Annual Report

2013

JIANKUN INTERNATIONAL

Jiankun International Berhad (111365-U)

(Formerly known as Nagamas International Berhad)

Contents

Board of Directors
Dato' Ir Lim Siang Chai
(*Executive Chairman)*
Dato' Ng Kek Kiong
(Deputy Executive Chairman)
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman
(Independent Non-Executive Director)
Dato' Chen Oyan Yun Shai
(Non-Independent Non-Executive Director)
Lee Yun Choong
(Independent Non-Executive Director)
Fathi Ridzuan Bin Ahmad Fauzi
(Independent Non-Executive Director)

Company Secretary
Tua Yan Khim (MAICSA 7046902)

Registered Office
Suite 9-13A, Level 9, Wisma UOA II,
Jalan Pinang
50450 Kuala Lumpur
Telephone :03-2166 3845
Facsimile :03-2166 8303

Corporate Address
2F Wisma Malaysia-Beijing
33 Jalan Maharajalela
50150 Kuala Lumpur
Telephone :03-2141 8818
Facsimile :03-2144 2868

Share Registrars
Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone :03-2264 3883
Facsimile :03-2282 1886

Board Committees

Audit Committee
Fathi Ridzuan Bin Ahmad Fauzi (Chairman)
Lee Yun Choong
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman

Remuneration Committee
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman
(Chairman)
Dato' Ng Kek Kiong
Lee Yun Choong

Nomination Committee
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman
(Chairman)
Lee Yun Choong
Fathi Ridzuan bin Ahmad Fauzi

Auditors
Tam & Associates (AF1356)
Chartered Accountants
18-5, Block M, Jalan 3/93A
Warisan Cityview, Off Batu 2 ½
Jalan Cheras
56100 Kuala Lumpur
Telephone :03-9200 8980
Facsimile :03-9200 5981

Principal Bankers
CIMB Bank Berhad
RHB Bank Berhad
Public Bank Berhad
Public Bank (Hong Kong) Ltd

Stock Exchange Listing
Main Market of Bursa Malaysia Berhad
Sector : Trading
Stock Number : 8923
Stock Short Name : Jiankun

JIANKUN INTERNATIONAL

Jiankun International Berhad (111365-U)
(Formerly known as Nagamas International Berhad)

- 100% Nagamas Land Development Sdn. Bhd.
- 100% Nagamas Aviation Services Sdn. Bhd.
- 100% Mas-Be Travel Services Sdn. Bhd.
- 100% Nagamas Bizworks Sdn. Bhd.
- 100% Nagamas Venture Sdn. Bhd.
- 100% Nagamas International (HK) Limited *
- 100% Nagamas Enterprise (HK) Limited *

* Incorporated in Hong Kong

Dato' Ir Lim Siang Chai
Executive Chairman

Dato’ Ir Lim Siang Chai, Malaysian, aged 59, was appointed to the Board on July 1, 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 had served the Malaysian Government in various capacities, which included the Ministry of Finance, Ministry of Tourism, Ministry of Information and Ministry of Transport.

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.

Dato’ Ir Lim 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 a direct interest of 500,000 shares in the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

Dato' Ng Kek Kiong
Deputy Executive Chairman

Dato' Ng Kek Kiong, Malaysian, aged 62, was appointed to the Board on December 8, 2006 as a Non-Independent Non-Executive Director. Dato' Ng was re-designated as Executive Director on September 7, 2007 and on March 26, 2010, Dato' Ng was re-designated as Executive Chairman of the Company and was appointed as a member to the Remuneration Committee. Dato' Ng was re-designated from Executive Chairman to Deputy Executive Chairman on July 1, 2013.

Dato' Ng started his career with Singer Sewing Machine Shop. He then joined the Ministry of Housing and Local Government as a New Village Development Officer for the State of Negeri Sembilan. Later, he became the Special Assistant to the then Minister of Housing and Local Government, Tan Sri Dato' Michael Chen Wing Sum.

Dato' Ng ventured into business in the early 80s, and has since been doing business in China for more than three (3) decades. Dato' Ng is the founder of Malaysia-Beijing Group of Companies. He has vast experience in other business fields including air cargo, real estate, plantation, and trading.

Dato' Ng is also actively involved in various guilds and associations. Currently, he is the Advisor of Federation of Fui Chiu Association Malaysia, President of World Chinese Merchants Union Association (Malaysia), President of Malaysia Chinese Surname Association, President of Asean-China Economic Trade Development and Promotion Association Malaysia, Advisor to Fui Chiu Association Selangor & Kuala Lumpur and Advisor to Malaysia-China Chamber of Commerce.

Dato' Ng is not a director of any other public companies. He has indirect interest of 13,621,225 shares in the Company held through the major shareholder Jiankun MB International Holding Sdn. Bhd. (Formerly know as MB Longji Sdn. Bhd.) by virtue of Section 6A of the Companies Act, 1965. Save and except the above, he dose 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 ten (10) years.

Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman
Independent Non-Executive Director

Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman, Malaysian, aged 81, was appointed to the Board on March 26, 2010 as a Non-Independent Non-Executive Director. Tan Sri was re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director on July 1, 2013. He is the Chairman of both the Nomination Committee and the Remuneration Committee, and is also a member of the Audit Committee.

Tan Sri Abdul Aziz is a Fellow of Chartered Institute of Transport, United Kingdom, Fellow of Institute of Management Malaysia, Fellow of Institute of Directors Malaysia, Fellow of Institute of Public Relations Malaysia and Fellow of Asian Institute of Management Science.

Tan Sri Abdul Aziz is an advocate and solicitor and partner in the law firm of Nik Saghir & Ismail, Kuala Lumpur. He has more than 35 years experience in managing public and private corporations. He started by serving the government for 15 years, the first 7 years as an administrative officer and for 8 years he was in the judicial and legal service of the Federal Government. He served as Magistrate, President Sessions Court, Federal Counsel and Assistant Parliamentary Draftsman. His last government appointment was as Federal Counsel and Legal Officer of the National Operation Council (NOC) during the Emergency of 1969.

Tan Sri Abdul Aziz subsequently served Malaysian Airlines from its inception in 1971 as company secretary and Director of Legal Affairs. He retired in late 1991 as the Managing Director and Chief Executive Officer, a position he held for 10 years. He was responsible for its vast expansion and had turned MAS into a profitable and leading player in the world of aviation.

Tan Sri Abdul Aziz has presented many papers at seminars and conferences on aviation, airline, management and tourism, in Malaysia and abroad. He is a fellow of several institutes and for several years served as the President of the Chartered Institutes of Transport Malaysia. He served as the President of the International Council of the Chartered Institute of Transport with its headquarters in London for one term. This was the first time an Asian was accorded such a privilege by election.

Tan Sri Abdul Aziz writes regularly on management issues and was an Adjunct Professor in the Faculty of Management of University Utara Malaysia. He wrote a book entitled "Management Philosophy and Techniques" in 1992.

Tan Sri Abdul Aziz sits on the Board of BTM Resources Bhd. 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 ten (10) years

Dato’ Chen Oyan Yun Shai
Non-Independent Non-Executive Director

Dato’ Chen Oyan Yun Shai, Malaysian, aged 58, was appointed to the Board on August 19, 2011 as an Executive Director. She was re-designated as Non-Independent Non-Executive Director on February 27, 2012.

Dato’ Oyan holds a Bachelor of Business degree from the National Taiwan University, Taiwan. She has more than 30 years experience in the tourism public relations consultancy, event planning, multimedia advertising, promotion of culture, friendship and other bilateral activities of governments and private sectors between China and Malaysia. She has vast experience in other business fields including property development, construction, IT and healthcare.

Dato’ Oyan is presently the Chairman of Longold Group in Malaysia and the Director of Asia Pacific Tourism Organization in China. The group of companies under Dato’ Oyan has been Malaysian Ministry of Tourism’s Asia Region Publicity Agent and Asia Pacific PR Consultant for more than 10 years. Dato’ Oyan is also the Chairman of Hong Kong Fuji Property Management Co Ltd, which is Malaysian Ministry of Foreign Affairs’ special property management company in Hong Kong assigned to manage properties of Malaysian government in Hong Kong.

Dato’ Oyan is presently the Honorary Chairman of Malaysia-China Friendship Association. She was also the Chairman of Preparatory Committee of Malaysia Pavilion Shanghai World Expo 2010, to oversee the successful execution of the Malaysia Pavilion in the mega event of World Expo 2010, Shanghai, China.

Dato’ Oyan is not a director of any other public companies. She does not have any family relationship with any Director and/or major shareholder of the Company. She has a direct interest of 900,000 shares in the Company and an indirect interest of 300,000 shares in the Company held through her son, Mr Chin Fook Kwon. She has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

Lee Yun Choong
Independent Non-Executive Director

Mr Lee Yun Choong, Malaysian, aged 42, was appointed to the Board on March 16, 2012 as an Independent Non-Executive Director. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr Lee is a Chartered Accountant by profession and has been a member of the Malaysia Institute of Accountants ("MIA") since 2000 and the Association of Chartered Certified Accountants, UK ("ACCA") since 1999.

Mr Lee has 15 years working experience in several accounting firms specializing in auditing companies in various industries, both private and public listed companies. His former employers were K.S. Lam & Co (from 1993 to 1994), C.H. Lim & Co (from 1994 to 1997), Tor & Co (from 1997 to 2000) and Anuarul, Azizan, Chew & Co (from 2001 to 2003).

Currently, Mr Lee is the sole proprietor of his own audit and tax practice, YC Lee & Co, after founding it in 2003. He is also a director of three special purpose vehicle companies; namely, Special Power Vehicle Berhad, Premium Commerce Berhad and Serba Tiara Sdn Bhd.

Mr Lee 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 ten (10) years.

Fathi Ridzuan Bin Ahmad Fauzi
Independent Non-Executive Director

Mr Fathi Ridzuan Bin Ahmad Fauzi, Malaysian, aged 49, was appointed to the Board on April 20, 2012 as an Independent Non-Executive Director. He is the Chairman of Audit Committee and a member of the Nomination Committee.

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 years experience, including 15 years in the capital market and 3 years in the Business Process Outsourcing (“BPO”) industry.

Mr Fathi Rizuan started his career in 1989 with Malaysian National Reinsurance Berhad as Accounts Executive before joining American International Assurance Co Ltd in 1990 as Assistant Accountant. In 1991, he joined the Kuala Lumpur Stock Exchange (“KLSE”) Group and had held several positions including Accountant with Malaysian Central Depository Sdn Bhd (‘MCD”) (1991-1995); Senior Manager, Finance & Administration (1996-1997); Senior Vice President, Finance & Administration with Malaysian Exchange for Securities Dealing and Automated Quotation Berhad (“MESDAQ”) (1997-1998); Senior Vice President, Finance & Administration for the clearing house with Securities Clearing Automated Network Services Sdn Bhd (1999-2001); General Manager for MCD (2002-2003); Head of Information Services Business with Bursa Malaysia in 2003; and Head, Exchanges Division, responsible for the development and operations of three exchanges owned by Bursa Malaysia, namely Bursa Malaysia Securities, Bursa Malaysia Derivative and Labuan Financial Exchange Inc. in 2004.

In 2007, Mr Fathi Rizuan joined VADS Berhad as Chief Financial Officer and later joined Maybank Investment Bank Berhad in July 2009 as Chief Operating Officer/Chief Financial Officer, responsible for financial, administrative, legal, information technology, risk management and stockbroking operations of the bank.

Currently, Mr Fathi Rizuan is the Executive Director and Chief Financial Officer of PRIME Mantle Corporation plc, an investment holding company, domiciled in the Republic of Ireland. He also sits on the board of other private companies.

Mr Fathi Ridzuan 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 ten (10) years.

On behalf of the Board of Directors of Jiankun International Berhad (formerly known as Nagamas International Berhad) ("Jiankun" or "the Company"), I'm pleased to present to you the Annual Report and Audited Financial Statements of the Group for the financial year ("FY") ended 31 December 2013.

Financial Review

For FY2013, the Group recorded a turnover of RM6.34 million (FY2012: turnover of RM10.29 million) and an after tax profit of RM4.64 million (FY2012: after tax loss of RM1.59 million).

The decrease in turnover recorded in FY2013 was attributable to the slowdown of the Group's air cargo and airline ticketing businesses as well as its property development project located in Mantin, Negeri Sembilan.

Despite the drop in turnover, the Group recorded an after tax profit in FY2013 due to the revaluation exercise on the properties located in China held by Jiankun's wholly owned Hong Kong subsidiary, Nagamas International (HK) Limited. The Board had at its meeting held on 28 February 2014 approved the valuation reports and the incorporation of the revaluation surplus from the revaluation in the fourth quarter results of the Group for the FY ended 31 December 2013.

Review of Operations

1. Property

Currently, the Group is undertaking Phases 2 and 3 of the Mantin Project comprising an aggregate of 53 double storey terrace houses, which was launched in November 2011 with an aggregate estimated gross development value of RM16.9 million and an aggregate estimated gross development cost of RM13.7 million. As at 1st Quarter of 2014, about 60% of the units for the said phases have been sold.

On 30 October 2013, the Board decided to mutually terminate the Project Delivery Agreement entered into between Jiankun's wholly owned subsidiary, Nagamas Venture Sdn Bhd and Silverland Capital Sdn Bhd (formerly known as Xtreme New Sdn Bhd), for the development project known as Silverlakes Development located in Batu Gajah, Perak due to the long project turnaround time and its large-scale development nature. It was envisaged that the said development required substantial capital commitment from the Company and given the current financial capacity of Jiankun and the limited financing options made available to the Company, it was decided that the Company was not in a position to undertake the large-scale development project.

