663	(17,640,678)		36,677,005

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Cash Flows From Operating Activities					
Loss before tax		(3,023,778)	(1,204,664)	(1,871,523)	(795,348)
Adjustments for:					
Depreciation of property, plant and equipment		30,839	14,102	15,767	13,252
Fair value (gain)/loss on investment property		(764,176)	1,099,901	-	-
Impairment losses on:					
- Amounts due from subsidiary companies		-	-	493,745	-
- Other receivables		445,162	-	445,162	-
Interest expense		67,771	-	-	-
Interest income		(23,823)	(292,400)	(22,090)	(292,400)
Waiver of liability		-	(526,117)	-	(526,117)
Operating loss before working capital changes		(3,268,005)	(909,178)	(938,939)	(1,600,613)
Changes in working capital:					
Property development costs		(3,934,336)	(23,345,073)	-	-
Trade receivables		403,717	(6,607,270)	-	-
Other receivables		(18,501,083)	(9,317,325)	(7,819)	(13,902)
Trade payables		4,249,245	3,985,634	-	-
Other payables		1,536,824	99,636	142,529	(831,108)
Directors		3,115	(1,177,758)	3,115	(1,177,758)
Subsidiary companies		-	-	4,268,412	(17,077,901)
		(16,242,518)	(36,362,156)	4,406,237	(19,100,669)
Cash (used in)/generated from operations		(19,510,523)	(37,271,334)	3,467,298	(20,701,282)
Interest received		23,823	292,400	22,090	292,400
Interest paid		(67,771)	-	-	-
Tax paid		(292,500)	-	-	-
		(336,448)	292,400	22,090	292,400
Net cash (used in) /from operating activities		(19,846,971)	(36,978,934)	3,489,388	(20,408,882)

Statements Of Cash Flows

For The Financial Year Ended 31 December 2016 (Cont'd)

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Cash Flows From Investing Activities					
Acquisition of property, plant and equipment	4	(108,715)	(82,789)	(9,709)	(73,343)
Acquisition of subsidiary companies, net of cash acquired	7	-	-	(4)	(1,900,002)
Additional investment in subsidiary companies	7	-	-	(6,249,998)	-
Net cash used in investing activities		(108,715)	(82,789)	(6,259,711)	(1,973,345)
Cash Flows From Financing Activities					
Proceeds from borrowings		16,800,000	15,750,000	-	-
Proceeds from uplift of fixed deposit		2,057,768	-	2,057,768	-
Increase in fixed deposit pledge		-	(2,057,768)	-	(2,057,768)
Repayment of finance lease payable		(2,119)	-	-	-
Net cash from/(used in) financing activities		18,855,649	13,692,232	2,057,768	(2,057,768)

Statements Of Cash Flows

For The Financial Year Ended 31 December 2016 (Cont'd)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Net decrease in cash and cash equivalents	(1,100,037)	(23,369,491)	(712,555)	(24,439,995)
Cash and cash equivalents at the beginning of the financial year	1,808,132	25,204,545	763,208	25,203,203
Effect of exchange translation differences	(50,454)	(26,922)	-	-
Cash and cash equivalents at the end of the financial year	657,641	1,808,132	50,653	763,208
Cash and cash equivalents at the end of the financial year comprises:				
Fixed deposit with a licensed bank	-	2,057,768	-	2,057,768
Cash and bank balances	657,641	1,808,132	50,653	763,208
	657,641	3,865,900	50,653	2,820,976
Less: Fixed deposit pledged with a licensed bank	-	(2,057,768)	-	(2,057,768)
	657,641	1,808,132	50,653	763,208

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

Notes To The Financial Statements

31 December 2016

1. Corporate Information

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

The principal place of business of the Company is located at No. 39, Jalan 5/62A, Bandar Manjalara, 52200 Kuala Lumpur.

The registered office of the Company is located at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal activities of the Company consist of the provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. Basis of Preparation

(a) Statement of Compliance

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to FRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Annual Improvements to FRSs 2012–2014 Cycle	

Adoption of above amendments to FRSs did not have any significant impact on the financial statements of the Group and of the Company.

Notes To The Financial Statements

31 December 2016 (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new FRSs, interpretation and amendments to FRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to FRS 107	Disclosure Initiative	1 January 2017
Amendments to FRS 112	Recognition of Deferred Tax Asset for Unrealised losses	1 January 2017
Annual Improvements to FRS 2014-2016 Cycle		
• Amendments to FRS 12		1 January 2017
• Amendments to FRS 1		1 January 2018
• Amendments to FRS 128		1 January 2018
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 2	Classification and measurement of Share-based payment Transactions	1 January 2018
Amendments to FRS 140	Transfers of Investment Property	1 January 2018
Amendments to FRS 4	Applying FRS 9 <i>Financial Instruments</i> with FRS 4 <i>Insurance Contracts</i>	1 January 2018*
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:

* Entities that meet the specific criteria in FRS 4, paragraph 20B, may choose to defer the application of FRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

The Group and the Company intend to adopt the above FRSs and IC Interpretation when they become effective.

The initial application of the abovementioned FRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

Notes To The Financial Statements

31 December 2016 (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

FRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of FRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. FRS 9 when effective will replace FRS 139 *Financial Instruments: Recognition and Measurement*.

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

The adoption of FRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 9.

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2018. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSS and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2016 could be different if prepared under the MFRS Framework.

Notes To The Financial Statements

31 December 2016 (Cont'd)

2. Basis of Preparation (Cont'd)

(b) Functional and Presentation Currency

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

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment (Note 4)

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2016 for investment properties. For investment properties, a valuation methodology based on market comparison approach was used.

The key assumptions used to determine the fair value of the properties are provided in Note 6.

Notes To The Financial Statements

31 December 2016 (Cont'd)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Construction Contracts

The Group recognises construction contracts revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on experience and by relying on the work of specialists. The details of construction contracts are disclosed in Note 9.

Property development

The Group recognises property development revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amount of the Group's property development costs at the reporting date is disclosed in Note 8.

Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 10, 11 and 12 respectively.

Notes To The Financial Statements

31 December 2016 (Cont'd)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2016, the Group has tax recoverable of RM292,500 (2015: Nil).

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basic of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of FRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Notes To The Financial Statements

31 December 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(a) Basic of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(m) to the financial statements on impairment of non-financial assets.

Notes To The Financial Statements

31 December 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(b) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Company's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM are translated to RM at the rate of exchange prevailing at the reporting date and income and expenses, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

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

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group dispose of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Notes To The Financial Statements

31 December 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Computer and software	20%
Motor vehicle	20%
Office equipment and fixtures	10%-20%
Renovation	25%

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

Notes To The Financial Statements

31 December 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(d) Property development activities

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

(e) Land held for property development

Land held for property development consists of cost of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Land held for property development is classified as non-current asset and carried at cost less accumulated impairment losses, if any.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(f) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

As lessee

(i) Finance lease

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

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

Notes To The Financial Statements

31 December 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(f) Leases (Cont'd)

As lessee (Cont'd)

(ii) Operating lease

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

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

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(g) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Notes To The Financial Statements

31 December 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(h) Financial assets

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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

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

(i) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

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

The Group and the Company classify their financial liabilities at initial recognition into other financial liabilities measured at amortised cost.

