

ANNUAL REPORT 2011



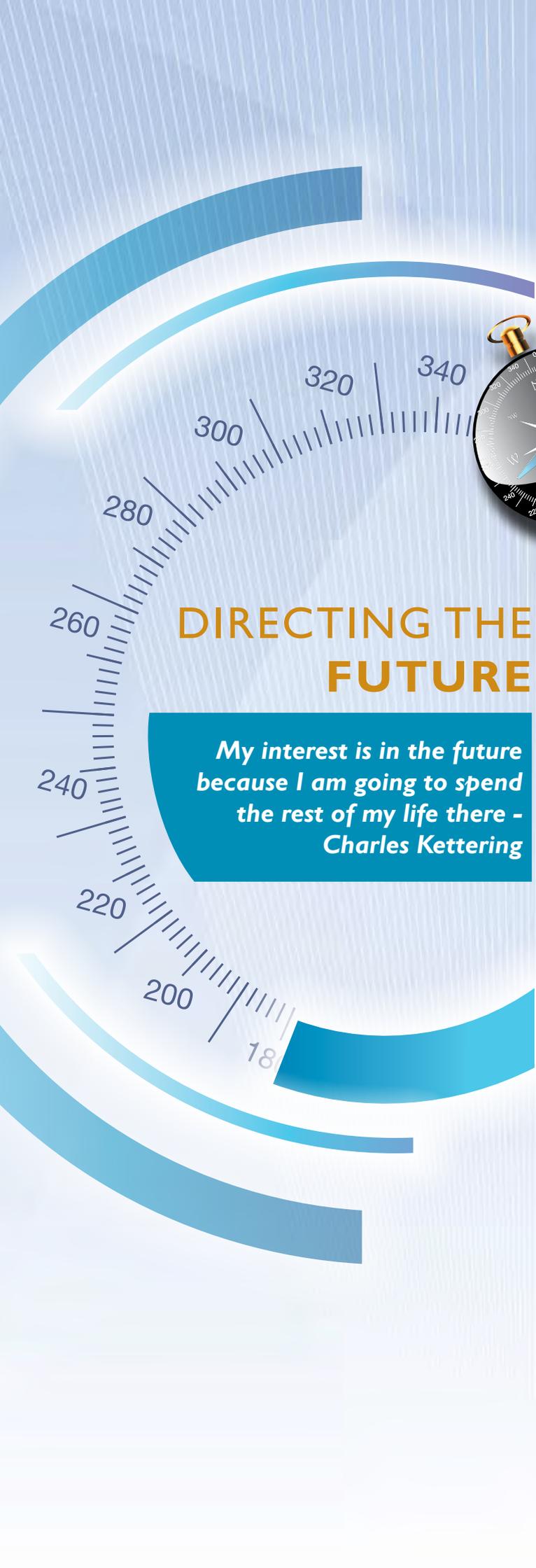
PRINSIPTEK

PRINSIPTEK CORPORATION BERHAD

(595000-H)



DIRECTING THE FUTURE



DIRECTING THE FUTURE

My interest is in the future because I am going to spend the rest of my life there - Charles Kettering



Compass was invented in the 3rd century and introduced to the world of navigation thereafter. By the use of this noble instrument, the whole world has become one vast commonwealth, and mankind are civilised and enlightened.

Prinsiptek Corporation Berhad carries the spirit of the compass and being treated as a bearing point to direct the stakeholders:

- **Shareholders**
To provide a satisfactory level of return on investment.
- **Customers and Clients**
To developed dream properties with value added services.
- **Suppliers**
To be an exemplary business partners.
- **Public and Society**
To carry out excellent Corporate Social Responsibilities that affects the communities positively.
- **Employees**
By creating a caring working environment and nurturing groups of talented people but also to provide a brighter future for everyone.

As the wind shall blow, our Fates, Fortunes, Goals, Mission, Vision and Values shall be fetched and sealed together with Prinsiptek Corporation Berhad and directing us to the right paths.

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OUR VISION

Prinsiptek is a highly value added global builder; professionally crystallizing your dreams & needs

OUR MISSION

Delivering innovative and cost effective concepts & solutions that are beyond expectations

OUR VALUES

RESPECT

Always treat others as ourselves with dignity, tolerance and understanding

PASSION

to succeed with a sense of urgency in achieving the goal

CARING

Understanding for the needs and feelings of people

PROFESSIONAL

Delivering our services to client and customers with professionalism, integrity and responsibility



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Prinsiptek Corporation Berhad (“PCB”), it is my pleasure and privilege to present the Annual Report and Audited Financial Statements of PCB and its group of companies (“the Group”) for the financial year ended 31st December 2011 (“FY2011”).



**Y Bhg Tan Sri Dato'
Seri Mohamad Noor
Abdul Rahim**
Chairman

CHAIRMAN'S STATEMENT (con't)

FINANCIAL PERFORMANCE

I am pleased to report that the Group registered a total revenue of RM181.85 million for the financial year ended 31st December 2011 ("FY2011") as compared to RM195.25 million in the preceding financial year.