2. Air Cargo and Airline Ticketing

The air cargo and airline ticketing businesses suffered when China's export and tourism business between Malaysia and China slowed down, thus severely reducing the performance of the Group's air cargo and airline ticketing businesses. The Group is relooking into this sector of business and will focus on a specific segment of the industry that is more sustainable i.e. airport redevelopment and management.

Corporate Proposals

On 2 December 2013, M&A Securities Sdn Bhd ("M&A"), on behalf the Board, announced that the Company intends to undertake the Corporate Proposals as follows:

Proposed Par Value Reduction of the existing issued and paid-up share capital of Jiankun from RM50,895,000 comprising 50,895,000 ordinary shares of RM1.00 each to RM12,723,750 comprising 50,895,000 ordinary shares of RM0.25 each pursuant to Section 64 of the Companies Act, 1965 ("Proposed Par Value Reduction").

Upon the completion of the Proposed Par Value Reduction, the Company proposes to undertake a renounceable rights issue of up to 101,790,000 Rights Shares together with up to 76,342,500 Warrants on the basis of two (2) Rights Shares for every one (1) Jiankun Share held together with three (3) Warrants for every four (4) Rights Shares subscribed at an issue price to be determined later.

On 15 January 2014, M&A, on behalf of the Board, further announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 13 January 2014 resolved to approve the aforesaid Corporate Proposals. Subsequently, all the resolutions in relation to the Corporate Proposals were approved by the shareholders at the Company's EGM held on 20 March 2014.

Barring any unforeseen circumstances and subject to receipt of all relevant approvals, the Corporate Proposals are expected to be completed in the 2nd half of 2014.

Change of Company Name

On 31 March 2014, the Company Name was effectively changed from Nagamas International Berhad to Jiankun International Berhad after the approval of the shareholders of the Company was obtained at the EGM held on 20 March 2014 and the Certificate of Incorporation on Change of Name of Company was issued by the CCM on 31 March 2014.

The rationale for the change of Company Name is to better reflect the intention and determination of the Board and management of the Company to turnaround the Company's business and to complement a more synergized and aligned business direction for the Company.

Prospects

In line with the Group's long-term strategic vision, the Group plans to continue with its forays into property development focusing on structured and branded mixed development segment in Malaysia and China.

The Group is presently looking into embarking on a few Joint Venture type arrangements with landowners and the relevant required information on the new projects will be announced as and when they are identified.

Corporate Social Responsibility

The Group continued to actively develop and recognize the importance of Corporate Social Responsibility initiatives in various areas of needs based on its strong belief in making a meaningful change and positive difference in the communities in which it operates.

During the FY under review, the Group has on several occasions engaged in charitable fund raising and sponsorship activities by contributing to selected associations in Kuala Lumpur and Selangor that operate conscientiously and are committed to the well being of the needy and less privileged in the community.

Acknowledgement

On behalf of the Board, I would like to thank our valued shareholders, customers, business associates, financiers, the regulatory authorities and members of the community, for their continued support and trust in our Group. I would also like to record our sincere appreciation to the management team and all employees of the Group for their invaluable contributions and tireless efforts throughout the year.

To my fellow directors, I would like to express my gratitude for their counsel, contributions, support and guidance.

Dato’ Ir Lim Siang Chai
Executive Chairman

The Board of Directors ("the Board") recognises that a sound corporate governance structure is vital to ensure sustainability as well as serves as a fundamental part of discharging their fiduciary duties and responsibilities, so as to enhance the business prosperity and to realize the long term shareholders' value as well as to protect the interests of other stakeholders.

The Board is committed to ensure corporate governance adopted by the Company is in line with the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements").

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear functions of the Board and those delegated to Management

The Board provides overall stewardship over the management of the Group and reserves appropriate strategic, financial and organisational matters for its collective decision. Key matters such as approval of annual and quarterly results, acquisition and disposals of material investments, material agreements, major capital expenditures, budgets and long term plans and succession planning for top management are reserved for the Board.

The Board comprises professional persons of calibre, creditability and has the necessary skills and experience to come to an independent judgement. With their combined experience and knowledge, they provide sound advice and impartial judgement for the benefits of the Company, its shareholders and stakeholders.

The Executive Directors are responsible for making and implementing of operational decisions, the Non-Executive Directors play their roles in constructively challenging Management and monitoring Management in delivering the approved targets within the risk appetite of the Company and contributing their skills and knowledge towards the development of the Company's strategies, corporate objectives, policies and decision.

The Management play key supporting role to the Executive Directors in implementing and running of the business operations, in accordance with the delegated authority of the Board.

Clear Roles and Responsibilities in Discharging Fiduciary and Leadership Functions

The Board provides stewardship to the Group's strategic direction and operations, and ultimately the enhancement of long-term shareholders' value. The Board is primarily responsible for:

- Reviewing, approving and monitoring the overall strategies and direction of Group;
- Overseeing and evaluating the conduct and performance of the Group's businesses, including its control and accountability systems;
- Identifying and managing principal risks affecting the Group;
- Ensuring that appropriate plans are in place in respect of the succession plan of the Group;

- Approving policies relating to investors relations programme and shareholder communication and overseeing stakeholders communications; and

- Reviewing the adequacy and monitoring of the Group's internal control policy, systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

A list of matters reserved for the Board regarding its roles and the board procedures and processes, is stated in the Board Charter.

Code of Ethics

The Board is guided by the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia in discharging its role effectively. The Code of Ethics requires all Directors to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders.

Strategies Promoting Sustainability

The Board views the commitment to sustainability and environmental, social and governance performance as part of its broader responsibility to its customers, shareholders and the communities in which it operates.

The Group's activities on corporate social responsibility for the financial year under review are disclosed under the Executive Chairman's Statement in page 12 of this Annual Report.

Moving forward, the Group will initiate cooperation with its collaborative partners in Malaysia and China to engage in various charitable projects which promote sustainable community development and growth in the hope of bringing meaningful change and positive difference to the communities in need.

Access to Information and Advice

All Directors have unrestricted access to the advice and dedicated support services of the Company Secretary as well as access to all information relating to the Group whether as a full board or in their individual capacity. The Directors are entitled to seek advice from Management on issues under their respective purview. The Directors may also interact directly with Management, or request further explanation, information or updates on any aspect of the Group's operations or business concerns from them. The Senior Management are invited to attend the Board Meetings to give explanation or clarification on relevant agenda items to enable the Board to make informed decisions.

The Directors are notified well in advance of every meeting and Board papers issued are circulated prior to the Meetings to enable Directors to deliberate on the issues to be raised at the meetings. Minutes of the Board Meetings are maintained by the Company Secretaries.

In addition, the Board may seek independent professional advice at the Company's expense on specific issues to enable it to discharge its duties in relation to matters being deliberated. If such advice is considered necessary, it will be with the Chairman's prior consent, which will not be unreasonably withheld or delayed.

Qualified and Competent Company Secretary

The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations.

The Company Secretary attends and ensures that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register of the Company.

The Company Secretary works closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees.

Board Charter

The Board has adopted a Board Charter, which sets out the role, composition and responsibilities of the Board embodying the principles of the MCCG 2012 and serves as a source of reference for new Board members.

The Board Charter will be reviewed from time to time and updated in accordance with the requirements of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities. The salient term of the charter are made available at the Company's website at www.nagamasinternational.com.

PRINCIPLE 2 – STRENGTHEN COMPOSITION

Nomination Committee

The Nomination Committee ("NC") of the Company comprises exclusively of Non-Executive Directors, a majority of whom must be independent. The present members are:-

Chairman : Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman
Member : Fathi Ridzuan Bin Ahmad Fauzi
Member : Lee Yun Choong

The primary functions of the NC includes reviewing and recommending to the Board, candidatures for directorship, re-election and re-appointment of Directors and appointment of Directors to fill the seats on other Board Committees. The NC is also empowered under its terms of reference to access and evaluate Directors on an on-going basis, the effectiveness of the Board as a whole, Board Committees and the ability of each individual Director to contribute to the effective decision making of the Board. Annually, the NC is tasked to review and evaluate the Board size and composition and the required mix of skills, knowledge, experience and other qualities of the Board members and Board Committees to function completely and effectively, as well as making recommendations to the Board with regards to the changes that are deemed necessary. The NC will orientate and educate new Directors and review the training needs for the Board. For this purpose, the Nomination Committee meets at least once a year or at such other times as the Chairman of the Nomination Committee decides.

During the financial year under review, the NC met twice which were attended by all its members. The NC deliberated, inter alia, on the assessing and recommending to the Board for appointment of new Director, re-designation of Directors, re-election of Directors, re-appointment of Director, reviewing the overall size and composition of the Board and Board Committees, as well as reviewing the mix of skills, independent, experience, competencies, commitment, contribution and performance of the individual Directors and as a Board and Board Committees as a whole.

Appointments to the Board

The NC makes assessment on the proposed candidates for directorship and recommendations for appointments to the Board. In making these recommendations, the NC assesses the suitability of candidates by taking into account the character, integrity, competencies, time commitment, contribution, performance and other qualities of the candidates, before recommending their appointments to the Board for approval.

Re-election of Directors and re-appointment of Directors who are over the age of 70

In accordance with the Articles of Association of the Company, at least one third of the Board shall retire from office at least once in every three (3) years, but shall be eligible for re-election, and that the retiring Director shall retain office until the close of the annual general meeting at which he retires. This is also in compliance with the Listing Requirements.

Pursuant to Section 129 of the Companies Act, 1965, the office of a director of or over the age of 70 years become vacant at every AGM unless he is reappointed by a resolution passed at such an AGM of which no shorter notice than that required for the AGM has been given and the majority by which such resolution is passed is not less than three-fourths of all members present and voting at such AGM.

Gender Diversity

The NC is entrusted with the role of proposing and recommending new nominee(s) to the Board for deliberation on the suitability of the candidates for directorship and the selection is not just based on gender. The Company does not have a policy on boardroom gender but believes that candidature to the Board should be based on a candidate's merits. Nevertheless, having regards to the recommendation under the MCCG 2012, the Board will consider more females onto the Board in due course to bring about a more diverse perspective. Currently, the Company has one woman Director on Board.

Remuneration Policies

The Remuneration Committee ("RC") of the Company comprises mainly of Non-Executive Directors. The present members are:-

Chairman : Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman
Member : Dato' Ng Kek Kiong
Member : Lee Yun Choong

The remuneration package are structured according to the skills, experience and performance of the Executive Directors to ensure that rewards commensurate with their contribution and is sufficiently for the Group to attract and retain the Directors needed to run the Group successfully. The remuneration package of the Non-Executive Directors depends on their contribution to the Group in terms of their knowledge and experience.

The RC is responsible for annually reviewing and recommending to the Board the policy framework of Executive Directors' remuneration package. The RC takes into account the performance achievement of the Executive Directors and make recommendations to the Board based on a remuneration package that reflects market value, individual performance, job responsibilities and the Group's performance against its financial objectives. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of these Directors. The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole. For this purpose, the RC meets at least once a year or at such other times as the Chairman of the RC decides.

Details of the remuneration of the Directors of the Company during the financial year are as follows: -

Remuneration	Executive Director (RM)	Non-Executive Director (RM)	Total (RM)
Salary	1,256,800	-	1,256,800
Fees	-	96,000	96,000
Allowance	-	8,500	8,500
Defined Contribution Plan	35,100	-	35,100
	1,291,900	104,500	1,396,400

The number of Directors whose total remuneration falls within the respective bands is as follows: -

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
RM50,000 and below	-	4
RM150,001 to RM200,000	1	-
RM350,001 to RM400,000	1	-
RM700,001 to RM750,000	1	-

Note: Successive bands of RM50,000 are not shown entirely as these are not represented

PRINCIPLE 3 – REINFORCE INDEPENDENCE

Annual Assessment of Independence

The MCCG 2012 recommends that the Board should undertake assessment of its Independent Directors annually. The Board, through the NC, has in place policies and procedures to ensure effectiveness of the Independent Directors. The Board had assessed and determined that the three (3) Independent Non-Executive Directors of the Company remain objective and independent. The criteria for assessing the independence of an Independent Director including the applying of the definition of "independent director" set out under the Listing Requirements and the self-assessment evaluation by the Independent Directors taking into account their ability to provide independent judgement, experience and objectivity without being subordinated to operational considerations.

Tenure of Independent Directors

The Board has adopted a nine-year policy for Independent Non-Executive Directors. An Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. Otherwise, the Board will justify and seek shareholders' approval at the AGM in the event it retains the director as an Independent Director.

None of the Independent Non-Executive Directors served more than 9 years in the Company.

Shareholders' Approval for the Continuance Office as Independent Directors

The Board would seek shareholders' approval at the AGM if an Independent Director who has served in that capacity for more than nine years shall remain as an Independent Director.

The NC will assess the independence of the Independent Director based on the assessment criteria developed by the NC, and recommend to the Board for recommendation to shareholders for approval. Justification for the Board's recommendation would be provided to shareholders.

Separation of the Positions of the Chairman and Chief Executive Officer ("CEO")

The Board agrees that the positions of Chairman and CEO should be held by two different individuals, to promote accountability and to facilitate the division of responsibilities between them.