The Group's and the Company's other financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Notes To The Financial Statements

31 December 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(i) Financial liabilities (Cont'd)

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(j) Offsetting the financial instruments

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

(k) Construction contracts

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

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

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

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

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

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

Notes To The Financial Statements

31 December 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for amount due from a contract customer and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Notes To The Financial Statements

31 December 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies, associates and joint ventures, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

(n) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

Notes To The Financial Statements

31 December 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(o) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

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

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(p) Revenue

(i) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(ii) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

(iii) Construction contracts

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

(iv) Interest income

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

(v) Management fee

Management fee is recognised on accrual basis when services are rendered.

Notes To The Financial Statements

31 December 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

Notes To The Financial Statements

31 December 2016 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(s) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

4. Property, Plant and Equipment

	Computer and software RM	Moter vehicle RM	Office equipment and fixtures RM	Renovation RM	Total RM
Group 2016					
At Cost					
At 1 January 2016	160,504	-	6,277	-	166,781
Additions	6,045	87,200	49,039	41,431	183,715
At 31 December 2016	166,549	87,200	55,316	41,431	350,496
Accumulated depreciation					
At 1 January 2016	94,869	-	373	-	95,242
Charge for the financial year	16,119	5,813	4,415	4,492	30,839
At 31 December 2016	110,988	5,813	4,788	4,492	126,081
Carrying amount					
At 31 December 2016	55,561	81,387	50,528	36,939	224,415
2015					
At Cost					
At 1 January 2015	83,992	-	-	-	83,992
Additions	76,512	-	6,277	-	82,789
At 31 December 2015	160,504	-	6,277	-	166,781
Accumulated depreciation					
At 1 January 2015	81,140	-	-	-	81,140
Charge for the financial year	13,729	-	373	-	14,102
At 31 December 2015	94,869	-	373	-	95,242
Carrying amount					
At 31 December 2015	65,635	-	5,904	-	71,539

Notes To The Financial Statements

31 December 2016 (Cont'd)

4. Property, Plant and Equipment (Cont'd)

	Computer and software RM	Office equipment and fixtures RM	Total RM
Company			
2016			
At Cost			
At 1 January 2016	157,335	-	157,335
Additions	3,645	6,064	9,709
At 31 December 2016	160,980	6,064	167,044
Accumulated depreciation			
At 1 January 2016	94,392	-	94,392
Charge for the financial year	15,342	425	15,767
At 31 December 2016	109,734	425	110,159
Carrying amount			
At 31 December 2016	51,246	5,639	56,885
2015			
At Cost			
At 1 January 2015	83,992	-	83,992
Additions	73,343	-	73,343
At 31 December 2015	157,335	-	157,335
Accumulated depreciation			
At 1 January 2015	81,140	-	81,140
Charge for the financial year	13,252	-	13,252
At 31 December 2015	94,392	-	94,392
Carrying amount			
At 31 December 2015	62,943	-	62,943

(a) The aggregate additional cost for the property, plant and equipment of the Group during the financial year under finance lease arrangement and cash payment are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Aggregate costs	183,715	82,789	9,709	73,343
Less: Finance lease arrangement	(75,000)	-	-	-
Cash payments	108,715	82,789	9,709	73,343

(b) Included in the property, plant and equipment of the Group is motor vehicle acquired under finance lease arrangement with carrying amount of RM81,387 (2015: Nil).

Notes To The Financial Statements

31 December 2016 (Cont'd)

5. Goodwill

	Group	
	2016 RM	2015 RM
Cost		
At 1 January/31 December	68,195	68,195
Accumulated Impairment loss		
At 1 January/31 December	68,195	68,195
Carrying Amounts		
At 1 January/31 December	-	-

The recoverable amount of goodwill are assessed by discounting the future cash flows projected based on actual operating results and management's assessment of future trends in respective industries of the subsidiary companies.

6. Investment Properties

	Group	
	2016 RM	2015 RM
At fair value		
At 1 January	26,123,727	22,211,741
Change in fair value recognised in profit or loss	764,176	(1,099,901)
Foreign currency translation differences	1,204,394	5,011,887
At 31 December	28,092,297	26,123,727

(a) Fair value basis of investment properties

The investment properties are valued annually at fair value based on market values determined by an independent qualified valuer amounting to RMB42,994,500 (2015: RMB39,042,200). The fair values are within level 3 of the fair value hierarchy. The fair values was derived using the market comparison approach by reference to recent sales price of comparable properties. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre of comparable properties.

The increase/(decrease) in the fair values of RM764,176 (2015: RM1,099,901) has been recognised in the profit or loss during the financial year.

(b) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2016 RM	2015 RM
Rental income	98,886	7,063

Notes To The Financial Statements

31 December 2016 (Cont'd)

7. Investment in Subsidiary Companies

	Company	
	2016 RM	2015 RM
In Malaysia		
At cost		
Unquoted shares	11,780,002	5,030,000
Less: Impairment loss	(1,950,841)	(1,950,841)
	<hr/> 9,829,161	<hr/> 3,079,159
Outside Malaysia		
At cost		
Unquoted shares	8,997,800	8,997,800
Less: Impairment loss	(434,800)	(434,800)
	<hr/> 8,563,000	<hr/> 8,563,000
	<hr/> 18,392,161	<hr/> 11,642,159

Details of the subsidiary companies are as follows:

Name of company	Country of Incorporation	Equity interest		Principal activities
		2016 %	2015 %	
Mas-Be Travel Services Sdn. Bhd.	Malaysia	100	100	Provision of travel, cargo handling and aviation -related business services
Nagamas Aviation Services Sdn. Bhd.	Malaysia	100	100	Provision of management services for air cargo transportation and travel ticketing business
Nagamas Venture Sdn. Bhd.	Malaysia	100	100	Project management and consultation
Nagamas Bizworks Sdn. Bhd.	Malaysia	100	100	Property development and construction
JKI Construction Sdn. Bhd.	Malaysia	100	100	General contractor of and for all buildings
JKI Development Sdn. Bhd.	Malaysia	100	100	Property development and construction

Notes To The Financial Statements

31 December 2016 (Cont'd)

7. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Country of Incorporation	Equity interest		Principal activities
		2016 %	2015 %	
Nadi Pancar Sdn. Bhd.	Malaysia	100	-	General trading, real property holding and investment
Key Success Development Sdn. Bhd.	Malaysia	100	-	Property development and investment
Nagamas Enterprise (HK) Ltd*	Hong Kong	100	100	Agency for air cargo transportation
Nagamas International (HK) Ltd*	Hong Kong	100	100	Property development and investment

* Subsidiary companies not audited by UHY

(a) Additional investment in subsidiary companies during the financial year

- (i) On 1 September 2016, the Company acquired additional 4,000,000 new ordinary shares of RM1.00 each in JKI Development Sdn. Bhd., a wholly owned subsidiary company of the Company for a total consideration of RM4,000,000.
- (ii) On 14 October 2016, the Company acquired additional 749,998 new ordinary shares of RM1.00 each in JKI Construction Sdn. Bhd., a wholly owned subsidiary company of the Company for a total cash consideration of RM749,998.
- (iii) On 21 December 2016, the Company acquired additional 1,500,000 and 500,000 new ordinary shares of RM1.00 each in Nagamas Bizworks Sdn. Bhd. and Nagamas Venture Sdn. Bhd., wholly-owned subsidiary companies of the Company for a total consideration of RM1,500,000 and RM500,000 respectively.

(b) Acquisition of subsidiary companies during the financial year

- (i) On 9 March 2016, the Company acquired a 100% owned subsidiary company, Key Success Development Sdn. Bhd. ("KSDSB"), with cash subscription of RM2.
- (ii) On 14 July 2016, the Company acquired a 100% owned subsidiary company, Nadi Pancar Sdn. Bhd. ("NPSB"), with cash subscription of RM2.