Although there was a slight decrease of revenue by 6.9%, the profit of the Group has increased by 28% to RM2.91 million from RM2.27 million for the FYE 2011. The higher profit margin was due to the contribution from the higher profit margin projects recognized during the year.

OUTLOOK AND PROSPECT

The year of 2011 has seen a modest growth for Malaysia economy with the Gross Domestic Product ("GDP") growth rate of 5.1%. With the on-going debt crisis in Europe and United States of America, the Malaysian economy has once again proven to be resilient to withstand the challenges, amongst others, exports market, currency exchange, prices of building materials and other commodities.

In view of the strong economic fundamental, our government has projected a steady economic growth in year 2012 and

the growth would be largely domestic driven especially the private sector expenditure is expected to play a significant role in driving the economic expansion.

The construction sector is expected to grow at a stronger pace due to the large allocation of RM29.8 billion under the year 2012 Budget for the infrastructure and development projects. Coupled with the continuing effort by the government to implement the affordable housing scheme nationwide under the 10th Malaysia Plan, Rural Road Programme and the Economic Transformation Programme, we strongly believe that the construction sector will be one of the key drivers.

As at 31st December 2011, the Group recorded a total of RM542.66 million of unbilled construction order book. The Group remains committed and focused in its core business. The Group is also confident in securing some potential construction projects in the coming future.

The Group is also optimistic that the property development sector will continue to be robust as the demand of properties in Klang Valey, Penang and Johor will remain high in the coming year.



CHAIRMAN'S STATEMENT (con't)



Our landmark project, the highly acclaimed VUE Residence, with a 360 degree skyline rooftop view, is expected to create the right aspiration and interest of property connoisseurs.

The Group is placing more emphasis towards the current demand for the "Gated and Guarded" concept with our current project in Bandar Baru Bangi, Selangor " the Wirani 8" and are in the midst of launching in Sri Gombak, Selangor, a high-end semi-detached and bungalow development on a hill park.

The Group has also entered into the crossed borders development by starting a RM90 million mixed development projects in Ayutthaya, Thailand. As at 31st December 2011, the Group's future Property Development projects in Malaysia and overseas market are worth approximately RM600 million.

APPRECIATION

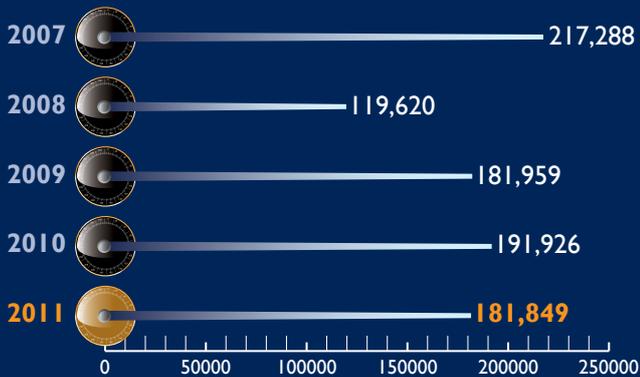
On behalf of the Board of Directors, I would like to record our appreciation to all management and staff for their sacrifices over the years, as well as their dedication and loyalty. Special thanks go to our shareholders, clients, bankers, customers and suppliers for their unwavering support to the Group. Last, but not least, my sincere appreciation goes to my fellow board members for their invaluable contributions, advice and guidance throughout the year.

Tan Sri Dato' Seri Mohamad Noor Abdul Rahim
Chairman

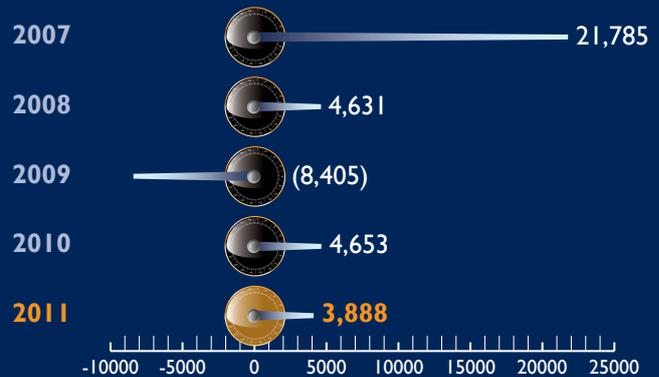


FIVE-YEARS FINANCIAL HIGHLIGHTS

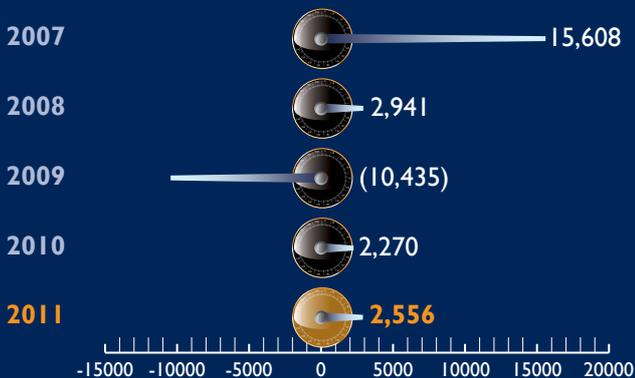
REVENUE (RM '000)