On 1 July, 2013, the Company has appointed new Executive Chairman, Dato' Ir Lim Siang Chai and re-designated Dato' Ng Kek Kiong from Executive Chairman to Deputy Executive Chairman. The Executive Chairman leads the Board in charting the strategic direction of the Group and ensures that all procedures rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted. He also holds the primary responsibilities in implementing the Corporate Proposals undertaking by the Company, the details are disclosed in page 11 under the Executive Chairman's Statement in this Annual Report.

The position of CEO is currently vacant due to the resignation of Shaik Rizal Bin Shaik Sulaiman, the Group Managing Director cum CEO on 02 October, 2013. The Board is still looking for suitable candidates to be considered for appointment to the position of CEO. Whilst in the absent of CEO, the Deputy Executive Chairman assumes the responsibilities of managing the day-to-day business and operations, and also implements the Board's directives, strategies and policies.

Though the position of CEO is currently vacant, there are distinct and separate roles, with a clear division of responsibilities between the Executive Chairman and Deputy Executive Chairman, to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The MCCG 2012 recommends that the Chairman must be a Non-Executive Board member and if he is not an independent director, the Board must comprise a majority of independent directors. Although the Group Executive Chairman of the Company is not an Independent Director, the Board currently comprised three (3) Independent Directors, a good balance out of the total number of six (6) Board members. The presence of the three (3) independent directors is sufficient to provide the necessary checks and balances on the decision making process of the Board.

Composition of the Board

During the financial year under review, the Board currently comprises six (6) Board members, which includes one (1) Executive Chairman, one (1) Deputy Executive Chairman, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Directors. The profile of the Directors is presented from pages 4 to 9 of the Annual Report.

The three (3) Independent Directors represent compliance with the requirement for one –third (1/3) Independent Directors in the Board, pursuant to Paragraph 15.02(1) of the Listing Requirements and the adoption of best practices set out in the MCCG 2012.

The members of the Board are professionals with calibre and entrepreneurs equipped with a mix of industry specific knowledge with broad business and commercial experience. 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

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. The Board met seven (7) times during the year under review and all Directors attended more than 50% of the total Board meetings held during the financial year ended 31 December 2013, thus fulfilling the requirements as stipulated in the Listing Requirements.

During these meetings, the Board reviewed, amongst others, the Group's quarterly financial results, reports and updates on the Group's operations, minutes of meetings of Board Committees and any other strategic issues relating to the Group's businesses.

In advance of and during each Board Meeting, members are each provided with relevant documents and information to enable them to make an informed decision. All proceedings at the Board meetings are minuted and recorded including the issues discussed and decisions arrived at.

The attendance of the Directors at the Board Meetings held during the financial year ended 31 December 2013 are as follows:-

Director	Position	No. of Board Meetings Attended
Dato' Ir Lim Siang Chai *(Appointed on 1/7/2013)*	Executive Chairman	**3/3**
Dato' Ng Kek Kiong *(Re-designated from Executive Chairman to Deputy Executive Chairman on 1/7/2013)*	Deputy Executive Chairman	**7/7**
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman *(Re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director on 1/7/2013)*	Independent Non-Executive Director	**6/7**
Dato' Chen Oyan Yun Shai	Non-Independent Non-Executive Director	**5/7**
Lee Yun Choong	Independent Non-Executive Director	**7/7**
Fathi Ridzuan Bin Ahmad Fauzi	Independent Non-Executive Director	**6/7**
Shaik Rizal Bin Shaik Sulaiman *(Resigned on 02/10/2013)*	Group Managing Director and Chief Executive Officer	**5/5**

Directors' Training

All Directors have attended their Mandatory Accreditation Programme as prescribed by the 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 Board has empowered the Directors of the Company to determine their own training requirements as they consider necessary or deem fit. Nevertheless, the Nomination Committee also reviews the training needs of its Directors on an annual basis.

The Directors are briefed by the Company Secretary on any latest update and amendments on Listing Requirements issued by Bursa Malaysia at the Board Meetings.

The Directors have attended or participated in the following conferences, seminars, forum and training programmes during the financial year ended 31 December 2013: -

Name	Date of Training	Subject
Dato' Ir Lim Siang Chai	27 September 2013 11 October 2013 22 & 23 October 2013	Closing for Malaysia-China Economic Program for Senior Executives 4th Global Entrepreneurship Summit World Capital Markets Symposium - "Sustaining Growth & Resilience KL"
Dato' Ng Kek Kiong	14 June 2013 9 November 2013	Suining, China & ASEAN Investment Symposium Suining, China & ASEAN Commercial & Investment Forum
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	14 June 2013 9 November 2013	Suining, China & ASEAN Investment Symposium Suining, China & ASEAN Commercial & Investment Forum
Dato' Chen Oyan Yun Shai	14 June 2013	Suining, China & ASEAN Investment Symposium
Lee Yun Choong	24 & 25 June 2013 25 November 2013	National Tax Conference 2013 Budget Tax Seminar
Fathi Ridzuan Bin Ahmad Fauzi	9 November 2013	Suining, China & ASEAN Commercial & Investment Forum

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 takes 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, 1965 and applicable accounting standards in Malaysia. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Statement of Directors' Responsibility in relation to the Financial Statements pursuant to the Paragraph 15.26(a) of the Listing Requirements is set out on page 25 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 Board has maintained an appropriate and transparent relationship with the External Auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. Both the External Auditors and Internal Auditors are invited to attend the Audit Committee Meetings to facilitate the exchange of view on issues requiring attention.

A full Audit Committee Report is set out in pages 29 to 33 of this Annual Report.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

Sound Framework to Manage Risk

The Board oversees, reviews and monitors the operation, adequacy and effectiveness of the Group's system of internal controls. The Board defines the level of risk appetite, approving and overseeing the operation of the Group's Risk Management Framework, assessing its effectiveness and reviewing any major/ significant risk facing the Group.

The Audit Committee oversees the risk management framework of the Group and advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation.

The Audit Committee also reviews the action plan implemented and makes relevant recommendations to the Board to manage residual risks. The Company continues to maintain and review its internal control procedures to safeguard its assets and businesses.

Internal Audit Function

The Company has outsourced its internal audit function to a professional services firm namely Sterling Business Alignment Consulting Sdn. Bhd. to assist the AC in discharging its duties and responsibilities in respect of reviewing the adequacy and effectiveness of the Group's risk management and internal control systems.

The Statement on Risk Management and Internal Control as included on pages 26 to 27 of this Annual Report provides the overview of the internal control framework adopted by the Company during the financial year ended 31 December 2013.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies

The Board ensures that all communications to the public are timely, factual, accurate, complete, broadly disseminated and where necessary, filed with regulators in accordance with applicable laws. The Company aims to build long-term relationships with shareholders and potential investors through appropriate channels for the management and disclosure of information. These investors are provided with sufficient business, operations and financial information on the Group to enable them to make informed investment decision.

The Management are responsible for determining the materiality of the information and ensuring timely, complete, and accurate disclosure of material information to the investing public in accordance with securities laws and stock exchange rules and regulations, monitoring compliance with this policy and overseeing the disclosure controls and procedures. The Company is guided by the Corporate Disclosure Guide issued by Bursa Malaysia.

Sufficient information would be provided to the Company Secretary for drafting of the necessary announcement. The Board is mindful that information which is expected to be material must be announced immediately, and that the confidential information should be handled properly to avoid leakage and improper use of such information.

Leverage on Information Technology for Effective Dissemination of Information

The Company's website incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by the public. This Investor Relation section enhances the Investor Relations function by including all announcements made by the Company. The announcement of the quarterly financial results is also made via Bursa Link immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Encourage Shareholder Participation at General Meetings

The Company recognises the importance of communication with shareholders and views the general meetings of shareholders, particularly the Annual General Meeting ("AGM") as a vital platform where the Board and Management of the Company can meet and interact directly with the shareholders.

In the opinion of the Board, the appointment of a Senior Independent Director is not necessary as the Independent Directors are accessible by the shareholders during the meetings or the shareholders may write to the Directors through the Company's website, www.nagamasinternational.com.

The Company encloses the Annual Report and Notice of AGM with regard to, amongst others, details of the AGM, their entitlement to attend the AGM, the right to appoint proxy and also the qualification of proxy.

The shareholders are given the opportunity to participate in the question and answer session on the proposed resolutions and the Group's operations. Separate resolutions are prepared for different transactions and the outcome of the resolutions voted upon will be declared by the Chairman during the AGM and will be announced to Bursa Malaysia on the same Meeting day.

Encourage Poll Voting

The Chairman would ensure that shareholders were informed of their rights to demand a poll vote at the commencement of the general meetings.

Effective Communication and Proactive Engagement

The Board acknowledges the need of its shareholders and potential investors to be informed of the Group's performance and major developments. As such, the Company ensures that the quarterly announcements of the Group's financial are made on timely basis to provide its shareholders with an overview of the Group's performance and operations. In addition, general announcements and press releases were made to update the shareholders on any significant developments.

The Company also maintain a website at www.nagamasinternational.com from which shareholders and stakeholders can access for information.

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 MCCG 2012 has been applied. The Board considers that the Group has complied substantially the principles and recommendations outline in the MCCG 2012 throughout the financial year ended 31 December 2013, except where stated otherwise.

This Statement is made in accordance with a resolution of the Board of Directors dated 12 May 2014.

The Board of Directors is required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company.

In preparing the financial statements, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on a going concern basis as the Directors have reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved accounting standards.

The Directors have the overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

The financial statements of the Group and the Company for the financial year under review are set out from pages 35 to 105 of this Annual Report.

INTRODUCTION

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa 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 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 – Guidance for Directors of Public Listed Companies".

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound risk management practice 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 system of internal control 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 Chairman and Deputy Executive Chairman 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 staff 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 formalized and documented for implementation and continuous improvements. These policies are subject to regular reviews to meet new business requirements.

MONITORING AND COMMUNICATION

- Regular Board and management meetings are held where information is provided to the Board and management covering financial performances 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 of the Board for consideration.
- Management accounts and reports are prepared regularly for monitoring of actual performance.

RISK MANAGEMENT

Risk management forms an integral part of the Group's business operations. The process of identifying, evaluating, monitoring and managing significant risks 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. The task force will be responsible for reviewing risk management issues of the Group.

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 auditors 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.

However, during the financial year, the internal audit function was not active as there were no significant business activities with the cancellation and/or termination of the project delivery agreement for project brought forward from previous financial year. There are minimal movements of progress billings and costs incurred for the existing on-going projects that brought forward from previous financial year.

The Board is cognizant of the inactive internal audit function during the financial year and is of the opinion that the risks arising are fairly minimal due to the lack of any significant business operations during the year. For the financial year ended 31 December 2013, the total costs incurred for the outsourced internal audit function were RM10,688.80.

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.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and had reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the risk management and system of internal control.

1. MATERIAL CONTRACTS

During the financial year ended 31 December 2013, there were no material contracts entered into by the Company and/or its subsidiaries involving directors and major shareholders' interests (not being contracts entered into in the ordinary course of business).

2. SHARE BUY-BACK

The Company did not enter into any share buy-backs transactions during the financial year.

3. OPTIONS OR CONVERTIBLE SECURITIES

The Company did not issue any options or convertible securities during the financial year.

4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year.

5. SANCTIONS AND/OR PENALTIES

During the financial year under review, there were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, Directors or Management by relevant regulatory bodies arising from any significant breach of rules/guidelines/legislation during the financial year ended 31 December 2013.

6. NON-AUDIT FEE

The amount of non-statutory audit fees paid and payable to the external auditors by the Company for the financial year ended 31 December 2013 are as follows:

Name	Services	RM
Tam & Associates	**Reporting Accountant for Corporate Exercise**	**10,000**

7. VARIATION IN RESULTS

There was no material variations between the results for the financial year and the unaudited results previously announced. The Company did not make any profit estimate, forecast or projection for the financial year.

8. PROFIT GUARANTEE

The Company did not provide any profit guarantee during the financial year.

9. RECURRENT RELATED PARTY TRANSACTION ("RRPT") OF REVENUE OR TRADING NATURE

There were no material recurrent related party transactions of a revenue or trading nature during the financial year ended 31 December 2013, other than those disclosed in Note 32 to the financial statements.

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
Lee Yun Choong	Independent Non-Executive Director
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman *(Re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director on 1/7/2013)*	Independent Non-Executive Director

TERMS OF REFERENCE

1. Constitution

The Board of Directors have constituted and established a committee of the Board to be known as the Audit Committee.

2. Composition

(a) The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall comprise of not less than three (3) members, all of whom must be Non-Executive Directors, with a majority of them being independent.

(b) At least one (1) member of the Committee shall be a member of the Malaysian Institute of Accountants; or if not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967 ("said Schedule") or he must be a member of one (1) of the associations of accountants specified in Part II of the said Schedule; or has a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance or is a member of a professional accountancy organisation which has been admitted as full members of the International Federation of Accountants and at least three (3) years' post qualification experience in accounting or finance; or at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

(c) No alternate director shall be appointed as a member of the Committee.

(d) The members of the Committee shall elect a Chairman from among their numbers who shall be an Independent Director.

(e) In the event of any vacancy in the Committee resulting in the non-compliance of subparagraph 15.09(1) of the Listing Requirements of Bursa Malaysia, the Board shall fill the vacancy within three (3) months from the date of the vacancy.