Net cash outflow arising from acquisition of subsidiary companies

	RM
Purchase consideration settled in cash	4
Cash and cash equivalents acquired	(4)
	-

Notes To The Financial Statements

31 December 2016 (Cont'd)

8. Land and Property Development Costs

	Group	
	2016 RM	2015 RM
As at 1 January		
- freehold land, at cost	22,500,000	-
- development costs	845,073	-
	23,345,073	-
Costs incurred during the financial year:		
- freehold land, at cost	-	22,500,000
- development costs	3,934,336	845,073
	3,934,336	23,345,073
As at 31 December	27,279,409	23,345,073
Comprising:		
- freehold land, at cost	22,500,000	22,500,000
- development costs	4,779,409	845,073
	27,279,409	23,345,073

The freehold land is pledged to licensed banks as security for credit facilities granted to a subsidiary company as disclosed in Note 17.

9. Amount due from/(to) a contract customer

	Group	
	2016 RM	2015 RM
Contract costs incurred to date	25,383,295	7,553,326
Attributable profits	4,513,470	3,186,502
	29,896,765	10,739,828
Less: Progress billings	(29,896,765)	(10,739,828)
	-	-
Presented as:		
Amount due from a contract customer	-	-
Retention sums on contract (included in trade receivables)	823,050	1,070,091

Notes To The Financial Statements

31 December 2016 (Cont'd)

10. Trade Receivables

	Group	
	2016 RM	2015 RM
Trade receivables	7,565,705	7,969,422
Less: Accumulated impairment losses	(292,061)	(292,061)
	7,273,644	7,677,361

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2015: 21 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group	
	2016 RM	2015 RM
At 1 January/31 December	292,061	292,061

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

	Group	
	2016 RM	2015 RM
Neither past due nor impaired	878,888	3,099,902
Past due not impaired:		
Less than 30 days	3,362,243	3,287,851
31 to 60 days	1,446,159	61,870
61 to 90 days	964,610	607,400
More than 90 days	621,744	620,338
	6,394,756	4,577,459
Impaired	7,273,644	7,677,361
	292,061	292,061
	7,565,705	7,969,422

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

As at 31 December 2016, trade receivables of RM6,394,756 (2015: RM4,557,459) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM292,061 (2015: RM292,061) respectively, related to customers that are in financial difficulties, have defaulted on payments and/or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

Notes To The Financial Statements

31 December 2016 (Cont'd)

11. Other Receivables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables	30,398,506	1,549,426	445,162	448,267
Less: Accumulated impairment losses	(465,162)	(20,000)	(445,162)	-
	29,933,344	1,529,426	-	448,267
Deposits	733,299	11,083,053	38,500	38,500
Prepayments	527,990	526,233	21,721	10,797
	31,194,633	13,138,712	60,221	497,564

Included in other receivables are as follows:

	Group	
	2016 RM	2015 RM
Advances paid for a joint venture project	7,200,000	7,200,000
Amount paid of behalf for the joint venture partner (Note 8)		
- Term loan	16,800,000	-
- Term loan interests	776,420	-
	24,776,420	7,200,000

The term loan and term loan interests above are in respect of the Supplementary Joint Venture Development Agreement ("SJVA") entered between a subsidiary company and Fivestar Development (Puchong) Sdn. Bhd. ("JVP") on 5 October 2016.

As per the SJVA, the subsidiary company had obtained a new term loan facility from Malayan Banking Berhad for the purpose of redeeming JVP's existing loan facilities. The new term loan and term loan interests as per above are to be recovered from JVP (Note 8).

Movements in the allowance for impairment losses of other receivables are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At 1 January	20,000	20,000	-	-
Impairment loss recognised	445,162	-	445,162	-
At 31 December	465,162	20,000	445,162	-

Notes To The Financial Statements

31 December 2016 (Cont'd)

12. Amount Due from/(to) Subsidiary Companies

	Company	
	2016 RM	2015 RM
Amount due from subsidiary companies		
Amount due from subsidiary companies	18,137,305	22,777,399
Less: Accumulated impairment losses	(1,333,676)	(839,931)
	<hr/>	<hr/>
	16,803,629	21,937,468
	<hr/>	<hr/>
Amount due to subsidiary companies	(279,422)	(151,104)
	<hr/>	<hr/>

Movements in the allowance for impairment losses are as follows:

	Company	
	2016 RM	2015 RM
At 1 January	839,931	839,931
Impairment losses recognised	493,745	-
	<hr/>	<hr/>
At 31 December	1,333,676	839,931
	<hr/>	<hr/>

These represent unsecured, interest free advances and are repayable on demand.

13. Fixed Deposit with a Licensed Bank

Fixed deposit with a licensed bank amounting to Nil (2015: RM2,057,768) are pledged as security for credit facilities granted to subsidiary companies.

The interest rates of the fixed deposit with a licensed bank of the Group is Nil (2015: 3.15%) per annum and the maturity of the fixed deposit is Nil (2015: 365 days).

Notes To The Financial Statements

31 December 2016 (Cont'd)

14. Share Capital

	Number of shares		Amount	
	2016 Units	2015 Units	2016 RM	2015 RM
Ordinary shares of RM0.25 each				
Authorised				
At 1 January/31 December	400,000,000	400,000,000	100,000,000	100,000,000
Issued and fully paid				
At 1 January/31 December	151,677,519	151,677,519	37,919,380	37,919,380

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

15. Reserves

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Capital reserve	(a)	2,792,663	2,792,663	2,792,663	2,792,663
Warrant reserve	(b)	13,605,640	13,605,640	13,605,640	13,605,640
Foreign currency translation reserve	(c)	6,068,986	5,172,947	-	-
Accumulated losses		(14,788,824)	(11,382,958)	(19,512,201)	(17,640,678)
		7,678,465	10,188,292	(3,113,898)	(1,242,375)

(a) Capital reserve

The capital reserve arose from the completed par value reduction exercise and is not distributable by way of dividends.

(b) Warrant reserve

On 24 December 2014, 75,586,889 units of warrants 2014/2021 were issued for free by the Company to the subscribers of the rights issue of the Company's ordinary shares. The warrants are constituted by a deed poll dated 2 December 2014. The warrants were listed on Bursa Malaysia on 31 December 2014. During the financial year, no share has been issued pursuant to the exercise of the warrants.

Salient features of the warrants are as follows:

- (i) Each warrant entitles the registered holder at any time during the exercise period to subscribe for one (1) new ordinary share of RM0.25 in the Company at the exercise price of RM0.32 per ordinary share.
- (ii) The exercise price and the number of warrants are subject to adjustment in the event of alteration to the share capital by the Company in accordance with the conditions provided in the deed poll.

Notes To The Financial Statements

31 December 2016 (Cont'd)

15. Reserves (Cont'd)

(b) Warrant reserve (Cont'd)

Salient features of the warrants are as follows: (Cont'd)

- (iii) The warrants shall be exercisable at any time within the period commencing on and including the date of issue on 24 December 2014 of the warrants and ending on the date preceding the seventh anniversary of the date of issue of the warrants.
- (iv) Upon exercise of the warrants into new ordinary shares, such shall rank pari passu in all respects with the existing shares of the Company in issue at the time of exercise except that they shall not be entitled to any dividend or other distributions declared in respect of a financial period prior to the financial period in which the warrants are exercised or any interim dividend declared prior to the date of exercise of the warrants.
- (v) At the expiry of the exercise period, any warrants which have not been exercised will lapse and cease to be valid for any purpose.