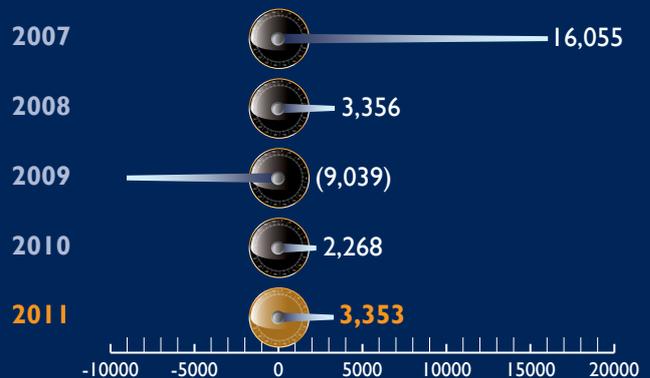
PROFIT/LOSS BEFORE TAXATION (RM '000)



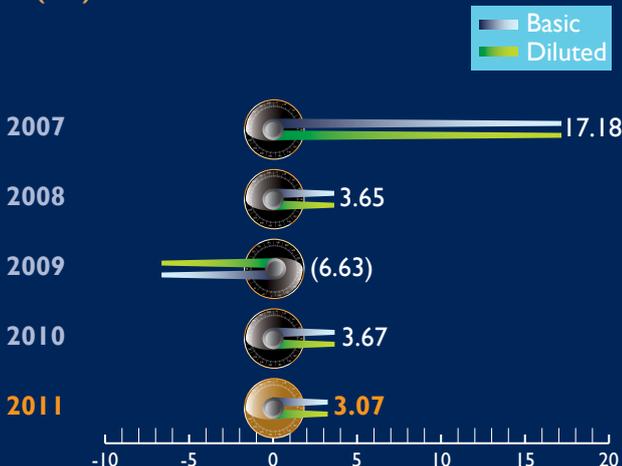
PROFIT/LOSS FOR THE YEAR (RM '000)



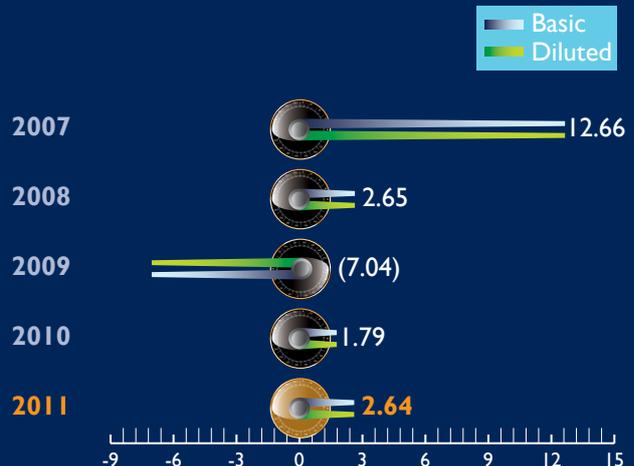
PROFIT/LOSS ATTRIBUTABLE TO SHAREHOLDERS (RM '000)



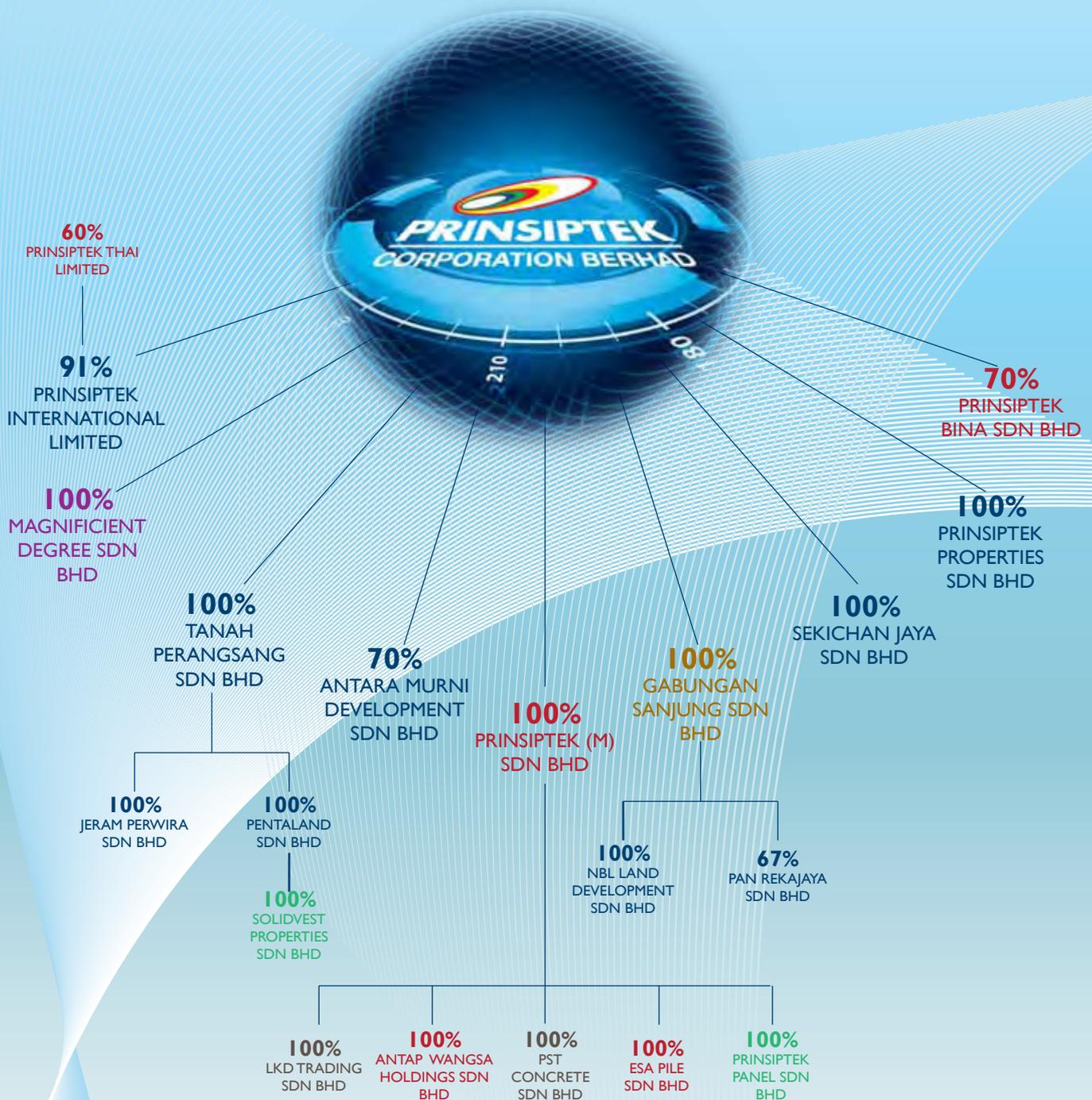
GROSS EARNINGS/(LOSS) PER SHARE (sen)