(f) The Board shall review the terms of office and performance of the Committee and each of its members at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

3. Authority

(a) The Committee is authorised by the Board to review and/or investigate any matter within the Committee's terms of reference. It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties. All employees of the Group are required to comply with the requests made by the Committee.

(b) The Committee is authorised by the Board to obtain external legal or independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the expenses of which will be borne by the Company.

(c) The Committee shall have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity.

(d) The Committee shall be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary, in order to enable the Committee and the External Auditors or the Internal Auditors or both, to discuss problems and reservations and any other matter the External Auditors or Internal Auditors may wish to bring up to the attention of the Committee.

(e) The Committee is not authorised to implement its recommendations on behalf of the Board but report its recommendations back to the Board for its consideration and implementation. Where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia, the Committee is authorised to promptly report such matters to the Exchange.

4. Functions of the Committee shall be amongst others:-

(a) To consider the audit fee of the External Auditors, any questions of resignation or dismissal of the External Auditors and appointment of new External Auditors to replace outgoing auditor, and whether there is reason (supported by grounds) to believe that the Company's External Auditors is not suitable for re-appointment; and to recommend the nomination of a person or persons as External Auditors;

(b) To discuss with the External Auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one (1) audit firm is involved;

(c) To act as an intermediary between Management or other employees, and the External Auditors;

(d) To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing particularly on:-
(i) any changes in or implementations of major accounting policies and practices;
(ii) significant adjustments arising from audits;
(iii) significant and unusual events;
(iv) litigation that could affect results materially;
(v) the going concern assumption; and
(vi) compliance with accounting standards regulatory and other legal requirements.

(e) To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditors may wish to discuss (in the absence of Management where necessary);

(f) To review matters arising from the audit with the External Auditors including any report or management letter and Management's response;

(g) To do the following where an internal audit function exists:-
(i) review the adequacy of the scope, functions and resources and competency of the internal audit function, and that it has the necessary authority to carry out its work;
(ii) review the internal audit programme, process and results of the internal audit programme, process and/or investigation undertaken and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
(iii) to ensure the internal audit function of the Company reports directly to the Committee;
(iv) review any appraisal or assessment of the performance of the internal audit function;
(v) to review the independence of the internal audit function;
(vi) approve any appointment or termination of Internal Auditors; and
(vii) provide the Internal Auditors an opportunity to submit reasons for resigning.

(h) Review the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;

(i) To consider any related party transactions and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of Management integrity;

(j) To consider the major findings of internal investigations and Management's response;

(k) To prepare the annual Committee report to the Board which includes the composition of the Committee, its terms of reference, number of meetings held, a summary of its activities and the existence of internal audit function and summary activities of internal audit function for inclusion in the Annual Report;

(l) To review the Board's statement in compliance with the Malaysian Code on Corporate Governance for inclusion in the Annual Report;

(m) To carry out such other functions as may be agreed to by the Committee and the Board.

5. Meetings & Minutes

(a) The Committee shall meet at least four (4) times annually. However, at least once a year, the Committee shall meet with the External Auditors without the Executive Directors being present.

(b) A quorum shall be two (2) members, majority of whom must be Independent Directors.

(c) Other than in circumstances which the Chairman considers inappropriate, the Chief Accountant and/or Chief of Finance and the representatives of the External Auditors and Internal Auditors shall attend all meetings of the Committee to make known their views on any matter under consideration by the Committee, or which in their opinion, should be brought to the attention of the Committee. The Committee may, as and when necessary, invite other members of the Board and members of Senior Management to attend the meetings.

(d) The Company Secretary shall be the Secretary of the Committee and will record, prepare and circulate the minutes of the meetings of the Committee and ensure that the minutes are properly kept and produced for inspection, if required. The Committee shall report to the Board and its minutes tabled and noted by the Board.

MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The Committee met five (5) times during the financial year ended 31 December 2013 and the details of attendance are as follows:-

Director	Total meetings attended
Fathi Ridzuan Bin Ahmad Fauzi (Chairman)	4/5
Lee Yun Choong	5/5
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	4/5

Other Board members and Senior Management, representatives of the External Auditors and Internal Auditors were present by invitation to brief the Committee on specific issues, as and when necessary, with the Company Secretary in attendance.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

During the financial year, the Audit Committee in the discharge of its duties and functions carried out the following activities:

- Reviewed the unaudited quarterly financial results and annual audited financial statements of the Company and Group to ensure compliance with approved accounting standards and adherence to other regulatory requirements prior to submission to the Board for consideration and approval;

- Reviewed and assessed the significant issues set out in the management letter arising from the audit of the Company and Group by the external auditors for the financial year and seeks clarification and explanations from Management of the Company on issues noted in the audit reports;

- Reviewed the external auditors’ scope of work and their audit planning memorandum;

- Met with the external auditors without the presence of the Management and reviewed the assistance provided by Management to the External Auditors during the course of their audit;

- Evaluate the performance of the external auditors and made recommendations to the Board on their re-appointment;

- Reviewed the audit fees for the external auditors in respect of their audit of the Group and the Company;

- Reviewed the recurrent related party transactions;

- Reviewed the internal auditors’ audit methodology in assessing and rating risks of auditable areas;

- Reviewed the report prepared by the internal auditor, considered their material findings and accessing the Management’s response and actions and made recommendations to the Board and Management on improvement of internal controls, procedures and systems and other matters noted by the Committee; and

- Reviewed the Risk Management Handbook, Audit Committee Report and Statement on Risk Management and Internal Control.

GROUP FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2013

Revenue	Profit Before Taxation	Profit After Taxation	Shareholders' Fund	Earnings Per Share
RM6,349,481	RM8,850,720	RM4,640,960	RM20,543,603	9.1 sen

FIVE YEARS' FINANCIAL PERFORMANCE

Revenue	RM
Jan 2009 - Dec 2009	109,266,343
Jan 2010 – Dec 2010	29,897,127
Jan 2011 – Dec 2011	15,336,190
Jan 2012 – Dec 2012	10,291,455
Jan 2013 – Dec 2013	6,349,481

Profit/ (Loss) Before Taxation	RM
Jan 2009 - Dec 2009	(1,168,731)
Jan 2010 – Dec 2010	(23,920,980)
Jan 2011 – Dec 2011	(1,321,624)
Jan 2012 – Dec 2012	(1,593,922)
Jan 2013 – Dec 2013	8,850,720

Shareholders' Fund	RM
31 Dec 2009	42,429,932
31 Dec 2010	17,888,816
31 Dec 2011	16,901,066
31 Dec 2012	14,988,515
31 Dec 2013	20,543,603

Earnings/ (Loss) Per Share (Sen)	Sen
Jan 2009 - Dec 2009	(4.2)
Jan 2010 – Dec 2010	(47.2)
Jan 2011 – Dec 2011	(2.5)
Jan 2012 – Dec 2012	(3.1)
Jan 2013 – Dec 2013	9.1

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

CHANGE OF NAME

On 31 March 2014, the Company had changed its name from NAGAMAS INTERNATIONAL BERHAD to JIANKUN INTERNATIONAL BERHAD.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and providing management services to its subsidiary companies.

The principal activities of the subsidiary companies are set out 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
Profit / (Loss) for the financial year	4,640,960	(3,554,156)

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend for the financial year ended 31 December 2013.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances which require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who have held office since the date of last report are:-

Dato' Ir Lim Siang Chai	(Appointed on 01.07.2013)
Dato' Ng Kek Kiong	
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	
Dato' Chen Oyan Yun Shai	
Lee Yun Choong	
Fathi Ridzuan Bin Ahmad Fauzi	
Shaik Rizal Bin Shaik Sulaiman	(Resigned on 02.10.2013)

Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman retires pursuant to Section 129(6) of the Companies Act, 1965, and seeks re-election and re-appointment as director to hold office until the next Annual General Meeting of the Company.

Dato' Ir Lim Siang Chai retires pursuant to Article 95 of the Company's Articles of Association and seeks re-election and re-appointment as director to hold office until the next Annual General Meeting of the Company.

Lee Yun Choong retires pursuant to Article 88 of the Company's Articles of Association and seeks re-election and re-appointment as director to hold office until the next Annual General Meeting of the Company.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a 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 of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

ISSUE OF SHARES

There were no changes in the authorised and issued and paid-up share capital of the Company.

DIRECTORS' INTEREST IN SHARES

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

	Number of ordinary shares of RM1 each			
	Balance at 01.01.2013	Bought	Sold	Balance at 31.12.2013
Direct interest:-				
Dato' Ir Lim Siang Chai	500,000	-	-	500,000
Dato' Chen Oyan Yun Shai	900,000	-	-	900,000
Indirect interest:-				
Dato' Ng Kek Kiong	13,621,225	-	-	13,621,225
Dato' Chen Oyan Yun Shai	300,000	-	-	300,000

By virtue of his shareholdings in the Company, Dato' Ng Kek Kiong is deemed to have interest in shares in the Company and its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 6A of the Companies Act, 1965.

The other directors holding office at the end of the financial year has no interest in shares and option over shares of the Company or its related corporations during the financial year.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year are disclosed in Note 37 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Tam & Associates, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 April 2014.

Dato' Ir Lim Siang Chai
Director

Dato' Ng Kek Kiong
Director

Kuala Lumpur

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

We, Dato' Ir Lim Siang Chai and Dato' Ng Kek Kiong, being two of the directors of JIANKUN INTERNATIONAL BERHAD (formerly known as NAGAMAS INTERNATIONAL BERHAD), do hereby state that, in the opinion of the directors, the accompanying financial statements 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 positions of the Group and of the Company as at 31 December 2013 and of the financial performances and cash flows for the financial year then ended.

The supplementary information set out on page 105, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 April 2014.

Dato' Ir Lim Siang Chai
Director

Dato' Ng Kek Kiong
Director

Kuala Lumpur

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

I, Dato' Ir Lim Siang Chai, the director primarily responsible for the financial management of JIANKUN INTERNATIONAL BERHAD (formerly known as NAGAMAS INTERNATIONAL BERHAD), do solemnly and sincerely declare that the accompanying financial statements are in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Dato' Ir Lim Siang Chai

Subscribed and solemnly declared by the abovenamed Dato' Ir Lim Siang Chai at Kuala Lumpur in Wilayah Persekutuan on 18 April 2014, before me.

COMMISSIONER FOR OATHS

TO THE MEMBERS OF JIANKUN INTERNATIONAL BERHAD (FORMERLY KNOWN AS NAGAMAS INTERNATIONAL BERHAD) (111365-U)

Report on the Financial Statements

We have audited the financial statements of JIANKUN INTERNATIONAL BERHAD (formerly known as NAGAMAS INTERNATIONAL BERHAD), which comprise the statements of financial position as at 31 December 2013 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 financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 104.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with 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 that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2013 and of their financial performances and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

TO THE MEMBERS OF JIANKUN INTERNATIONAL BERHAD (FORMERLY KNOWN AS NAGAMAS INTERNATIONAL BERHAD) (111365-U)

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 subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all subsidiary companies of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiary companies 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 financial statements of the subsidiary companies did not contain any qualification or any adverse comment under Section 174 (3) of the Act other than those disclosed in Note 7 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out on page 105 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 Loss 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 matter

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

TAM & ASSOCIATES
No. AF-1356
Chartered Accountants

TAM KOK MENG
No. 1875/02/16 (J/PH)
Partner of the firm

Kuala Lumpur
Date: 18 April 2014

As At 31 December 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Non-current assets					
Property, plant and equipment	4	444,966	8,784,979	71,406	75,999
Goodwill	5	-	-	-	-
Investment properties	6	20,812,663	-	-	-
Investments in subsidiary companies	7	-	-	13,742,157	12,563,000
		21,257,629	8,784,979	13,813,563	12,638,999
Current assets					
Amount due from customers on contract works	8	-	131,109	-	-
Property development costs	9	4,305,953	3,709,351	-	-
Accrued billings		45,677	1,110,784	-	-
Trade receivables	10	2,364,103	1,807,679	-	-
Non-trade receivables	11	4,611,731	5,085,055	8,816	230,894
Amount due from subsidiary companies	12	-	-	6,519,294	8,729,894
Fixed deposit with a licensed bank	13	20,000	-	-	-
Cash and bank balances	14	233,536	394,233	26,484	2,711
		11,581,000	12,238,211	6,554,594	8,963,499
Total assets		32,838,629	21,023,190	20,368,157	21,602,498
Equity					
Share capital	15	50,895,000	50,895,000	50,895,000	50,895,000
Reserves	16	(30,351,397)	(35,906,485)	(35,378,587)	(31,824,431)
Total equity attributable to the owners of the Company		20,543,603	14,988,515	15,516,413	19,070,569
Non-current liabilities					
Hire purchase payable	17	180,308	-	-	-
Bank borrowing - secured	18	-	2,183,450	-	-
Deferred tax liability	19	4,385,726	-	-	-
		4,566,034	2,183,450	-	-

As At 31 December 2013 (Cont'd)

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Current liabilities					
Progress billings		179,337	727,315	-	-
Trade payables	20	807,441	459,935	-	-
Non-trade payables	21	3,255,915	1,726,009	2,666,220	666,264
Amount due to subsidiary companies	12	-	-	230,840	927,699
Amount due to directors	22	2,578,072	937,966	1,954,684	937,966
Hire purchase payable	17	59,339	-	-	-
Bank borrowing - secured	18	848,888	-	-	-
		7,728,992	3,851,225	4,851,744	2,531,929
Total liabilities		12,295,026	6,034,675	4,851,744	2,531,929
Total equity and liabilities		32,838,629	21,023,190	20,368,157	21,602,498