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

16. Finance Lease Payable

	Group	
	2016 RM	2015 RM
Minimum lease payments:		
Within one year	13,452	-
Later than one year and not later than two years	13,452	-
Later than two years and not later than five years	40,356	-
Later than five year	23,539	-
	90,799	-
Less: Future finance charges	(17,918)	-
Present value of minimum lease payments	72,881	-
Present value of minimum lease payments:		
Within one year	8,837	-
Later than one year and not later than two years	9,447	-
Later than two years and not later than five years	32,443	-
Later than five year	22,154	-
	72,881	-
Analysed as:		
Repayable within twelve months	8,837	-
Repayable after twelve months	64,044	-
	72,881	-

The finance lease payable bears interest rate at 3.65% (2015: Nil) per annum.

Notes To The Financial Statements

31 December 2016 (Cont'd)

17. Bank Borrowings

	Group	
	2016 RM	2015 RM
Secured		
Term loans	32,550,000	15,750,000
Non-current		
Term loans	32,550,000	15,750,000
Analysed as:		
Repayable within twelve months		
Term loans	1,096,218	-
Repayable after twelve months		
Term loans	31,453,782	15,750,000
	32,550,000	15,750,000

- (a) A subsidiary company had entered into a Joint Venture Agreement (“JVA”) on 28 July 2015 with Fivestar Development (Puchong) Sdn. Bhd. (“JVP”) to develop a piece of freehold land owned by JVP into a new mixed development comprising 377 units of service apartments together with facilities, amenities and infrastructure. The total gross development costs of the project is RM147,200,000, inclusive of JVP’s entitlement.

During the financial year, the subsidiary company had signed a Supplementary Joint Venture Development Agreement (“SJVA”) with JVP on 5 October 2016. The SJVA mentioned that the subsidiary company agreed to obtain new banking facilities to redeem JVP’s current term loan facilities.

The subsidiary company had obtained a new term loan facility of RM16,800,000 from Malayan Banking Berhad to redeem JVP’s current loan facilities. The interests will be borne and charged to JVP up to a maximum amount of RM1,250,000.

The term loan is repayable by way of redemption of 33% of selling price of each units of the serviced apartments sold/released/transferred or by way of monthly installments of RM161,521 for 180 months until full settlement, whichever is earlier.

- (b) The facilities are secured by the following:
- (i) 3rd party legal charge over the freehold commercial land held under title HS(D) 298325 PT81833, Mukim Petaling, Daerah Petaling, Negeri Selangor Darul Ehsan (note a);
 - (ii) Corporate guarantee by the Company;
 - (iii) Jointly and several guaranteed by directors of the Company and a subsidiary company; and
 - (iv) Individual guarantee by a director of the Company.
- (c) The term loans bear interests rates ranging from 6.85% to 7.9% (2015:NIL) per annum.

Notes To The Financial Statements

31 December 2016 (Cont'd)

18. Deferred Tax Liabilities

	Group	
	2016 RM	2015 RM
At 1 January	5,172,943	4,695,144
Recognised in profit or loss	382,088	(549,050)
Translation difference	257,901	1,026,849
At 31 December	5,812,932	5,172,943

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deferred tax liabilities	5,844,651	5,189,675	12,810	15,110
Deferred tax assets	(31,719)	(16,732)	(12,810)	(15,110)
	5,812,932	5,172,943	-	-

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

Group	Accelerated capital allowances RM
Deferred tax liabilities	
At 1 January 2016	5,189,675
Recognised in profit or loss	654,976
At 31 December 2016	5,844,651
At 1 January 2015	4,695,144
Recognised in profit or loss	494,531
At 31 December 2015	5,189,675

Notes To The Financial Statements

31 December 2016 (Cont'd)

18. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax assets and liabilities prior to offsetting are as follows (Cont'd):

Company	Accelerated capital allowances RM
Deferred tax liabilities	
At 1 January 2016	15,110
Recognised in profit or loss	(2,300)
	<hr/>
At 31 December 2016	12,810
	<hr/>
At 1 January 2015	-
Recognised in profit or loss	15,110
	<hr/>
At 31 December 2015	15,110
	<hr/>
	Unabsorbed capital allowances RM
Group	
Deferred tax assets	
At 1 January 2016	(16,732)
Recognised in profit or loss	(14,987)
	<hr/>
At 31 December 2016	(31,719)
	<hr/>
At 1 January 2015	-
Recognised in profit or loss	(16,732)
	<hr/>
At 31 December 2015	(16,732)
	<hr/>
Company	
Deferred tax assets	
At 1 January 2016	(15,110)
Recognised in profit or loss	2,300
	<hr/>
At 31 December 2016	(12,810)
	<hr/>
At 1 January 2015	-
Recognised in profit or loss	(15,110)
	<hr/>
At 31 December 2015	(15,110)
	<hr/>

Notes To The Financial Statements

31 December 2016 (Cont'd)

18. Deferred Tax Liabilities (Cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unabsorbed capital allowances	489,360	473,400	63,000	47,800
Unutilised tax losses	6,982,380	4,191,360	3,638,400	2,788,200
	<u>7,471,740</u>	<u>4,664,760</u>	<u>3,701,400</u>	<u>2,836,000</u>

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

19. Trade Payables

Credit terms of trade payables of the Group ranged from 30 to 90 days (2015: 30 to 45 days) depending on the terms of the contracts.

20. Other Payables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other payables	1,413,425	149,280	245,913	93,352
Accruals	434,216	161,537	29,617	39,649
	<u>1,847,641</u>	<u>310,817</u>	<u>275,530</u>	<u>133,001</u>

21. Amount Due to Directors

These represents unsecured, interest free advances and are repayable on demand.

Notes To The Financial Statements

31 December 2016 (Cont'd)

22. Revenue

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Project management and advisory	175,103	716,529	-	-
Construction contracts	17,936,112	10,739,828	-	-
Property management and investment holding	-	-	2,035,000	1,410,000
Rendering of services	25,593	-	-	-
Rental income	98,886	-	-	-
	<u>18,235,694</u>	<u>11,456,357</u>	<u>2,035,000</u>	<u>1,410,000</u>

23. Finance costs

	Group	
	2016 RM	2015 RM
Interest expense on:		
Finance lease payables	1,244	-
	<u>1,244</u>	<u>-</u>

24. Loss before tax

Loss before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Auditors' remuneration				
- Statutory audit				
- Current year provision	92,262	88,756	23,000	25,500
- (Over)/Under provision in prior year	(4,500)	20,247	(3,500)	18,481
- Non-audit services	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	30,839	14,102	15,767	13,252
	<u>123,599</u>	<u>128,105</u>	<u>40,267</u>	<u>62,233</u>

Notes To The Financial Statements

31 December 2016 (Cont'd)

24. Loss before tax (Cont'd)

Loss before tax is determined after charging/(crediting) amongst other, the following items (Cont'd):

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Fair value adjustment on investment properties	(764,176)	1,099,901	-	-
Impairment losses on				
- Amounts due from subsidiary companies	-	-	493,745	-
- Other receivables	445,162	-	445,162	-
Interest income	(23,851)	(292,400)	(22,090)	(292,400)
Non-executive Directors' remuneration				
- Fees	125,000	86,000	125,000	86,000
- Other emoluments	6,000	9,000	6,000	9,000
Rental income	(98,886)	(7,063)	-	-
Rental of premises	244,400	189,563	180,000	185,132
Waiver of liability	-	(526,117)	-	(526,117)