NET EARNINGS/(LOSS) PER SHARE (sen)



CORPORATE STRUCTURE & PRINCIPAL ACTIVITIES



PRINCIPAL ACTIVITY

- INVESTMENT HOLDING
- CONSTRUCTION
- PROPERTY DEVELOPMENT
- TRADING
- PROVISION OF PROJECT MANAGEMENT & SECRETARIAL SERVICES
- DORMANT

PROFILE OF BOARD OF DIRECTORS



FROM LEFT TO RIGHT:

Y Bhg Dato' Foo Chu Jong

Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain

Y Bhg Tan Sri Dato' Seri Mohamad Noor Abdul Rahim

Foo Chu Pak

Y B Datuk Nur Jazlan Bin Tan Sri Mohamed

PROFILE OF BOARD OF DIRECTORS

Y BHG TAN SRI DATO' SERI MOHAMAD NOOR ABDUL RAHIM

Independent Non-Executive Chairman

Y Bhg Tan Sri Dato' Seri Mohamad Noor Abdul Rahim, aged 67 and a Malaysian, was appointed as the Independent Non-Executive Chairman of Prinsiptek Corporation Berhad ("PCB") on 4 December 2003. He is also the Chairman of the Audit Committee of PCB.

He holds a Bachelor of Arts (Honours) Degree from University Malaya. His last post in the civil service was the Secretary General of the Ministry of Home Affairs in 2000. He was the Secretary General of the Ministry of Domestic Trade and Consumer Affairs from 1996 to 1998. Prior to that, he held the positions of State Secretary of Pulau Pinang, Federal Development Director (Prime Minister's Department) of Kelantan, State Financial Officer of Perak, Director General of Kuala Lumpur City Hall, and Under-Secretary (Supply Division) for both the Ministry of Defence and Ministry of Finance.

Presently, he also sits on the Board of Mitrajaya Holdings Berhad, Pinehill Pacific Berhad as Independent Non-Executive Director and TSR Capital Berhad as Independent Non-Executive Chairman. He is also been appointed as an Advisory Board member of City Hall Kuala Lumpur (DBKL). In the field of sports, he is currently the Vice President of the Olympic Council of Malaysia (OCM). He is also the Deputy President of Malaysian Tenpin Bowling Congress (MTBC).

Y Bhg Tan Sri Dato' Seri Mohamad has no family relationship with any director and/ or major shareholder of PCB and does not have any conflict of interest with PCB. Further, he has never been convicted of any offences within the past ten years other than traffic offences, if any.

Y B DATUK NUR JAZLAN BIN TAN SRI MOHAMED

Independent Non-Executive Director

Y B Datuk Nur Jazlan Bin Tan Sri Mohamed, aged 46 and a Malaysian, was appointed as an Independent Non-Executive Director of Prinsiptek Corporation Berhad ("PCB") on 4 December 2003. He also serves as a member of the Audit Committee of PCB. He is a Fellow member of the Association of Chartered Certified Accountants (ACCA), United Kingdom. He was a Council Member of Malaysian Institute of Accountants from 2001 to August 2011.