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Revenue	23	6,349,481	10,291,455	-	-
Cost of sales	24	(4,751,388)	(8,063,512)	-	-
Gross profit		1,598,093	2,227,943	-	-
Other income	25	11,125,280	9,896	1,602,000	2,549,527
Administrative expenses		(3,707,733)	(3,699,652)	(5,156,156)	(2,588,449)
Finance costs	26	(164,920)	(132,109)	-	-
Profit / (Loss) before tax	27	8,850,720	(1,593,922)	(3,554,156)	(38,922)
Tax	28	(4,209,760)	-	-	-
Profit / (Loss) after tax		4,640,960	(1,593,922)	(3,554,156)	(38,922)
Total other comprehensive income / (loss):-					
Foreign currency translation		914,128	(318,629)	-	-
Total comprehensive income / (loss) for the financial year		5,555,087	(1,912,551)	(3,554,156)	(38,922)
Profit / (Loss) after tax attributable to the owners of the Company		4,640,960	(1,593,922)	(3,554,156)	(38,922)
Total comprehensive income / (loss) for the financial year attributable to the owners of the Company		5,555,088	(1,912,551)	(3,554,156)	(38,922)
Earnings / (Loss) per share (Sen)	29				
Continuing operations:					
- Basic		9.12	(3.13)		
- Diluted		9.12	(3.13)		

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	← Non-distributable	→	Distributable	
	Share capital	Foreign exchange translation reserve	Accumulated losses	Total
	RM	RM	RM	RM
Balance as at 1 January 2013	50,895,000	(756,918)	(35,149,567)	14,988,515
Profit after tax for the financial year	-	-	4,640,960	4,640,960
Other comprehensive income for the financial year:				
- Foreign currency translation differences	-	914,128	-	914,128
Balance as at 31 December 2013	50,895,000	157,210	(30,508,607)	20,543,603
Balance as at 1 January 2012	50,895,000	(438,289)	(33,555,645)	16,901,066
Loss after tax for the financial year	-	-	(1,593,922)	(1,593,922)
Other comprehensive loss for the financial year:				
- Foreign currency translation differences	-	(318,629)	-	(318,629)
Balance as at 31 December 2012	50,895,000	(756,918)	(35,149,567)	14,988,515

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Non-distributable	*Distributable*	
	Share capital	**Accumulated losses**	**Total**
	RM	**RM**	**RM**
Balance as at 1 January 2013	50,895,000	(31,824,431)	19,070,569
Loss after tax / Total comprehensive loss for the financial year	-	(3,554,156)	(3,554,156)
Balance as at 31 December 2013	50,895,000	(35,378,587)	15,516,413
Balance as at 1 January 2012	50,895,000	(31,785,509)	19,109,491
Loss after tax / Total comprehensive loss for the financial year	-	(38,922)	(38,922)
Balance as at 31 December 2012	50,895,000	(31,824,431)	19,070,569

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash flows from operating activities					
Profit / (Loss) before tax		8,850,720	(1,593,922)	(3,554,156)	(38,922)
Adjustments for:-					
Allowance for impairment loss on amount due from subsidiary companies		-	-	839,931	-
Allowance for impairment loss on non-trade receivables		242,078	82,435	222,078	-
Bad debts written off		-	146,360	-	144,098
Deposit forfeited		(9,300)	-	-	-
Deposits written off		4,600	-	-	-
Depreciation		98,644	47,429	15,138	29,986
Impairment losses on investment in subsidiary companies		-	-	1,620,837	-
Interest expense		164,920	132,109	-	-
Interest income		(4,741)	(7,880)	-	-
Loss on disposal of property, plant and equipment		10,688	-	-	-
Property development costs written off		57,631	5,369	-	-
Property, plant and equipment written off		3,355	-	3,355	-
Unrealised gain on foreign exchange		-	-	-	(149,527)
Gain in fair value		(11,086,770)	-	-	-
Operating (loss) / profit before working capital changes		(1,668,175)	(1,188,100)	(852,817)	(14,365)
Increase in property development costs		(654,233)	(282,949)	-	-
Decrease / (Increase) in receivables		866,438	(1,043,533)	-	1,908,870
Increase in payables		1,338,734	1,752,184	1,999,956	952,619
Net changes in subsidiary companies balances		-	-	(1,600,000)	(2,250,473)
Cash (utilised in) / generated from operations		(117,236)	(762,398)	(452,861)	596,651
Interest received		4,741	7,880	-	-
Tax refunded		-	39,637	-	39,637
Net cash (utilised in) / generated from operating activities		(112,495)	(714,881)	(452,861)	636,288

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Cash flows from investing activities					
Investment in subsidiary companies		-	-	(2,799,994)	-
Proceeds from disposal of property, plant and equipment		8,244	-	-	-
Purchase of property, plant and equipment	30	(147,221)	(43,008)	(13,900)	(3,355)
Net cash utilised in investing activities		(138,977)	(43,008)	(2,813,894)	(3,355)
Cash flows from financing activities					
Interest paid		(164,920)	(132,109)	-	-
Net advances from directors		1,640,106	-	1,016,718	
Net advances to subsidiary companies		-	-	2,273,810	(639,024)
Net (repayment) / drawdown of bank borrowing		(1,334,562)	1,183,450	-	-
Repayment of hire purchase payables		(30,353)	-	-	-
Net cash generated from / (utilised in) financing activities		110,271	1,051,341	3,290,528	(639,024)
Net (decrease) / increase in cash and cash equivalents		(141,201)	293,452	23,773	(6,091)
Effect on translation differences		504	(318,629)	-	-
Cash and cash equivalents at beginning of financial year		394,233	419,410	2,711	8,802
Cash and cash equivalents at end of financial year		253,536	394,233	26,484	2,711
Cash and cash equivalents comprise:-					
Fixed deposit with a licensed bank		20,000	-	-	-
Cash and bank balances		233,536	394,233	26,484	2,711
		253,536	394,233	26,484	2,711

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

1. GENERAL

JIANKUN INTERNATIONAL BERHAD (formerly known as NAGAMAS INTERNATIONAL BERHAD) is a public limited liability company, incorporated and domiciled in Malaysia. The Company is listed on the main market of Bursa Malaysia.

The Company are principally engaged in investment holding and providing management services to its subsidiary companies.

The principal activities of the subsidiary companies are set out in Note 7 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 April 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia.

2.2 Changes in accounting policies

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

On 1 January 2013, the Group and the Company adopted the following new and amended FRS and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2013.

Description	**Effective for annual period beginning or after**
Amendments to FRS 101: Presentation of items of other comprehensive income	1 July 2012
FRS 3 Business combinations (IFRS 3 Business combinations issued by IASB in March 2004)	1 January 2013
FRS 127 Consolidated and separate financial Statements (IAS 27 revised by IASB in December 2003)	1 January 2013
FRS 10 Consolidated financial statements	1 January 2013
FRS 11 Joint arrangements	1 January 2013
FRS 12 Disclosure of interests in other entities	1 January 2013
FRS 13 Fair value measurement	1 January 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (Cont'd)

Description	Effective for annual period beginning or after
FRS 119 Employee benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
FRS 127 Separate financial statements (IAS 127 as amended by IASB in May 2011)	1 January 2013
FRS 128 Investment in associate and joint ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
IC Interpretation 20 Stripping costs in the production phase of a surface mine)	1 January 2013
Amendments to FRS 7: Disclosures - Offsetting financial assets and financial liabilities	1 January 2013
Annual improvements 2009 - 2011 cycle	1 January 2013
Amendments to FRS 1: Government loans	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12: Consolidated financial statements, joint arrangements and disclosure of interest in other entities: Transition guidance	1 January 2013

Adoption of the above standards and interpretations did not have any effect on the financial performances and positions of the Group and of the Company except for those discussed below:

FRS 13 Fair value measurement

FRS 13 established a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has not materially impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

Amendments to FRS 101: Presentation of items of other comprehensive income

The amendments to FRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point of time have to be presented separately from items that will not be reclassified. The amendments have no significant impact to the Group's financial position or performance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (Cont'd)

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs") that are equivalent to International Financial Reporting Standards.

The MFRSs are 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 (herein called "Transitioning Entities").

The Transitioning Entities are given an option to defer adoption of the MFRSs to annual periods beginning on or after 1 January 2015. The Group of which a subsidiary company falls within the definition of Transitioning Entities and has the option to prepare its first MFRSs financial statements for the financial year ended 31 December 2015.

In representing its first MFRSs financial statements, the Group will quantify the financial effects of the differences between current FRSs and MFRSs.

The majority of the adjustments required in transition will be made, retrospectively, against opening retained profits.

The Group expects to be in a position to fully comply with the requirements of MFRSs for the financial year ending 31 December 2015.

2.3 Standards issued but not yet effective

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

Description	**Effective for annual period beginning or after**
Amendments to FRS 132: Offsetting financial assets and financial liabilities	1 January 2014
Amendments to FRS10, FRS 12 and FRS 127: Investment entities	1 January 2014
Amendments to FRS 136: Recoverable amount Disclosure for non-financial assets	1 January 2014
Amendments to FRS 139: Novation of derivatives and Continuation of hedge accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
FRS 9 Financial instruments (IFRS 9 issued by IASB In November 2009)	1 January 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (Cont'd)

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

Description	**Effective for annual period beginning or after**
FRS 9 Financial instruments (IFRS 9 issued by IASB In November 2010)	1 January 2015
Amendments to FRS 119: Defined benefit plans: Employee contributions	1 July 2014
Annual improvements to FRS 2010-2012 cycle	1 July 2014
Annual improvements to FRS 2011-2013 cycle	1 July 2014
FRS 9 Financial instruments (IFRS 9 issued by IASB In November 2009)	To be announced
FRS 9 Financial instruments (IFRS 9 issued by IASB In October 2010)	To be announced
FRS 9 Financial instruments: Hedge accounting and amendments to FRS 9, FRS 7 and FRS 139	To be announced

The directors expect that the adoption of the above standards and interpretation will have no material impact on the financial statements in the period of initial application except as discussed below:

FRS 9 Financial instruments

FRS 9 reflects the first phase of work in the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of FRS 9 will have an effect in the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation

The consolidated financial statements included the financial statements of the Company and its subsidiary companies made up to 31 December 2013.

Subsidiary companies are entities (including structured entities) controlled by the Group. 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 consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiary companies to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive loss is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each financial reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon the loss of control of a subsidiary company, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary company; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary company and any non-controlling interests.

Amount previously recognised in other comprehensive income in relation to the former subsidiary company are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed off (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 or, when applicable, the cost of initial recognition of an investment in an associate or a joint venture.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (Cont'd)

All subsidiary companies are consolidated using the acquisition method. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the fair value of the purchase consideration over the Group's share of fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary company at the date of acquisition.

The deficit in the purchase consideration over the fair value of the net assets of the subsidiary company at the date of acquisition is credited to the profit or loss in the period in which it arises.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

2.5 Goodwill

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent financial period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiary company exceeds the cost of the business combination, the excess is recognised as income immediately in profit or loss.

2.6 Functional and foreign currencies

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Functional and foreign currencies (Cont'd)

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenue and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period except for those business combinations that occurred before the date of transition which are treated as assets and liabilities of the Company and are not retranslated.

2.7 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to profit or loss on the straight line basis calculated to write off the cost of each asset over its estimated useful life.

The principal annual depreciation rates are as follows:-

Furniture and office equipment	10%
Electrical installation	25%
Renovation	25%
Computer and software	20% to 33%
Motor vehicle	20%

Leasehold land and buildings was not depreciated.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the statements of profit or loss and other comprehensive income.

2.8 Financial instruments

Financial instruments are recognised in the statements of financial position when the Group and the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group and the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (Cont'd)

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to / deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

2.8.1 Financial assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

(c) Loans and receivables financial assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (Cont'd)

2.8.1 Financial assets (Cont'd)

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss. Interest income calculated for a debt instrument using the effective interest method is recognised in profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

2.8.2 Financial liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

2.8.3 Equity instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

Ordinary shares

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (Cont'd)

2.8.4 Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.9 Impairment of assets

2.9.1 Impairment of financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at the end of each reporting period 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. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised in fair value reserve.

In addition, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return of a similar financial asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Impairment of assets (Cont'd)

2.9.1 Impairment of financial assets (Cont'd)

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount 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 the reversal is recognised in profit or loss.

2.9.2 Impairment of non-financial assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.10 Investments in subsidiary companies

Investments in subsidiary companies are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiary companies, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Initially investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the financial year in which they arise.

Investment properties are derecognised when they have either been disposed off or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

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 or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If an investment property becomes owner-occupied property, such property shall be accounted for in accordance with the policy set out in Note 2.7 above.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying assets are capitalised as part of the cost of the assets when the Group and the Company incur the expenditure for the assets, incur borrowing costs and undertake activities that are necessary to prepare the assets for the intended use or sale.

Capitalisation of borrowing costs is suspended during extended periods in which active development is suspended and ceased when substantially all the activities necessary to prepare the qualifying assets for the intended use or sale are complete.