25. Taxation

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Tax expenses recognised in profit or loss				
Deferred tax (Note 18)				
Origination and reversal of temporary differences	382,873	(549,950)	-	-
Over provision in prior year	(785)	-	-	-
	382,088	(549,950)	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

Notes To The Financial Statements

31 December 2016 (Cont'd)

25. Taxation (Cont'd)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Loss before tax	(3,023,778)	(1,204,664)	(1,871,523)	(795,348)
At Malaysian statutory tax rate of 24% (2015: 25%)	(725,707)	(301,200)	(449,166)	(198,800)
Effects of different tax rates in other jurisdictions	(164,343)	(171,575)	-	-
	(890,050)	(472,775)	(449,166)	(198,800)
Expenses not deductible for tax purposes	216,153	444,700	241,460	154,200
Fair value adjustment on investment properties	382,088	(274,975)	-	-
Deferred tax assets not recognised during the financial year	768,837	80,900	207,706	44,600
Overprovision of deferred tax in prior years	(785)	-	-	-
Utilisation of previously unrecognised tax losses	(94,155)	-	-	-
Utilisation of previously unrecognised deferred tax assets	-	(327,800)	-	-
	382,088	(549,950)	-	-

The Group and the Company have the following estimated unused tax losses and unabsorbed capital allowances available to carry forward to offset against future taxable profit. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unutilised tax losses	7,009,840	4,617,900	3,638,360	2,788,200
Unabsorbed capital allowances	594,580	114,980	116,420	110,700
	7,604,420	4,732,880	3,754,780	2,898,900

Notes To The Financial Statements

31 December 2016 (Cont'd)

26. Loss Per Share

(a) Basic loss per share

The basic loss per share are calculated based on the consolidated loss for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2016 RM	2015 RM
Loss attributable to owners of the parent	(3,405,866)	(654,714)
Weighted average number of ordinary shares in issue	151,677,519	151,677,519
Basic loss per shares (in sen)	(2.25)	(0.43)

(b) Diluted loss per share

Diluted loss per share are calculated based on the consolidated loss for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2016 RM	2015 RM
Loss attributable to owners of the parent	(3,405,866)	(654,714)
Weighted average number of ordinary shares in issue:	151,677,519	151,677,519
Effect of potential exercise of warrants	75,586,889	75,586,889
Weighted average number of ordinary shares at 31 December	227,264,408	227,264,408
Diluted loss per ordinary shares (in sen)	(1.50)	(0.29)

27. Staff costs

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries and other emoluments	2,105,438	1,476,624	1,680,327	1,476,624
Social security contribution	12,396	6,473	9,620	6,473
Defined contribution plan	222,022	94,545	178,650	94,545
Other employee benefits	253,388	10,050	232,785	10,050
	2,593,244	1,587,692	2,101,382	1,587,692

Notes To The Financial Statements

31 December 2016 (Cont'd)

27. Staff costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Executive Directors				
<u>Existing Directors of the Company</u>				
Salaries and other emoluments	830,000	830,923	700,000	830,923
Social contribution plan	3,314	1,240	2,762	1,240
Defined contribution plan	46,800	41,544	39,600	41,544
	880,114	873,707	742,362	873,707

28. Related Party Disclosures

(a) Identifying related parties

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

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

Notes To The Financial Statements

31 December 2016 (Cont'd)

28. Related Party Disclosures (Cont'd)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 12 and 21 to the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Transactions with subsidiary companies				
- Management fees income	-	-	2,035,000	1,410,000
Transactions with companies in which the Directors of the Company have substantial financial interest				
- Project management services income	175,103	716,529	-	-
- Construction revenue	17,936,112	10,739,828	-	-

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries and other emoluments	833,314	832,163	702,762	832,163
Fees	125,000	86,000	125,000	86,000
Defined contribution plan	46,800	41,544	39,600	41,544
	1,005,114	959,707	867,362	959,707

Notes To The Financial Statements

31 December 2016 (Cont'd)

29. Segment Information

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

Property development and construction	Develop and provides construction services for residential, industrial and commercial property
Project management and advisory	Provides project management services for residential, industrial and commercial property development
Property management and investment holding	Provision of management, marketing and consultancy services

The Group Executive Committee assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Group financing (including finance costs) and income tax are managed on a group basis and are not allocated to operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Notes To The Financial Statements

31 December 2016 (Cont'd)

29. Segment Information (Cont'd)

Group	Project management and advisory RM	Property development and construction RM	Property management and investment holding RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
2016						
Revenue						
External customers	200,696	17,936,112	98,886	18,235,694	-	18,235,694
Inter-segment	-	832,916	2,035,000	2,867,916	(2,867,916)	-
Total revenue	200,696	18,769,028	2,133,886	21,103,610	(2,867,916)	18,235,694
Results						
Interest income	-	-	22,090	22,090	-	22,090
Fair value gain on investment property	-	-	764,176	764,176	-	764,176
Loss before tax	(133,135)	(1,227,548)	(1,304,957)	(2,665,640)	(358,138)	(3,023,778)
Taxation	-	-	(382,088)	(382,088)	-	(382,088)
Segment profit	(133,135)	(1,227,548)	(1,687,045)	(3,047,728)	(358,138)	(3,405,866)
Segment assets						
Capital expenditure	-	27,279,409	-	27,279,409	-	27,279,409
Segment assets	115,110	39,614,616	28,005,404	67,735,130	-	67,735,130
Total assets	115,110	66,894,025	28,005,404	95,014,539	-	95,014,539

Notes To The Financial Statements

31 December 2016 (Cont'd)

29. Segment Information (Cont'd)

Group	Project management and advisory RM	Property development and construction RM	Property management and investment holding RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
2016						
Liabilities						
Segment liabilities	81,334	43,429,791	5,905,569	49,416,694	-	49,416,694
Other non-cash item						
Depreciation of property, plant and equipment	-	-	(30,839)	(30,839)	-	(30,839)

Notes To The Financial Statements

31 December 2016 (Cont'd)

29. Segment Information (Cont'd)

Group	Project management and advisory RM	Property development and construction RM	Property management and investment holding RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
2015						
Revenue						
External customers	716,529	10,739,828	-	11,456,357	-	11,456,357
Inter-segment	-	-	1,410,000	1,410,000	(1,410,000)	-
Total revenue	716,529	10,739,828	1,410,000	12,866,357	(1,410,000)	11,456,357
Results						
Interest income	-	-	292,400	292,400	-	292,400
Fair value gain on investment property	-	-	(1,099,901)	(1,099,901)	-	(1,099,901)
Profit before tax	10,873	1,749,902	(1,965,439)	(204,664)	(1,000,000)	(1,204,664)
Taxation	-	-	549,950	549,950	-	549,950
Segment profit	10,873	1,749,902	(1,415,489)	345,286	(1,000,000)	(654,714)
Assets						
Capital expenditure	-	23,345,073	-	23,345,073	-	23,345,073
Segment assets	784,793	20,527,238	29,565,208	50,877,239	-	50,877,239
Total assets	784,793	43,872,311	29,565,208	74,222,312	-	74,222,312