In addition to his professional credentials, YB Datuk Nur Jazlan is also active in politics. He is the Chief of UMNO Pulai, Johor and also Chairman of Barisan Nasional for the division since 2003. He was an EXCO Member Youth from 1996 until 2004. He is a two term Member of Parliament for Pulai and was re-elected as a Member of Parliament with the third largest majority among BN MPs in general election held in March 2008. He is also a committee member of Public Accounts Committee (PAC).

Y B Datuk Nur Jazlan also has wide corporate experience since 1990. He is a Director of United Malayan Land Bhd, Telekom Malaysia Berhad, Jaycorp Berhad, TSH Resources Berhad and Ekowood International Berhad, all of which are listed on the Main Market of Bursa Malaysia Securities Berhad. He was appointed Chairman of UDA Holdings Berhad on 16 June 2010 and also sits on the Board of several other private limited companies and was also Director of Penang Port Sdn Bhd from 2001 to 31 December 2009.

He has no conviction for any offence within the past ten (10) years and has no family relationship with any director or major shareholder of the Company nor any conflict of interest with the Company.

PROFILE OF BOARD OF DIRECTORS (con't)

Y BHG TO' PUAN SERI HAJJAH NUR RAHMAH BINTI HJ MOHD ZAIN **Independent Non-Executive Director**

Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain, aged 57 and a Malaysian, was appointed as an Independent Non-Executive Director of Prinsiptek Corporation Berhad ("PCB") on 20 August 2008. She is also a member of the Audit Committee of PCB.

She is an Executive Director of Cempaka Anugerah Sdn Bhd since 2005. From 1985 to 2004, she was an Executive Director of Skoga Redimix Sdn Bhd. She has vast experience in the field of marketing, administration, management and strategic planning.

Currently, she is also an Independent Non-Executive Director of Concrete Engineering Products Berhad.

Y Bhg To' Puan Seri Hajjah Nur Rahmah has no family relationship with any director and/ or major shareholder of PCB and does not have any conflict of interest with PCB. Further, she has never been convicted of any offences within the past ten years other than traffic offences, if any.

Y BHG DATO' FOO CHU JONG **Managing Director**

Y Bhg Dato' Foo Chu Jong, aged 54 and a Malaysian, is the founder of Prinsiptek (M) Sdn Bhd ("PST"). He was appointed as the Managing Director of Prinsiptek Corporation Berhad ("PCB") on 21 November 2003.

He started his career in the construction industry in the early eighties when he was exposed to the development of commercial buildings, condominiums, hotels and housing estates.

His sharp entrepreneurial acumen, hard work and visionary leadership are the main factors which have led PST to achieve a numerous highly acclaimed projects. These include the Staff Hostels and Hotel Awana Golf and Country Club in Genting Highlands, Mixed Development at Gohtong Jaya and First World Hotel in Genting Highlands.

He has gained a vast experience and knowledge through his involvement in most of the civil and engineering works where he has secured and completed a total of RM511 million worth of contracts. Being a hands-on Managing Director, he is actively involved in the day to day operations to ensure that all projects are carried out in a well managed and controlled manner.

Currently, he also sits on the Board of several subsidiaries of PCB. He does not hold any directorship in any other public company.

On 20 August 2009, Enterprise Asia and the organizing committee of the Asia Pacific Entrepreneurship Awards 2009 have conferred the "Most Promising Entrepreneurship Award" to him for his outstanding and exemplary achievements in entrepreneurship.

Y Bhg Dato' Foo is a brother of Mr Foo Chu Pak who is a director and major shareholder of PCB. Save as mentioned, he has no family relationship with any other director and/ or major shareholder of PCB and does not have any conflict of interest with PCB. Further, he has never been convicted of any offences within the past ten years other than traffic offences, if any.

PROFILE OF BOARD OF DIRECTORS (con't)

FOO CHU PAK **Executive Director**

Mr Foo Chu Pak, aged 52 and a Malaysian, was appointed as an Executive Director of Prinsiptek Corporation Berhad (“PCB”) on 21 November 2003.

He obtained his Certificate of Building Construction from Kolej Tunku Abdul Rahman in 1981. In 1997, he graduated with a Civil Engineering degree from the Summit University of Louisiana and completed his Masters Degree in Business Administration from Honolulu University of Hawaii in 2000.

He has more than 25 years of experience in the building and construction industry, serving in various capacities.

Currently, he also sits on the Board of several subsidiaries of PCB. He does not hold any directorship in any other public company.

Mr Foo is a brother of Y Bhg Dato’ Foo Chu Jong who is a director and a major shareholder of PCB. Save as mentioned, he has no family relationship with any other director and/ or major shareholder of PCB and does not have any conflict of interest with PCB. Further, he has never been convicted of any offences within the past ten years other than traffic offences, if any.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent Non-Executive Chairman

Y Bhg Tan Sri Dato' Seri Mohamad
Noor Abdul Rahim

Independent Non-Executive Director

Y B Datuk Nur Jazlan Bin Tan Sri Mohamed
Y Bhg To' Puan Seri Hajjah Nur Rahmah
Binti Hj Mohd Zain