2.14 Employee benefits

2.14.1 Short term benefits

Wages, salaries, bonuses and social security contributions are measured on an undiscounted basis and are recognised as an expense in the period in which associated services are rendered by employees of the Group and of the Company. 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Employee benefits (Cont'd)

2.14.2 Defined contribution plans

As required by law, companies in Malaysia make contributions to the national defined contribution fund, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

2.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company, and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

2.15.1 Revenue from administrative, management and aviation services are recognised upon performance of services.

2.15.2 Revenue from sale of development properties is recognised on percentage of completion method, when the outcome of development projects can be reliably estimated.

2.16 Property development costs

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs under current assets. Property development costs comprise all costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities.

Where the outcome of a development can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion of costs incurred to date bear to the estimated total costs. In applying this method of determining stage of completion, only those costs that reflect actual development work performed are included as costs.

Where the outcome of a development cannot be reasonably estimated, development revenue is recognised to the extent of development costs incurred that is probable will be recoverable.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in the statement of profit or loss and other comprehensive income irrespective of whether development work has commenced or not, or of the stage of completion of development activity, or of the amounts of profits expected to arise on other unrelated development projects.

The excess of revenue recognised in the statement of profit or loss and other comprehensive income over billings to purchasers of properties is recognised as accrued billings under current assets.

The excess of billings to purchasers over revenue recognised in the statement of profit or loss and other comprehensive income is recognised as progress billings under current liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the percentage of completion method. The stage of completion is measured by reference to the proportion of costs incurred to date bear to the estimated total costs. In applying this method of determining stage of completion, only those costs that reflect actual development work performed are included as costs.

Where the outcome of a construction cannot be reasonably estimated, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total construction contract revenue, the expected loss is recognised as an expense immediately.

When the total of contract costs incurred on construction plus recognised profit (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contract works. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance classified as amount due to customers on contract works.

2.18 Income tax

The tax expense in the statement of profit or loss and other comprehensive income represents the aggregate amount of current tax and deferred tax included in the determination of net profit or loss for the financial year.

On statements of financial position, a deferred tax liability is recognised for taxable temporary differences while a deferred tax asset is only recognised for deductible temporary differences, unutilised tax losses and unutilised tax credits to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences, tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted by the end of the reporting date that are expected to apply to the period when the asset is realised or when the liability is settled.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, whether in the same or different period, directly to equity.

2.19 Earnings per share and diluted earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Earnings per share and diluted earnings per share (Cont'd)

Diluted earnings per share amounts are calculated by dividing profit for the financial year from continuing operations, net of tax, attributable to owners of the parent (after adjusting for interest expense on convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

2.20 Assets under hire purchase

Assets financed by hire purchase which transfer substantially all the risks and rewards of ownership to the Group and the Company are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

Finance charges are allocated to the statement of profit or loss and other comprehensive income over the period of the agreements to give a constant periodic rate of charge on the remaining hire purchase payable.

2.21 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Chairman of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.22 Related parties

A party is related to an entity (referred to as "reporting entity") if:-

a) A person or a close member of that person's family is related to a reporting entity if that person:-

   i) has control or joint control over the reporting entity;
   ii) has significant influence over the reporting entity; or
   iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:-

   i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group in which the other entity is a member).
   iii) both entities are joint venture of the same third party.
   iv) one entity of a joint venture of a third party entity and the other entity is an associate of the third party.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Related parties (Cont'd)

b) An entity is related to a reporting entity if any of the following conditions applies:- (Cont'd)

v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
vi) the entity is controlled or jointly controlled by a person identified in (a) above.
vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close member of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2.23 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

2.24 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

3.1 Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group and the Company anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

3.2 Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the financial year in which such determination is made.

3.3 Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

3.4 Impairment of receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. 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. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

3.5 Classification between investment properties and owner-occupied properties

The Group and the Company determine whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group and the Company considers whether a property generates cash flows largely independent of the other assets held by the Group and the Company.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.5 Classification between investment properties and owner-occupied properties (Cont'd)

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group and the Company accounts for the portion separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

3.6 Revaluation of properties

Certain properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

3.7 Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

3.8 Fair value estimates for certain financial assets and liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and / or equity.

3.9 Construction contracts and property development costs

The Group recognises construction and property development revenue and expenses in 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 past experience and by relying on the work of specialists.

4. PROPERTY, PLANT AND EQUIPMENT

2013 Group	Leasehold land and buildings RM	Furniture and office equipment RM	Electrical installation RM	Renovation RM	Computer and software RM	Motor vehicle RM	Total RM
Cost							
As at 1 January 2013	8,636,303	162,579	11,720	44,915	93,228	-	8,948,745
Additions	-	3,900	-	-	-	413,321	417,221
Disposals	-	(10,943)	-	(18,710)	-	-	(29,653)
Written off	-	-	-	-	(3,355)	-	(3,355)
Transferred to investment properties	(8,636,303)	-	-	-	-	-	(8,636,303)
As at 31 December 2013	-	155,536	11,720	26,205	89,873	413,321	696,655
Accumulated depreciation							
As at 1 January 2013	-	62,191	4,136	13,891	83,548	-	163,766
Charges	-	15,895	2,360	8,528	2,974	68,887	98,644
Disposals	-	(3,316)	-	(7,405)	-	-	(10,721)
As at 31 December 2013	-	74,770	6,496	15,014	86,522	68,887	251,689
Net book value as at 31 December 2013	-	80,766	5,224	11,191	3,351	344,434	444,966

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2012	Leasehold land and buildings	Furniture and office equipment	Electrical installation	Renovation	Computer and software	Total
Group	RM	RM	RM	RM	RM	RM
Cost						
As at 1 January 2012	-	141,636	11,720	26,205	89,873	269,434
Additions	-	20,943	-	18,710	3,355	43,008
Reclassified from prepayment	8,636,303	-	-	-	-	8,636,303
As at 31 December 2012	8,636,303	162,579	11,720	44,915	93,228	8,948,745
Accumulated depreciation						
As at 1 January 2012	-	45,934	1,774	3,413	65,216	116,337
Charges	-	16,257	2,362	10,478	18,332	47,429
As at 31 December 2012	-	62,191	4,136	13,891	83,548	163,766
Net book value as at 31 December 2012	8,636,303	100,388	7,584	31,024	9,680	8,784,979

4. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Company	Furniture and office equipment RM	Electrical installation RM	Renovation RM	Computer and software RM	Total RM
2013					
Cost					
As at 1 January 2013	116,666	3,800	5,010	90,545	216,021
Additions	13,900	-	-	-	13,900
Written off	-	-	-	(3,355)	(3,355)
As at 31 December 2013	130,566	3,800	5,010	87,190	226,566
Accumulated depreciation					
As at 1 January 2013	55,105	1,362	1,794	81,761	140,022
Charges	12,176	380	501	2,081	15,138
As at 31 December 2013	67,281	1,742	2,295	83,842	155,160
Net book value as at 31 December 2013	63,285	2,058	2,715	3,348	71,406
2012					
Cost					
As at 1 January 2012	116,666	3,800	5,010	87,190	212,666
Additions	-	-	-	3,355	3,355
As at 31 December 2012	116,666	3,800	5,010	90,545	216,021
Accumulated depreciation					
As at 1 January 2012	43,438	982	1,293	64,323	110,036
Charges	11,667	380	501	17,438	29,986
As at 31 December 2012	55,105	1,362	1,794	81,761	140,022
Net book value as at 31 December 2012	61,561	2,438	3,216	8,784	75,999

The motor vehicle of the Group at the end of the reporting period is acquired under hire purchase.

5. GOODWILL

	Group	
	2013	2012
	RM	RM
As at 1 January	69,455	69,455
Less: Allowance for impairment losses	(69,455)	(69,455)
As at 31 December	-	-

The recoverable amount of the investment in subsidiary companies and 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. Impairment loss was recognised in the prior financial year as the recoverable amount is lower than the carrying amount.

6. INVESTMENT PROPERTIES

The investment properties are situated in Huizhou, China under long leases.

	Group	
	2013	2012
	RM	RM
At fair value:-		
As at 1 January	-	-
Transferred from property, plant and equipment, at cost	8,636,303	-
	8,636,303	-
Gain in fair value (Note 25)	11,086,770	-
Translation difference	1,089,590	-
As at 31 December	20,812,663	-

The fair value of the Group's investment properties as at 31 December 2013 has been arrived at on the basis of a valuation carried out on 3 December 2013 by Huizhou Huiyang Golden Land Realty Valuation Office, an independent qualified professional valuer not connected to the Company, which has appropriate qualifications and recent experience in the valuation of similar properties in relevant location.

The fair value was arrived at by reference to direct comparison method as available in the market and where appropriate, on the basis of capitalisation of net income. In the valuation, the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other letting of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted based on the valuer's knowledge of the factors specific to the respective properties.

Gain in fair value is recognised in profit or loss during the financial year.

7. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company 2013 RM	Company 2012 RM
Unquoted shares at cost in Malaysia	7,129,998	4,330,004
Unquoted shares at cost in Hong Kong	8,997,800	8,997,800
	16,127,798	13,327,804
Accumulated impairment losses:-		
As at 1 January	764,804	764,804
Recognised in profit or loss (Note 27)	1,620,837	-
As at 31 December	2,385,641	764,804
	13,742,157	12,563,000

The details of the subsidiary companies are as follows:-

Name of Company	Country of incorporation	Effective equity interest 2013 %	Effective equity interest 2012 %	Principal activities
Nagamas Land Development Sdn. Bhd.	Malaysia	100	100	Property development
Mas-Be Travel Services Sdn. Bhd.^	Malaysia	100	100	Provision in travel, cargo handling and aviation-related business services
Nagamas Aviation Services Sdn. Bhd.^	Malaysia	100	100	Provision of management services for air cargo transportation business and travel ticketing business
Nagamas Venture Sdn. Bhd.	Malaysia	100	100	Project management
Nagamas Bizworks Sdn. Bhd.^	Malaysia	100	100	Providing public relation consulting services and dealing with agents, corporate, local authorities and government, and other related public relation consulting works
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

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

^ The audit reports of these subsidiary companies contain emphasis of matter relating to the appropriateness of going concern basis of accounting used in the preparation of their financial statements which presumes continued financial support to be given by the Company.

* These subsidiary companies are audited by a firm other than Tam & Associates.

8. AMOUNT DUE FROM CUSTOMERS ON CONTRACT WORKS

	Group	
	2013	2012
	RM	RM
Construction contracts works incurred to date	-	131,109
Represented by:-		
Amount due from customers on contract works	-	131,109

9. PROPERTY DEVELOPMENT COSTS

	Group	
	2013	2012
	RM	RM
As at 1 January		
- freehold land, at cost	4,073,000	4,073,000
- development costs	5,737,944	4,347,758
	9,810,944	8,420,758
Cost incurred during the financial year:		
- development costs	2,797,845	1,395,555
- written off during the financial year (Note 27)	(57,631)	(5,369)
- completed during the financial year	(5,384,049)	-
	(2,643,835)	1,390,186
As at 31 December	7,167,109	9,810,944
Comprising:		
- freehold land, at cost	4,073,000	4,073,000
- development costs	3,094,109	5,737,944
	7,167,109	9,810,944

9. PROPERTY DEVELOPMENT COSTS (CONT'D)

	Group	
	2013	2012
	RM	RM
Cost recognised in the profit or loss:		
- prior financial year	(6,101,593)	(4,988,987)
- current financial year	(2,143,612)	(1,112,606)
- completed during the financial year	5,384,049	-
	(2,861,156)	(6,101,593)
	4,305,953	3,709,351

The freehold land under development is pledged as security for the bank borrowing referred to Note 18 to the financial statements.

10. TRADE RECEIVABLES

	Group	
	2013	2012
	RM	RM
Trade receivables	2,633,397	2,076,973
Less: Allowance for impairment losses	(269,294)	(269,294)
	2,364,103	1,807,679

The Group's normal credit terms range from 21 to 90 days (2012: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Allowance for impairment loss is considered on a debtor by debtor basis and in compliance with the Group's credit control and accounting policy. All debtors under financial difficulties are fully provided.

11. NON-TRADE RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Deposits	4,698,511	5,053,461	208,816	208,816
Other non-trade receivables	1,219,459	1,095,755	22,078	22,078
	5,917,970	6,149,216	230,894	230,894
Allowance for impairment losses:-				
As at 1 January	1,064,161	981,726	-	-
Recognised in profit or loss (Note 27)	242,078	82,435	222,078	-
As at 31 December	1,306,239	1,064,161	222,078	-
	4,611,731	5,085,055	8,816	230,894

Included in deposits are RM23,250 (2012: RM23,250) and RM5,500 (2012: RM5,500) due from a corporation in which a director of the Company has substantial financial interest to the Group and the Company respectively.

Included in other non-trade receivables is RM110,649 (2012: RM356,268) due from a corporation in which a director of the Company has substantial financial interest to a subsidiary company.

These amounts are unsecured, interest-free and have no fixed terms of repayment.

12. AMOUNT DUE FROM / (TO) SUBSIDIARY COMPANIES

The following is the movement of the amount due from subsidiary companies:-

	Company	
	2013	2012
	RM	RM
Amount due from subsidiary companies	7,359,225	8,729,894
Less: Allowance for impairment losses (Note 27)	(839,931)	-
	6,519,294	8,729,894

The amount due from / (to) the subsidiary companies are unsecured, interest-free and have no fixed terms of repayment.