Notes To The Financial Statements

31 December 2016 (Cont'd)

29. Segment Information (Cont'd)

Group	Project management and advisory RM	Property development and construction RM	Property management and investment holding RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
2015						
Liabilities						
Segment liabilities	307,465	20,423,661	5,383,514	26,114,640	-	26,114,640
Other non-cash items						
Depreciation of property, plant and equipment	-	-	(14,102)	(14,102)	-	(14,102)
Waiver of liability	-	-	526,117	526,117	-	526,117

Geographic information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follow:

	Revenue 2016 RM	Revenue 2015 RM	Non-current assets 2016 RM	Non-current assets 2015 RM
Malaysia	18,235,694	11,456,357	224,415	71,539
People's Republic of China	-	-	28,092,297	26,123,727
	18,235,694	11,456,357	28,316,712	26,195,266

Notes To The Financial Statements

31 December 2016 (Cont'd)

30. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
2016			
Financial Assets			
Trade receivables	7,273,644	-	7,273,644
Other receivables	30,666,643	-	30,666,643
Cash and bank balances	657,641	-	657,641
	38,597,928	-	38,597,928
Financial liabilities			
Bank borrowings	-	32,550,000	32,550,000
Finance lease payables	-	72,881	72,881
Trade payables	-	9,130,125	9,130,125
Other payables	-	1,847,641	1,817,198
Amount due to Directors	-	3,115	3,115
	-	43,603,762	43,573,319
2015			
Financial Assets			
Trade receivables	7,677,361	-	7,677,361
Other receivables	12,612,479	-	12,612,479
Fixed deposit with a licensed bank	2,057,768	-	2,057,768
Cash and bank balances	1,808,132	-	1,808,132
	24,155,740	-	24,155,740
Financial liabilities			
Bank borrowings	-	15,750,000	15,750,000
Trade payables	-	4,880,880	4,880,880
Other payables	-	310,817	310,817
	-	20,941,697	20,941,697

Notes To The Financial Statements

31 December 2016 (Cont'd)

30. Financial Instruments (Cont'd)

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

Company	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
2016			
Financial Assets			
Other receivables	38,500	-	38,500
Amount due from subsidiary companies	16,803,629	-	16,803,629
Cash and bank balances	50,653	-	50,653
	16,892,782	-	16,892,782
Financial liabilities			
Other payables	-	275,530	275,530
Amount due to Directors	-	3,115	3,115
Amount due to a subsidiary company	-	279,422	279,422
	-	558,067	558,067
2015			
Financial Assets			
Other receivables	486,767	-	486,767
Amount due from subsidiary companies	21,937,468	-	21,937,468
Fixed deposit with a licensed bank	2,057,768	-	2,057,768
Cash and bank balances	763,208	-	763,208
	25,245,211	-	25,245,211
Financial liabilities			
Other payables	-	133,001	133,001
Amount due to a subsidiary company	-	151,104	151,104
	-	284,105	284,105

Notes To The Financial Statements

31 December 2016 (Cont'd)

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

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

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and non-financial institutions for banking facilities. The Company's maximum exposure in this respect is RM32,550,000 (2015: RM15,750,000), representing the outstanding banking facilities as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for loans to its subsidiary companies where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

Notes To The Financial Statements

31 December 2016 (Cont'd)

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

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

Group	On demand or within 1 years RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
2016						
<u>Non-derivative</u>						
<u>Financial liabilities</u>						
Trade payables	9,130,125	-	-	-	9,130,125	9,130,125
Other payables	1,847,641	-	-	-	1,847,641	1,847,641
Finance lease payables	13,452	13,452	40,356	23,539	90,799	72,881
Bank borrowings	2,827,320	12,438,252	11,095,393	19,693,055	46,054,020	32,550,000
Amount due to Directors	3,115	-	-	-	3,115	3,115
	13,821,653	12,451,704	11,135,749	19,716,594	57,125,700	43,603,762
2015						
<u>Non-derivative</u>						
<u>Financial liabilities</u>						
Trade payables	4,880,880	-	-	-	4,880,880	4,880,880
Other payables	310,817	-	-	-	310,817	310,817
Bank borrowing	-	2,879,734	13,724,375	-	16,604,109	15,750,000
	5,191,697	2,879,734	13,724,375	-	21,795,806	20,941,697

Notes To The Financial Statements

31 December 2016 (Cont'd)

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 years RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company						
2016						
<u>Non-derivative</u>						
<u>Financial liabilities</u>						
Other payables	275,530	-	-	-	275,530	275,530
Amount due to Directors	3,115	-	-	-	3,115	3,115
Amount due to subsidiary companies	279,422	-	-	-	279,422	279,422
	558,067	-	-	-	558,067	558,067
2015						
<u>Non-derivative</u>						
<u>Financial liabilities</u>						
Other payables	133,001	-	-	-	133,001	133,001
Amount due to a subsidiary company	151,104	-	-	-	151,104	151,104
	284,105	-	-	-	284,105	284,105

Notes To The Financial Statements

31 December 2016 (Cont'd)

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

a) Foreign currency risk

The Group's exposure to foreign currency risk is minimal.

b) Interest rate risks

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Fixed rate instrument				
Fixed deposits with a licensed bank	-	2,057,768	-	2,057,768
Floating rate instrument				
Term loans	32,550,000	15,750,000	-	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Notes To The Financial Statements

31 December 2016 (Cont'd)

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

b) Interest rate risks (Cont'd)

Interest rate risk sensitivity analysis (Cont'd)

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/ (decreased) the Group' profit before tax by RM325,500 (2015: RM157,500) respectively, arising mainly as a result of lower/ higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value	
	Level 2	Carrying amount
	RM	RM
Group		
2016		
Financial liability		
Finance lease payables	75,702	72,881
Bank borrowings	32,550,000	32,550,000
2015		
Financial liability		
Bank borrowings	15,750,000	15,750,000

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Notes To The Financial Statements

31 December 2016 (Cont'd)

30. Financial Instruments (Cont'd)

(c) Fair value of financial instruments (Cont'd)

(iii) Level 2 fair value

Level 2 fair value is estimated using 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).

Non-derivative financial instruments

Fair value, 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.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

31. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group	
	2016	2015
	RM	RM
Total loans and borrowings	32,550,000	15,750,000
Less: Cash and cash equivalents	(657,641)	(3,865,900)
Net debts	31,892,359	11,884,100
Total equity	45,597,845	48,107,672
Gearing ratio	0.70	0.25

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

32. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 11 April 2017.

Notes To The Financial Statements

31 December 2016 (Cont'd)

33. Supplementary information on the disclosure of realised and unrealised profits or losses

The following analysis of realised and unrealised accumulated losses of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total accumulated losses of the Company and its subsidiary companies				
- realised	(23,570,073)	(19,270,258)	(8,699,224)	(6,827,701)
- unrealised	5,246,257	4,864,169	(10,812,977)	(10,812,977)
	(18,323,816)	(14,406,089)	(19,512,201)	(17,640,678)
Less: Consolidation adjustments	3,534,992	3,023,131	-	-
Total accumulated losses	(14,788,824)	(11,382,958)	(19,512,201)	(17,640,678)