Managing Director

Y Bhg Dato' Foo Chu Jong

Executive Director

Foo Chu Pak

AUDIT COMMITTEE

Chairman

Y Bhg Tan Sri Dato' Seri Mohamad Noor Abdul Rahim

Members

Y B Datuk Nur Jazlan Bin Tan Sri Mohamed
Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain

COMPANY SECRETARIES

Teoh Yee Shien (MIA 9602)
Ng Yim Kong (LS 0009297)

REGISTERED OFFICE

No. 83 & 85, Jalan SS15/4C,
47500 Subang Jaya
Selangor Darul Ehsan, Malaysia
Tel : 603-5629 2600
Fax : 603-5635 1802

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd
Block D13, Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301, Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel : 603-7841 8000
Fax : 603-7841 8008

AUDITORS

Morison Anuarul Azizan Chew
18, Jalan 1/64
Off Jalan Kolam Air/Jalan Ipoh
51200 Kuala Lumpur, Malaysia

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad
Bank Kerjasama Rakyat Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: PSIPTEK
Stock Code: 7145
Sector: Construction

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“Board”) affirms its overall responsibility in ensuring that the highest standard of Corporate Governance is practised throughout the Group with the objective of protecting and enhancing shareholders’ value, and the financial position of the Group.

The Board has endeavoured to fully comply with all the Principles in Part 1 of the Malaysian Code on Corporate Governance (“Code”) and to adopt the Best Practices as recommended in Part 2 of the Code in the best interest of the shareholders of the Group. Accordingly, the Board is pleased to outline in this Corporate Governance Statement as to its commitment to comply with Part 1 and Part 2 of the Code.

A. THE BOARD

The Group is led and controlled by an effective Board. The Board comprises highly reputable and professional persons of calibre and credibility, who have the necessary experience, knowledge and skills to bring an independent judgment in the process of strategic decision making. The Board recognises its key role in charting the strategic directions for the Group and regularly meets to review corporate strategies, resolve operational matters and monitor financial performance of the Group.

The Board has identified its Chairman, Y Bhg Tan Sri Dato’ Seri Mohamad Noor Abdul Rahim, to whom concerns of shareholders, management and others may be conveyed.

COMPOSITION OF THE BOARD AND BOARD BALANCE

The Board comprises five (5) members of whom two (2) are Executive Directors and three (3) are Independent Non Executive Directors. This is in compliance with the one-third requirement for Independent Directors to be appointed to the Board as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The individual profile of each Director is presented on pages 8 to 11 of this Annual Report. The combination of different professionals with varied background, experience and skills has also enabled the Board to discharge its responsibilities effectively and efficiently. The business and financial experience of each member of the Board has inevitably contributed to the success in steering the Group toward sustaining its remarkable financial results.

Indeed, there is a clear segregation of duties between the Chairman of the Board (“the Chairman”) and the Managing Director so as to ensure that there is always a balance of power and authority. Essentially, the Chairman has the obligations to preside at various meetings, namely general meetings of shareholders, Board and Audit Committee meetings in order to address issues to be highlighted by and to members independently, whilst the Managing Director has the responsibility to manage the day-to-day business operations of the Group by ensuring that strategies, policies and matters approved by the Board and other committees are carried out diligently.

All decisions of the Board are based on the decision of the majority and no single Board member can make any decision on behalf of the Board, unless duly authorized by the Board. As such, no individual or a group of individuals dominate the decision making process.

STATEMENT OF CORPORATE GOVERNANCE (con't)

APPOINTMENT TO THE BOARD

Prior to the appointment of a director to the Board, all nominations for the appointment of new Directors will be submitted to the full Board for deliberation on the suitability of the candidate for directorship. A familiarisation programme, including visits to the Group's business and operation premises and meetings with Senior Management will be arranged for new Directors to facilitate their understanding of the Group.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors including the Managing Director shall retire by rotation from office at each Annual General Meeting ("AGM") and they shall be eligible for re-election at such AGM. The Directors to retire shall be the Directors who have been longest in office since their appointment or last re-election. In addition, all Directors including the Managing Director shall be subject to retirement by rotation once every three (3) years.

BOARD MEETINGS

The Board meets at least four (4) times a year, normally at the end of every quarter of the financial year to deliberate and approve the financial results of the Group, corporate plans, acquisition and disposal of assets, investment proposals and other pertinent issues. When necessary, additional meetings will be convened by the Board to make important decisions on an urgent basis.

The details of attendance of the Directors during the financial year ended 31 December 2011 are as follows:

DIRECTORS

AC Members	Number of Meetings Attended	Percentage of Attendance
Y Bhg Tan Sri Dato' Seri Mohamad Noor Abdul Rahim	4/4	100%
Y B Datuk Nur Jazlan Bin Tan Sri Mohamed	3/4	75%
Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain	3/4	75%
Y Bhg Dato' Foo Chu Jong	4/4	100%
Foo Chu Pak	4/4	100%

All the above meetings were held at the Company's registered office.