13. FIXED DEPOSIT WITH A LICENSED BANK

The fixed deposit with a licensed bank earns interest at rate of 3.15% per annum at the end of the reporting date with maturity period of 12 months and is pledged to the said licensed bank for bank guarantee facility granted to a subsidiary company.

14. CASH AND BANK BALANCES

Included in the cash and bank balances of the Group is RM201,409 (2012: RM387,190) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

15. SHARE CAPITAL

	2013	2012	2013	2012
		Number of ordinary share of RM1 each	RM	RM
Authorised:-				
As at 1 January / 31 December	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid up:-				
As at 1 January / 31 December	50,895,000	50,895,000	50,895,000	50,895,000

16. RESERVES

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Foreign currency translation	(157,210)	756,918	-	-
Accumulated losses	30,508,607	35,149,567	35,378,587	31,824,431
	30,351,397	35,906,485	35,378,587	31,824,431

Foreign currency translation

The foreign currency translation arose from the translation of the financial statements of foreign subsidiary companies and is not distributable by way of dividends.

17. HIRE PURCHASE PAYABLE

	Group 2013 RM	Group 2012 RM
Minimum hire purchase payments:		
- not later than one year	70,476	-
- later than one year and not later than five years	191,463	-
	261,939	-
Less: Future interest charges	(22,292)	-
Present value of hire purchase payable	239,647	-
Current portion:		
- not later than one year	59,339	-
Non-current portion:		
- later than one year and not later than five years	180,308	-
	239,647	-

18. BANK BORROWING - SECURED

The interest rate of the bank borrowing is base lending rate of the lending bank plus 1.75% (2012: 1.75%) per annum.

The bank borrowing is secured by:-

i. Freehold land under property development (Note 9)
ii. Corporate guarantee by the Company
iii. Jointly and severally guaranteed by a director of the Company and a former director of a subsidiary company.

This bank borrowing is repayable within three years from the first drawdown on 23 August 2011 or via redemption of properties set at 35% of the sales value, whichever is earlier.

19. DEFERRED TAX LIABILITY

	Group	
	2013	2012
	RM	RM
As at 1 January	-	-
Recognised in profit or loss (Note 28)	4,209,760	-
Translation difference	175,966	-
As at 31 December	4,385,726	-

The deferred tax liability is provided on temporary difference in respect of gain in fair value on investment properties.

20. TRADE PAYABLES

The normal trade credit term granted to the Group is range from 30 to 45 days (2012: 30 to 45 days).

21. NON-TRADE PAYABLES

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Provision for late delivery damages	234,388	-	-	-
Accruals	165,843	731,369	33,390	157,209
Other non-trade payables	2,855,684	994,640	2,632,830	509,055
	3,255,915	1,726,009	2,666,220	666,264

Included in accruals in 2012 were RM146,231 and RM51,231 due to a corporation in which a director of the Company has substantial financial interest by the Group and the Company respectively.

Included in other non-trade payables in 2012 was RM30,000 due to a corporation in which a director of the Company has substantial financial interest by the Group and the Company.

Included in other non-trade payables is RM1,149,137 (2012: RM Nil) due to a shareholder of the Company by the Group and the Company.

Included in other non-trade payables is RM165,000 (2012: RM Nil) due to a director of the Company by a subsidiary company.

These amounts are unsecured, interest-free and have no fixed terms of repayment.

22. AMOUNT DUE TO DIRECTORS

The amount due to directors is unsecured, interest-free and has no fixed term of repayment.

23. REVENUE

	Group	
	2013	2012
	RM	RM
Services	2,553,540	6,906,881
Property and investment holdings	3,795,941	3,384,574
	6,349,481	10,291,455

24. COST OF SALES

	Group	
	2013	2012
	RM	RM
Services	2,540,836	6,789,954
Property and investment holdings	2,210,552	1,273,558
	4,751,388	8,063,512

25. OTHER INCOME

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Bank interest income	4,741	7,880	-	-
Deposit forfeited	9,300	-	-	-
Management fee	-	-	1,600,000	2,400,000
Over provision on rental of premises	18,000	-	-	-
Rental income	-	1,755	-	-
Gain in fair value (Note 6)	11,086,770	-	-	-
Unrealised gain on foreign exchange	-	-	-	149,527
Others	6,469	261	2,000	-
	11,125,280	9,896	1,602,000	2,549,527

26. FINANCE COSTS

	Group	
	2013	2012
	RM	RM
Bank borrowing interest	152,878	130,926
Hire purchase interest	9,703	-
Others	2,339	1,183
	164,920	132,109

27. PROFIT / (LOSS) BEFORE TAX

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
This is stated after charging / (crediting):-				
Allowance for impairment losses on amount due from subsidiary companies (Note 12)	-	-	839,931	-
Allowance for impairment losses on non-trade receivables (Note 11)	242,078	82,435	222,078	-
Auditors' remuneration for audit services:				
- current financial year	73,622	68,178	25,500	28,000
- (over) / under provision in the prior financial year	(2,468)	1,265	2,000	-
Auditors' remuneration for non-audit services	10,000	-	10,000	-
Bad debts written off	-	146,360	-	144,098
Deposit written off	4,600	-	-	-
Depreciation	98,644	47,429	15,138	29,986
Directors' fees:				
- current financial year	96,000	79,638	96,000	79,638
- over provision in the prior financial year	(113,004)	-	(113,004)	-

27. PROFIT / (LOSS) BEFORE TAX (CONT'D)

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Directors' remuneration:				
- directors' emoluments other than fees	1,300,400	1,286,100	1,300,400	1,286,100
Impairment losses on investment in subsidiary companies (Note 7)	-	-	1,620,837	-
Loss on disposal of property, plant and equipment	10,688	-	-	-
Property development costs written off (Note 9)	57,631	5,369	-	-
Property, plant and equipment written off	3,355	-	3,355	-
Provision for late delivery damages	234,388	-	-	-
Rental of motor vehicles	66,000	132,000	-	-
Rental of premises	113,500	124,282	18,000	18,000
Staff costs	788,357	806,150	665,616	558,514

Included in the staff costs are contributions made by the Group and the Company to the Employees' Provident Fund amounting to RM83,180 and RM61,692 (2012: RM76,139 and RM51,744) respectively.

28. TAX

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Malaysian tax based on results for the financial year:				
- deferred tax (Note 19)	4,209,760	-	-	-

28. TAX (CONT'D)

A reconciliation of income tax expense applicable to profit / (loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Profit / (Loss) before tax	8,850,720	(1,593,922)	(3,554,156)	(38,922)
Tax at Malaysian statutory tax rate of 25%	2,212,680	(398,481)	(888,539)	(9,731)
Effect of different tax rate in other country	(2,320,184)	(25,886)	-	-
Effect of expenses not deductible for tax purposes	241,719	236,118	744,980	77,701
Effect of fair value adjustment on investment properties	6,645,369	-	-	-
Effect of income not subject to tax	(2,887,691)	(37,382)	-	(37,382)
Effect of deferred tax assets not recognised	324,148	258,971	143,074	-
Effect of utilisation of deferred tax assets not recognised in the prior financial year	(3,481)	(28,643)	-	(23,641)
Others	(2,800)	(4,697)	485	(6,947)
	4,209,760	-	-	-

28. TAX (CONT'D)

The following deferred tax assets have not been recognised:-

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Unabsorbed capital allowance	9,140	593	3,080	-
Unutilised tax losses	1,094,093	710,871	219,503	79,509
	1,103,233	711,464	222,583	79,509

29. EARNINGS / (LOSS) PER SHARE

The calculation of basic earnings / (loss) per share, which is based on earnings / (loss) attributable to owners of the Company and weighted average number of ordinary shares outstanding during the financial year, is as follows:-

	Group	
	2013	2012
	RM	RM
Profit / (Loss) after tax	4,640,960	(1,593,922)
Weighted average number of ordinary shares issued	50,895,000	50,895,000
Earnings / (Loss) per share (Sen)	9.12	(3.13)

The diluted earnings / (loss) per share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the financial reporting period.

30. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Cost of property, plant and equipment purchased	417,221	43,008	13,900	3,355
Amount financed via hire purchase	(270,000)	-	-	-
	147,221	43,008	13,900	3,355

31. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:-

	Group / Company	
	2013	2012
	RM	RM
Executive directors:		
- Defined contribution plan	35,100	21,600
- Fees	-	2,000
- Salaries	1,256,800	1,256,000
	1,291,900	1,279,600
Non-executive directors:		
- Allowance	8,500	8,500
- Fees for current financial year	96,000	77,638
- Fees over provided in the prior financial year	(113,004)	-
	(8,504)	86,138
	1,283,396	1,365,738

The number of directors whose total remuneration during the financial year falls within the following bands is analysed below:-

	Group / Company	
	2013	2012
	RM	RM
Executive directors:-		
RM300,001 and above	2	2
RM300,000 and below	1	-
Non-executive directors:-		
RM100,000 and below	4	8
	7	10

32. SIGNIFICANT RELATED PARTY DISCLOSURES

Identities of related parties

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

The Company has related party relationships with its subsidiary companies.

Malaysia-Beijing Travel Services Sdn. Bhd. is a related party in which Dato' Ng Kek Kiong, a director of the Company, has substantial financial interest.

The following transactions were carried out by the Group and the Company with related parties:-

32.1 Trading transactions

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Malaysia-Beijing Travel Services Sdn. Bhd.				
- Sales of air tickets	-	1,274,313	-	-
- Purchase of air tickets	-	1,185,408	-	-

32.2 Non-trade transactions

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Administrative fee:				
- Nagamas Venture Sdn. Bhd.	-	-	1,600,000	2,400,000
Rental of premises:				
- Malaysia-Beijing Travel Services Sdn. Bhd.	75,000	114,009	18,000	18,000

32. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

The following balances (net of impairment losses) were outstanding at the end of the reporting period:-

32.3 Amount due from related parties

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
- Nagamas Land Development Sdn. Bhd.	-	-	721,278	-
- Nagamas Bizworks Sdn. Bhd.	-	-	-	58,626
- Mas-Be Travel Services Sdn. Bhd.	-	-	-	631,330
- Nagamas Aviation Services Sdn. Bhd.	-	-	-	748,266
- Nagamas Venture Sdn. Bhd.	-	-	5,798,016	7,012,943
- Nagamas Enterprise (HK) Ltd	-	-	-	278,729
- Malaysia-Beijing Travel Services Sdn. Bhd.	75,000	114,009	18,000	18,000

32.4 Amount due to related parties

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
- Nagamas Land Development Sdn. Bhd.	-	-	-	581,338
- Nagamas International (HK) Ltd	-	-	230,840	346,361

32. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

32.5 Compensation of key management personnel

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Short-term benefits	1,778,317	1,822,707	1,749,476	1,384,645

33. CONTINGENT LIABILITY

	Company	
	2013	2012
	RM	RM
Unsecured contingent liability:-		
Corporate guarantee given to a bank for a banking facility granted to a subsidiary company	848,888	2,183,450

34. CAPITAL COMMITMENT

	Group	
	2013	2012
	RM	RM
Approved and contracted for:-		
Motor vehicle	76,000	-

35. OPERATING SEGMENT

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on its products and services and has two reportable operating segment as follows:-

Business Segment

The Group's operations comprise the following main business segments:-

Services	Agency of air-cargo transportation and tour and travel agency
Property and investment holdings	Property development and provision of management, marketing and consultancy services

35. OPERATING SEGMENT (CONT'D)

Business Segment (Cont'd)

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 operating results of its business unit separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

2013	Services RM	Property and investment holdings RM	Group RM
Revenue			
Consolidated revenue	2,553,540	3,795,941	6,349,481
Results			
Results before the following adjustments	(4,201)	575,193	570,992
Interest income	-	4,741	4,741
Other material item of income:			
- Gain in fair value	-	11,086,770	11,086,770
Depreciation	-	(98,644)	(98,644)
Other material items of expenses:			
- Directors' remuneration	-	(1,283,396)	(1,283,396)
- Staff costs	-	(788,357)	(788,357)
Other material non-cash expenses:			
- Allowance for impairment loss on non-trade receivables	-	(242,078)	(242,078)
- Provision for late delivery damages	-	(234,388)	(234,388)
Segment results	(4,201)	9,019,841	9,015,640
Finance costs			(164,920)
Income tax expense			(4,209,760)
Consolidated profit after tax			4,640,960

35. OPERATING SEGMENT (CONT'D)

Business segment (Cont'd)

2013	Services RM	Property and investment holdings RM	Group RM
Assets			
Consolidated total assets	22,926	32,815,703	32,838,629
Liabilities			
Segment liabilities	26,381	7,882,919	7,909,300
Deferred tax			4,385,726
Consolidated total liabilities			12,295,026
Other segment items			
Additions to non-current assets other than financial instruments:			
- Property, plant and equipment	-	444,966	444,966
- Investment properties	-	20,812,663	20,812,663
	-	21,257,629	21,257,629

35. OPERATING SEGMENT (CONT'D)

Business segment (Cont'd)

2012	Services RM	Property and investment holdings RM	Group RM
Revenue			
Consolidated revenue	6,906,881	3,384,574	10,291,455
Results			
Results before the following adjustments	(129,320)	961,379	832,059
Interest income	-	7,880	7,880
Depreciation	-	(47,429)	(47,429)
Other material items of expenses:			
- Directors' remuneration	-	(1,365,738)	(1,365,738)
- Staff costs	-	(806,150)	(806,150)
Other material non-cash expenses:			
- Allowance for impairment loss on non-trade receivables	-	(82,435)	(82,435)
Segment results	(129,320)	(1,332,493)	(1,461,813)
Finance costs			(132,109)
Consolidated loss after tax			(1,593,922)

35. OPERATING SEGMENT (CONT'D)

Business segment (Cont'd)

2012	Services RM	Property and investment holdings RM	Group RM
Assets			
Consolidated total assets	385,313	20,637,877	21,023,190
Liabilities			
Consolidated total liabilities	1,610,744	4,423,931	6,034,675
Other segment items			
Additions to non-current assets other than financial instruments:			
- Property, plant and equipment	-	8,784,979	8,784,979

Major customer

Revenue from 2 major customers, with revenue equal to or more than 10% of Group revenue amounts to RM3,653,540 (2012: RM7,832,568).