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

List Of Properties

Properties of the Group as at 31 December 2016

Location	Description, Built-Up Area & Usage	Age of Building	Tenure	Net Book Value (RM)	Date of Revaluation (Acquisition Date)
Unit No. 3, 4, 5 & 6 on Level 1 and Unit No. 2, 3, 4, 5, 6 & 7 on Level 2 of Block 1 (Long Xian Ge) and Unit No. 2 & 3 on Level 1 and Unit No. 3 & 4 on Level 2 of Block 2 (Long He Ge), Dragon Mall, Danshui, Bai Yun 2 nd Road, Huiyang District, Huizhou City, Guangdong Province, the People's Republic of China	The properties comprise 14 shops in two buildings completed in 2010 The properties have a total gross floor area of approximately 1,467.39 m ² The properties are partial rented	5 years	The land use rights were granted for a term of 70 years commencing from 1 December 2004 until 1 December 2074 for commercial and residential uses	28,092,297	26 December 2016/ 29 December 2009
H.S. (D) 153315 to 153407 PT No. 71831 to 71923 Mukim Kajang, Daerah Ulu Langat, Negeri Selangor	Proposed residential development known as Bayu Heights 2	N/A	Freehold	22,500,000	6 April 2015

Analysis Of Shareholdings

As At 24 March 2017

SHARE CAPITAL

Total Number of Issued Shares	:	151,677,519
Issued Share Capital	:	RM37,919,379.75
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 24 MARCH 2017

Size of Holdings	Number of shareholders	% of shareholders	Number of Shares	% of Shares
1 - 99	84	3.488	3,303	0.002
100 - 1,000	1,207	50.124	653,471	0.430
1,001 - 10,000	650	26.993	2,754,841	1.816
10,001 - 100,000	352	14.617	12,785,625	8.429
100,001 to less than 5% of issued shares	113	4.692	104,437,829	68.855
5% and above of issued shares	2	0.083	31,042,450	20.466
Total	2,408	100.00	151,677,519	100.00

SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE) AS AT 24 MARCH 2017

(As per Register of Substantial Shareholders)

Name	No. of Shares held		No. of Shares held	
	Direct	%	Indirect	%
FS Motorsports Sdn. Bhd.	16,882,450	11.13	-	-
Foong Kah Heng	7,530,000	4.96	16,882,450 [#]	11.13 [#]
Dato' Ir Lim Siang Chai	15,160,000	9.995	7,579,400 [@]	4.997 [@]

Notes:-

[#] Deemed interest through FS Motorsports Sdn. Bhd. by virtue of Section 8 of the Companies Act, 2016.

[@] Deemed interest through Advance Information Marketing Berhad by virtue of Section 8 of the Companies Act, 2016.

DIRECTORS' INTERESTS IN SHARES AS AT 24 MARCH 2017

(As per Register of Directors' Shareholdings)

Name	No. of Shares held		No. of Shares held	
	Direct	%	Indirect	%
Dato' Ir Lim Siang Chai	15,160,000	9.995	7,579,400 [@]	4.997 [@]
Foong Kah Heng	7,530,000	4.96	16,882,450 [#]	11.13 [#]
Lee Leong Kui	-	-	-	-
Fathi Ridzuan Bin Ahmad Fauzi	-	-	-	-
Kamil Bin Abdul Rahman	-	-	-	-
Chan Fook Mun	-	-	-	-

Remark:-

[#] Deemed interest through FS Motorsports Sdn. Bhd. by virtue of Section 8 of the Companies Act, 2016.

[@] Deemed interest through Advance Information Marketing Berhad by virtue of Section 8 of the Companies Act, 2016.

Analysis Of Shareholdings

As At 24 March 2017 (Cont'd)

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (According to the Record of Depository As At 24 March 2017)

No.	Name of Shareholders	No. of Shares	%
1	FS MOTORSPORTS SDN. BHD.	16,882,450	11.130
2	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM SIANG CHAI (MARGIN)	14,160,000	9.335
3	ADVANCE INFORMATION MARKETING BERHAD	7,579,400	4.997
4	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR FOONG KAH HENG (001)	7,530,000	4.964
5	CHAN SIUT HAR	7,050,000	4.648
6	YIP KUM FOOK	6,574,500	4.334
7	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHUAH LEE HONG (CEB)	5,602,500	3.693
8	KOH WEE HOW	5,240,000	3.454
9	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHUA LEE HUAT (CEB)	4,537,800	2.991
10	GERBANG MODEN SDN. BHD.	3,490,000	2.300
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG SWEE PEI (6000078)	3,439,800	2.267
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE SUE WEN (6000052)	2,812,500	1.854
13	LIM LEE TOOK	2,737,500	1.804
14	TENG BEE LING	2,181,100	1.437
15	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR SHAM CHEW FOONG (MY0398)	2,131,000	1.404
16	TEOW CHEE CHOW	1,797,500	1.185
17	SU KIM DING	1,697,400	1.119
18	ANG HUAT KEAT	1,678,900	1.106
19	WONG THIEW WAH	1,579,900	1.041
20	M & A NOMINEE (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW (M&A)	1,550,000	1.021
21	CHUA LEE YONG @ BETTY CHUA	1,520,000	1.002
22	LAI MING CHUN @ LAI POH LIN	1,500,000	0.988
23	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN PENG LAM	1,413,400	0.931

Analysis Of Shareholdings

As At 24 March 2017 (Cont'd)

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (According to the Record of Depository As At 24 March 2017) (Cont'd)

No.	Name of Shareholders	No. of Shares	%
24	WONG THIEW WAH	1,200,000	0.791
25	WONG KICHIN	1,175,000	0.774
26	SHAM CHEW FOONG	1,160,000	0.764
27	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR LIM SIANG CHAI	1,000,000	0.659
28	TAN BAN LEONG	1,000,000	0.659
29	SHARIFAH ASIAH BINTI SYED AZIZ BAFTIM	910,050	0.599
30	CHUA HEE HOEY	885,000	0.583
Total		112,015,700	73.851

ANALYSIS OF WARRANTS HOLDINGS AS AT 24 MARCH 2017

Issued Size : 75,586,889 detachable warrants issued pursuant to the Rights Issue with Warrants

Number of Warrants Holders : 442

DISTRIBUTION OF WARRANTS HOLDINGS AS AT 24 MARCH 2017

Size of Holding Warrants	Number of Holders	% of Warrants Holders	Number of Warrants	% of Warrants
1 – 99	10	2.262	516	0.000
100 - 1,000	49	1.085	30,034	0.039
1,001 - 10,000	151	34.162	588,926	0.779
10,001 - 100,000	156	35.294	7,120,314	9.420
100,001 - Less than 5% of Issued Warrants	73	16.515	50,161,362	66.362
5% and above of Issued Warrants	3	0.678	17,685,737	23.397
Total	442	100.00	75,586,889	100.00

Analysis Of Shareholdings

As At 24 March 2017 (Cont'd)

DIRECTORS' INTERESTS IN WARRANTS AS AT 24 MARCH 2017

No.	Name of Director	No. of Warrants held		No. of Warrants held	
		Direct	%	Indirect	%
1	Dato' Ir Lim Siang Chai	2,750,000	3.64	-	-
2	Foong Kah Heng	3,765,000	4.98	9,661,837*	12.78*
3	Lee Leong Kui	-	-	-	-
4	Kamil Bin Abdul Rahman	-	-	-	-
5	Fathi Ridzuan Bin Ahmad Fauzi	-	-	-	-
6	Chan Fook Mun	-	-	-	-

* Deemed interest through FS Motorsports Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.