STATEMENT OF CORPORATE GOVERNANCE (con't)

COMPANY SECRETARY

The Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary on new statutes and directives issued by regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretary also serves notice to Directors on the closed period for trading in the Company's shares, in accordance with the closed period stated in Chapter 14 on Dealings in Securities of the Bursa Securities Main Market Listing Requirements. The Company Secretary attends and ensures that all Board meetings are properly convened, and that an accurate and proper record of the proceedings and resolutions passed are taken and maintained in the minutes book at the registered office of the Company. The Company Secretary also facilitates the communication of key decisions and policies between the Board, Board Committees and the Senior Management.

DIRECTORS' TRAINING

All members of the Board have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities for Directors of public-listed companies. However, the Board is mindful of the need for Directors to attend continuous education programmes to keep them abreast of new developments pertaining to legislations, regulations and changing commercial risks that may affect business operations and compliance matters. Appropriate training and education programmes are identified and arranged for Directors' participation from time to time to further enhance their skills and knowledge. Members of the Board have attended various training programmes in areas of financial reporting, leadership, corporate governance, contract administration in construction and environmental awareness.

Details of training programmes attended by members of the Board in 2011 are as follows:

Name of Directors	Training programme attended	Date attended
Y Bhg Tan Sri Dato' Seri Mohamad Noor Abdul Rahim	Brief update on 2012 Tax Budget, Corporate Governance Guide and Internal Audit Roles	19/12/2011
Y B Datuk Nur Jazlan Bin Tan Sri Mohamed	The Wealth of Iskandar Malaysia Conference	24 – 26/05/2011
	CommunicAsia 2011	21/06/2011
	National Conference on Accountancy in Cambodia – Towards Global Standard	16/08/2011
	Inter-Parliamentary Forum on Security Sector Governance (IPF-SSG) in Southeast Asia	17 – 18/09/2011
	ITU Telekom World 2011	24 -27/10/2011
	MIA-AFA Conference 2011	2 – 3/11/2011

STATEMENT OF CORPORATE GOVERNANCE (con't)

Y Bhg To' Puan Seri Hajjah Nur Rahmah Binti Hj Mohd Zain	Briefing on the amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements	25/11/2011
Y Bhg Dato' Foo Chu Jong	Sustainability Programme for Corporate Malaysia – Industrial Products	9/03/2011
	American Society of Professional Speakers and Trainers – Study and Practicum in Professional Presentation Skills	1/06/2011
	Risk Management and Internal Controls Are the Boards	2/12/2011
Mr Foo Chu Pak	Corporate Governance Guide:Towards Boardroom Excellent by Bursa Malaysia Berhad	4/03/2011
	Occupational Health and Safety Management System – Requirements	15 – 16/10/2011

SUPPLY OF INFORMATION

All Directors have access to all information within the Group as well as the advice and services of the Company Secretaries whether as a full Board or in their individual capacity to assist them in their decision making. Where necessary, the Directors may engage independent professionals at the Group's expense on specialised issues to enable the Directors to discharge their duties with adequate knowledge on the matters being deliberated.

For effective Board proceedings, the Directors would receive the structured agenda together with comprehensive management reports and proposal papers at least 5 days before the Board meeting. This is to ensure that all Directors are given time to prepare, obtain additional information or clarification prior to their attendance at the meeting.

COMMITTEES OF THE BOARD

The Board delegated certain of its responsibilities to the Board Committees with clearly defined terms of reference outlining their objectives, duties and responsibilities.

- **Audit Committee**

The terms of reference of the Company's Audit Committee and its activities during the financial year are set out under the Audit Committee Report on pages 27 to 31 of this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE (con't)

- **Nomination Committee and Remuneration Committee**

In accordance with Part 2 of the Code, it is recommended that a formal procedure for appointment of Directors to the Board should be carried out based on the recommendation of a Nomination Committee but this function can be performed by the Board as a whole.

In view of the above, the full Board is currently carrying out the aforesaid function of the Nomination Committee. The Managing Director proposes the nomination of appropriate Directors to the Board based on the respective Directors' experience, knowledge and skills. Indeed, the ultimate decision for the nomination of Directors to the Board will be decided and approved by the full Board in order to ensure that the mix of experience, knowledge and skills of the Board members is adequate in resolving various strategic and operational issues in the day-to-day running of the Group.

At least on an annual basis, the Board will review the necessary mix of experience, knowledge and skills of the Board members so as to ensure that the Board consists of members who are well-versed in managing a company involving in the similar business as the Group.

On the other hand, Part 2 of the Code also recommends that it is a good practice for the Board to appoint Remuneration Committee, consisting wholly or mainly of Non-Executive Directors, to recommend to the Board the remuneration of the Executive Directors in all its forms, and Executive Directors should play no part in decisions on their own remuneration. The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman should be a matter for the Board as a whole.

In this regard, the full Board of the Company will decide on the Executive and Independent Non-Executive Directors' remuneration packages. In doing so, the component parts of the remuneration packages are structured in a manner that the rewards are linked to individual Executive Directors' performance in managing the Group, whereas the level of remuneration for Independent Non-Executive Directors is based on the experience and responsibilities of individual Independent Non-executive Directors.

It is the policy of the Company to exclude all Directors from deciding on their own remuneration packages and Directors' fee and they must be approved by shareholders in the AGM. However, in order to further enhance the independence of the Board and to inculcate good Corporate Governance Practice within the Company, the Board of Directors has established the Nomination and Remuneration Committees on 27 February 2012.

- **Employees' Share Option Scheme ("ESOS") Committee**

The ESOS Committee administer the Company's ESOS in accordance with its By-Laws in determining the participation eligibility, option offers and share allocations and to attend to such other matters as may be required.

STATEMENT OF CORPORATE GOVERNANCE (con't)

B. DIRECTORS' REMUNERATION

The Board as a whole determines the remuneration of Non-Executive Directors, and each individual Director abstains from the Board decision on his own remuneration.

The aggregate remuneration of the Company's Directors derived from the Group for the financial year ended 31 December 2011 is as follows:

	Executive Director (RM)	Non-Executive Director (RM)	Total (RM)
Fee	27,000	84,000	111,000
Salary and other emoluments	1,757,085	-	1,757,085
Bonus and benefits-in-kind	364,284	-	364,284
Total	2,148,369	84,000	2,232,369

The number of Company's Directors whose total remunerations derived from the Group during the financial year 31 December 2011 that falls within the following bands is as follows:

Range of Remuneration	Number of Executive Directors	Number of Non-Executive Directors
RM50,000 and below	-	3
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM150,001 - RM600,000	-	-
RM600,001 - RM650,000	-	-
RM650,001 - RM950,000	1	-
RM950,001 - RM1,000,000	1	-
Total	2	3

C. SHAREHOLDERS

Dialogue between Company and Investors

The Group practises an open communication policy with its investors. In its efforts to promote effective communication, the Board has dialogue with shareholders and investors and recognises that timely and equitable dissemination of relevant information shall be provided to them through public announcements made to Bursa Securities, the Company's annual reports, circulars and financial results on quarterly basis to enable shareholders and investors to have an overview of the Group's business activities and performance.

STATEMENT OF CORPORATE GOVERNANCE (con't)

Annual General Meeting

The shareholders are given sufficient notice for the holding of AGMs through annual reports sent to them at least 21 clear days prior to the date of the AGMs. At the AGMs, the Board will present to the shareholders a comprehensive report on the performance of the Group and the shareholders are encouraged to participate in the questions and answers session thereat, and are given the opportunity to raise question or seek more information during the AGMs.

D. ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

In preparing the annual financial statements and quarterly announcement of financial results to shareholders, the Board has always strived to present a balanced and understandable assessment of the Group's financial position and prospects to shareholders.

The Audit Committee assists the Board in ensuring accuracy and adequacy of information by reviewing and recommending for adoption of information for disclosure.

The Statement of Directors' Responsibility for preparing Annual Audited Financial Statements pursuant to Paragraph 15.26 (a) of the Main Market Listing Requirements of Bursa Securities is set out on page 111 of this Annual Report.

INTERNAL CONTROL

The Board affirms the importance of maintaining a sound system of internal controls and risk management practices to good corporate governance. In order to enhance consistency within the Group, the Board has appointed an external consultant, Grant Thornton Consulting Sdn Bhd to provide professional services for internal control assessment and to carry out internal audit function for the Group.

The Statement on Internal Control set out on pages 24 to 26 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with the Auditors

The Board has appropriately established a formal and transparent relationship with the Group's auditors. The role of the Audit Committee in relation to the External Auditors may be found in the Audit Committee Report as set out on pages 27 to 31 of this Annual Report.

The External Auditors attend Audit Committee meetings when necessary and have direct access to the Audit Committee and Internal Auditors for independent discussion. The External Auditors met with the Audit Committee twice in the financial year ended 31 December 2011 without the presence of the Executive Directors, with the purposes of finalising the Group's audited financial statements for the financial year ended 31 December 2010 and approving the audit plan for the financial year ended 31 December 2011.

STATEMENT OF CORPORATE GOVERNANCE (con't)

Statement on the Extent of Compliance with the Best Practices in Corporate Governance set out in Part 2 of the Malaysian Code on Corporate Governance

The Company is committed to achieving high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings.

Apart from the alternative procedures as set out in Section A under the title "Nomination Committee and Remuneration Committee", the Board considers that the Group has complied throughout the financial year with the Best Practices as stipulated in Part 2 of the Code.

E. CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, the Group will continuously ensure that all pertinent matters relating to corporate social responsibility are considered and supported in its operations for the well being of the stakeholders, community and environment.

BUSINESS GOVERNANCE ETHICS

The Company's vision is a Highly Value Added Global Builder; Professionally Crystallizing Your Dreams & Needs and its mission in Delivering Innovative and Cost Effective Concepts & Solutions That Are Beyond Expectations.

The Company's wholly owned subsidiary, Prinsiptek (M) Sdn Bhd, a turnkey contractor specializing in development, building and civil construction are accredited with the Integrated Management System (IMS) consisting of MS ISO 9001: 2008 Quality Management System (certified since 2005), MS ISO 14001: 2004 Environmental Management System, BS OHSAS 18001: 2007 and/ or MS 1722 Part 1: 2005 Occupational Health & Safety Management System which was certified since October 2010 by SIRIM QAS International and affiliated with IQ Net – International Certification Network.