LIST OF TOP 30 LARGEST WARRANTS HOLDERS AS AT 24 MARCH 2017 (According to the Record of Depository As At 24 March 2017)

No.	Name of Warrants Holders	No. of Warrants Held	%
1	FS MOTORSPORTS SDN. BHD.	9,661,837	12.782
2	GERBANG MODEN SDN. BHD.	4,040,000	5.344
3	WONG THIEW WAH	3,983,900	5.270
4	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR FOONG KAH HENG (001)	3,765,000	4.981
5	CHAN SIUT HAR	3,525,000	4.663
6	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHUAH LEE HONG (CEB)	2,801,250	3.705
7	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM SIANG CHAI (MARGIN)	2,750,000	3.638
8	PANG KIM LOON	2,653,000	3.509
9	KOH WEE HOW	2,640,000	3.492
10	LEE BOON KOON	2,426,200	3.209
11	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHUA LEE HUAT (CEB)	2,268,900	3.001
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG SWEE PEI (6000078)	1,719,900	2.275
13	HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHANG AI LING (CCTS)	1,506,000	1.992
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE SUE WEN (6000052)	1,406,250	1.860
15	LIM KENG JIN	1,356,600	1.794

Analysis Of Shareholdings

As At 24 March 2017 (Cont'd)

LIST OF TOP 30 LARGEST WARRANTS HOLDERS AS AT 24 MARCH 2017 (According to the Record of Depository As At 24 March 2017) (Cont'd)

No.	Name of Warrants Holders	No. of Warrants Held	%
16	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR SHAM CHEW FOONG (MY0398)	1,113,000	1.472
17	SU KIM DING	1,001,000	1.324
18	NG WEEI KEONG	1,000,000	1.322
19	LAI MING CHUN @ LAI POH LIN	750,000	0.992
20	SAW GUAT NGOH	710,000	0.939
21	YOW CHIT WAI	700,000	0.926
22	KWOK TONG LENG	630,000	0.833
23	GAN KIAN SEN	598,000	0.791
24	SHAM CHEW FOONG	565,000	0.747
25	PE TIN FAT	550,000	0.727
26	KAN WING HOONG	530,300	0.701
27	NG CHUA BEE	500,000	0.661
28	POON BOON GUAN	500,000	0.661
29	LIM KIAN CHAI	498,000	0.658
30	LOW YEN CHIH	489,100	0.647
	Total	56,638,237	74.931

Notice Of Thirty-Third Annual General Meeting

JIANKUN INTERNATIONAL BERHAD (111365-U) (Incorporated in Malaysia)

NOTICE OF THIRTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Third (33rd) Annual General Meeting (“AGM”) of Jiankun International Berhad (“the Company”) will be held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 15 May 2017 at 11.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon. *Please refer to Explanatory Note 1*
2. To approve the payment of Directors’ fees of RM125,000 to the directors of the Company for the financial year ended 31 December 2016. *Resolution 1*
3. To approve the payment of Directors’ fees and other benefits payable of up to RM160,000 to the directors of the Company for the financial year ending 31 December 2017. *Resolution 2*
4. To re-elect the following Director who retire pursuant to Article 88 of the Company’s Articles of Association and being eligible, have offered themselves for re-election:-
 - i) Fathi Ridzuan Bin Ahmad Fauzi *Resolution 3*
 - ii) Lee Leong Kui *Resolution 4*
5. To re-appoint Messrs. UHY as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. *Resolution 5*

6. AS SPECIAL BUSINESS

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

ORDINARY RESOLUTION

AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016

Resolution 6

THAT subject always to the Companies Act, 2016 (“the Act”), the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other governmental / regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to Section 75 of the Act, to allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

7. To transact any other ordinary business for which due notice have been given.

Notice Of Thirty-Third Annual General Meeting (Cont'd)

BY ORDER OF THE BOARD

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

Kuala Lumpur
 Dated: 19 April 2017

Explanatory Notes to Ordinary and Special Business:-

1. Item 1 of the Agenda

The Agenda No. 1 is meant for discussion only as Section 340(1) (a) of the Companies Act, 2016 provide that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. Authority To Allot Shares Pursuant To Section 75 of the Companies Act, 2016

The Proposed adoption of the Ordinary Resolution, if passed, will empower the Directors of the Company to issue and allot new shares at any time to such persons, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the nominal value of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total issued share capital of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate 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 project(s) working capital and/or acquisitions.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the Third-Second (32nd) Annual General Meeting held on 23 May 2016 and which will lapse at the conclusion of the Third-Third (33rd) Annual General Meeting.

Notes:

1. *In respect of deposited securities, only members whose names appear in the record of depositors on 04 May 2017 shall be eligible to attend the meeting.*
2. *A proxy may but need not be a shareholder of the Company and a shareholder may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the shareholder to speak at the Meeting.*
3. *A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Share Registrar of the Company, Share Registrar's Customer Service Centre Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding this meeting or any adjournment thereof.*

Notice Of Thirty-Third Annual General Meeting (Cont'd)

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Further details of Directors who are standing for re-appointment and re-election as Directors

The profiles of the Directors who are standing for re-appointment and re-election at the Thirty-Third (33rd) Annual General Meeting are set out in the Board of Directors' Profile on pages 13 to 14 of the Annual Report.

No individual other than the retiring Directors are seeking appointment and election as a Director at the Thirty-Third (33rd) Annual General Meeting.

JIANKUN INTERNATIONAL BERHAD (111365-U)
(Incorporated in Malaysia)

FORM OF PROXY

I/We, _____ NRIC/Company No. _____

of _____
(Full address)

) being a member(s) of JIANKUN INTERNATIONAL BERHAD hereby appoint (Proxy 1) _____
_____ (*NRIC No./Passport No. _____) of
_____ and* failing him/her * (Proxy 2)
_____ (*NRIC No./Passport No. _____)

of _____ and* failing him/her *, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Third (33rd) Annual General Meeting of the Company to be held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 15 May 2017 at 11.00 a.m. and at any adjournment thereof.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:

First Proxy (1) _____ %
Second Proxy (2) _____ %

My/Our proxy is to vote as indicated below:-

Resolutions	Ordinary Resolutions	*For	*Against
1	To approve the payment of Directors' Fees for the financial year ended 31 December 2016.		
2	To approve the payment of Directors' fees and other benefits payable for the financial year ending 31 December 2017.		
3	To re-elect Mr Fathi Ridzuan Bin Ahmad Fauzi who is retiring pursuant to Article 88 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
4	To re-elect Mr Lee Leong Kui who is retiring pursuant to Article 88 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
5	To re-appoint Messrs. UHY as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.		
6	As Special Business To approve the authority to allot shares pursuant to Section 75 of the Companies Act, 2016		

Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If no specific instruction is given on the voting, the proxy/proxies will vote or abstain from voting on the resolution at his/her discretion.

Dated this _____ day of _____ 2017

No. of Shares held	
CDS Account No.	
Tel No. (during office hours)	

Signature of shareholder(s)
or Common Seal

Notes

- In respect of deposited securities, only members whose names appear in the record of depositors on 04 May 2017 shall be eligible to attend the meeting.
- A proxy may but need not be a shareholder of the Company and a shareholder may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the shareholder to speak at the Meeting.
- A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Share Registrar of the Company, Share Registrar's Customer Service Centre Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding this meeting or any adjournment thereof.



**Tricor Investor Services Sdn Bhd
The Share Registrar of
JANKUN INTERNATIONAL BERHAD (111365-U)
Share Registrar's Customer Service Centre
Unit G-3, Ground Floor, Vertical Podium, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur**

JIANKUN INTERNATIONAL BERHAD (111365-U)

No. 39, Jalan 5/62A, Bandar Menjalara, 52200 Kuala Lumpur
Telephone : 03-62638869 Facsimile : 03-62625889

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