No operating by geographical segment is presented as the Group operates predominantly in Malaysia.

36. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

36.1 Financial risk management policies

The Group's policies in respect of the major area of treasury activity are as follows:-

36.1.1 Market risk

i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are Renminbi and Hong Kong Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Foreign currency exposure

Group 2013	**Renminbi** **RM**	**Hong Kong Dollar** **RM**	**Ringgit Malaysia** **RM**	**Total** **RM**
Financial assets				
Trade receivables	22,767	-	2,341,336	2,364,103
Non-trade receivables	-	-	4,611,731	4,611,731
Fixed deposit with a licensed bank	-	-	20,000	20,000
Cash and bank balances	-	1,645	231,891	233,536
	22,767	1,645	7,204,958	7,229,370

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial risk management policies (Cont'd)

36.1.1. Market risk (Cont'd)

i) Foreign currency risk (Cont'd)

Foreign currency exposure (Cont'd)

Group 2013	Renminbi RM	Hong Kong Dollar RM	Ringgit Malaysia RM	Total RM
Financial liabilities				
Trade payables	-	-	807,441	807,441
Non-trade payables	-	29,199	3,226,716	3,255,915
Amount due to directors	-	-	2,578,072	2,578,072
Hire purchase payable	-	-	239,647	239,647
Bank borrowing - secured	-	-	848,888	848,888
	-	29,199	7,700,764	7,729,963
Net financial assets / (liabilities)	22,767	(27,554)	(495,806)	(500,593)
Less: Net financial liabilities denominated in the respective entities' functional currency	-	27,554	495,806	523,360
Currency exposure	22,767	-	-	22,767

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial risk management policies (Cont'd)

36.1.1. Market risk (Cont'd)

i) Foreign currency risk (Cont'd)

Foreign currency exposure (Cont'd)

Group 2012	**Renminbi** **RM**	**Hong Kong Dollar** **RM**	**Ringgit Malaysia** **RM**	**Total** **RM**
Financial assets				
Trade receivables	10,063	-	1,797,616	1,807,679
Non-trade receivables	-	2,432	5,082,623	5,085,055
Cash and bank balances	-	1,889	392,344	394,233
	10,063	4,321	7,272,583	7,286,967
Financial liabilities				
Trade payables	-	-	459,935	459,935
Non-trade payables	-	96,419	1,629,590	1,726,009
Amount due to directors	-	-	937,966	937,966
Bank borrowing - secured	-	-	2,183,450	2,183,450
	-	96,419	5,210,941	5,307,360
Net financial assets / (liabilities)	10,063	(92,098)	2,061,642	1,979,607
Less: Net financial assets / (liabilities) denominated in the respective entities' functional currency	-	92,098	(2,061,642)	(1,969,544)
Currency exposure	10,063	-	-	10,063

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial risk management policies (Cont'd)

36.1.1. Market risk (Cont'd)

i) Foreign currency risk (Cont'd)

Foreign currency exposure (Cont'd)

Company 2013	Hong Kong Dollar RM	Ringgit Malaysia RM	Total RM
Financial assets			
Non-trade receivables	-	8,816	8,816
Amount due from subsidiary companies	-	6,519,294	6,519,294
Cash and bank balances	-	26,484	26,484
	-	6,554,594	6,554,594
Financial liabilities			
Non-trade payables	-	2,666,220	2,666,220
Amount due to subsidiary companies	230,840	-	230,840
Amount due to directors	-	1,954,684	1,954,684
	230,840	4,620,904	4,851,744
Net financial (liabilities) / assets	(230,840)	1,933,690	1,702,850
Less: Net financial liabilities / (assets) denominated in the respective entities' functional currency	-	(1,933,690)	(1,933,690)
Currency exposure	(230,840)	-	(230,840)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial risk management policies (Cont'd)

36.1.1. Market risk (Cont'd)

i) Foreign currency risk (Cont'd)

Foreign currency exposure (Cont'd)

Company 2012	Hong Kong Dollar RM	Ringgit Malaysia RM	Total RM
Financial assets			
Non-trade receivables	-	230,894	230,894
Amount due from subsidiary companies	-	8,729,894	8,729,894
Cash and bank balances	-	2,711	2,711
	-	8,963,499	8,963,499
Financial liabilities			
Non-trade payables	-	666,264	666,264
Amount due to subsidiary companies	346,361	581,338	927,699
Amount due to directors	-	937,966	937,966
	346,361	2,185,568	2,531,929
Net financial (liabilities) / assets	(346,361)	6,777,931	6,431,570
Less: Net financial assets denominated in the respective entities' functional currency	-	(6,777,931)	(6,777,931)
Currency exposure	(346,361)	-	(346,361)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial risk management policies (Cont'd)

36.1.1. Market risk (Cont'd)

i) Foreign currency risk (Cont'd)

Foreign currency risk sensitivity analysis

A 5% (2012: 5%) strengthening / weakening of the RM against the Hong Kong Dollar at the end of the reporting period would have immaterial impact on profit after tax. This assumes that all other variables remain constant.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 36.1.3 to the financial statements.

Interest rate risk sensitivity analysis

The analysis is not presented as the sensitivity impact is immaterial.

36.1.2 Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and non-trade receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of the trade and non-trade receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial risk management policies (Cont'd)

36.1.2 Credit risk (Cont'd)

i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by a customer which constituted approximately 75% of its trade receivables at the end of the reporting period.

ii) Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	Group	
	2013	**2012**
	RM	**RM**
China	22,767	10,063
Malaysia	2,341,336	1,797,616
	2,364,103	1,807,679

iii) Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

Group 2013	**Gross amount** **RM**	**Individual impairment** **RM**	**Carrying value** **RM**
Not past due	486,362	-	486,362
Past due:			
- 3 to 6 months	78,900	-	78,900
- over 6 months	2,068,135	(269,294)	1,798,841
	2,633,397	(269,294)	2,364,103

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial risk management policies (Cont'd)

36.1.2 Credit risk (Cont'd)

iii) Ageing analysis

Group 2012	Gross amount RM	Individual impairment RM	Carrying value RM
Not past due	129,863	-	129,863
Past due:			
- less than 3 months	1,947,110	(269,294)	1,677,816
	2,076,973	(269,294)	1,807,679

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believe that no impairment allowance is necessary in respect of these trade receivables as the delay in receipt is due to end financing documentation which is in the process of resolution.

Trade receivables that are neither past due nor impaired

A portion of trade receivables that are neither past due not impaired is due to latest progress billing that was billed on 31 December 2013. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

36.1.3 Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial risk management policies (Cont'd)

36.1.3 Liquidity risk (Cont'd)

Group	Weighted average effective interest rate	Carrying amount	Contractual undiscounted cash flows	Within 1 year	1-5 years
2013	%	RM	RM	RM	RM
Progress billings	-	179,337	179,337	179,337	-
Trade payables	-	807,441	807,441	807,441	-
Non-trade payables	-	3,255,915	3,255,915	3,255,915	-
Amount due to directors	-	2,578,072	2,578,072	2,578,072	-
Hire purchase payable	4.50	239,647	261,939	70,476	191,463
Bank borrowing - secured	8.35	848,888	896,143	896,143	-
		7,909,300	7,978,847	7,787,384	191,463
2012					
Progress billings	-	727,315	727,315	727,315	-
Trade payables	-	459,935	459,935	459,935	-
Non-trade payables	-	1,726,009	1,726,009	1,726,009	-
Amount due to directors	-	937,966	937,966	937,966	-
Bank borrowing - secured	8.35	2,183,450	2,487,313	-	2,487,313
		6,034,675	6,338,538	3,851,225	2,487,313

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial risk management policies (Cont'd)

36.1.3 Liquidity risk (Cont'd)

Company 2013	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM
Non-trade payables	2,666,220	2,666,220	2,666,220
Amount due to subsidiary companies	230,840	230,840	230,840
Amount due to directors	1,954,684	1,954,684	1,954,684
	4,851,744	4,851,744	4,851,744
2012			
Non-trade payables	666,264	666,264	666,264
Amount due to subsidiary companies	927,699	927,699	927,699
Amount due to directors	937,966	937,966	937,966
	2,531,929	2,531,929	2,531,929

36.2 Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The Group had announced plans to reduce par value, and issue right shares with warrants as disclosed in Note 38 to the financial statements.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.2 Capital risk management (Cont'd)

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	Group	
	2013	2012
	RM	RM
Progress billings	179,337	727,315
Trade payables	807,441	459,935
Non-trade payables	3,255,915	1,726,009
Amount due to directors	2,578,072	937,966
Hire purchase payable	239,647	-
Bank borrowing - secured	848,888	2,183,450
	7,909,300	6,034,675
Less: Fixed deposit with a licensed bank	(20,000)	-
Less: Cash and bank balances	(233,536)	(394,233)
Net debt	7,655,764	5,640,442
Total equity	20,543,603	14,988,515
Debt-to-equity ratio	0.37	0.38

Under the requirement of Bursa Malaysia Practice Note No. 17/2007, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal or not less than the 25% if the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.3 Classification of financial instruments

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Financial assets				
Loan and receivables financial assets				
Trade receivables	2,364,103	1,807,679	-	-
Non-trade receivables	4,611,731	5,085,055	8,816	230,894
Amount due from subsidiary companies	-	-	6,519,294	8,729,894
Fixed deposit with a licensed bank	20,000	-	-	-
Cash and bank balances	233,536	394,233	26,484	2,711
	7,229,370	7,286,967	6,554,594	8,963,499
Financial liabilities				
Other financial liabilities				
Trade payables	807,441	459,935	-	-
Non-trade payables	3,255,915	1,726,009	2,666,220	666,264
Amount due to subsidiary companies	-	-	230,840	927,699
Amount due to directors	2,578,072	937,966	1,954,684	937,966
Hire purchase payable	239,647	-	-	-
Bank borrowing - secured	848,888	2,183,450	-	-
	7,729,963	5,307,360	4,851,744	2,531,929

36. FINANCIAL INSTRUMENTS (CONT'D)

36.4 Fair value measurements

The fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The fair value of the non-current portion of hire purchase payable equal its carrying amount as the impact of discounting is not material.

37. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 30 October 2013, one of the subsidiary company, Nagamas Venture Sdn. Bhd. had mutually terminated the Project Delivery Agreement entered into on 9 June 2012 with Silverland Sdn. Bhd. (formerly known as Xtreme New Sdn. Bhd.) in which the subsidiary company was appointed as Project Delivery Partner for a development project known as Silverlakes Development.

38. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

38.1 The Company had on 2 December 2013 announced that it proposed to undertake the following:-

(i) Proposed par value reduction of the existing paid-up share capital from RM50,895,000 comprising 50,895,000 ordinary shares of RM1 each to RM12,723,750 comprising 50,895,000 ordinary shares of RM0.25 each.

(ii) Proposed renounceable rights issue of up to 101,790,000 new ordinary shares of RM0.25 each in the Company after the proposed par value reduction ("rights shares") together with up to 76,342,500 new free detachable warrants ("warrants") on the basis of two rights shares for every one share held after the proposed par value reduction, together with three warrants for every four rights shares subscribed on an entitlement date and at an issue price to be determined later.

(iii) Proposed amendments to Memorandum of Associations.

Bursa Malaysia had vide its letter dated 13 January 2014 provide its approval in principle. On 20 March 2014, shareholders of the Company approved all the above proposals.

As at date of this report, the completion of the said proposals is now pending confirmation of the High Court and approval of other authorities, if required.

38.2 On 14 March 2014, one of the subsidiary company, Nagamas Land Development Sdn. Bhd. had entered into a loan agreement with a director of a corporate shareholder amounting to RM2,000,000. The said loan is repayable within 12 months and bearing interest of 8% per annum.

39. COMPARATIVE FIGURES

The following figures have been reclassified to conform to the presentation of the current financial year:-

	Group		Company	
	As restated	As previously reported	As restated	As previously reported
	RM	RM	RM	RM
Statements of financial position:-				
Non-trade payables	1,726,009	2,663,975	666,264	1,604,230
Amount due to directors	937,966	-	937,966	-
Statements of profit or loss and other comprehensive income:-				
Cost of sales	8,063,512	7,902,560	-	-
Administrative expenses	3,699,652	3,860,604	2,588,449	2,588,449

SUPPLEMENTARY INFORMATION – BREAKDOWN OF ACCUMULATED LOSSES INTO REALISED AND UNREALISED

The breakdown of the accumulated losses of the Group and of the Company as at 31 December 2013 into realised and unrealised (losses) / profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accounts as follows:-

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Total accumulated losses of the Company and its subsidiary companies:				
- realised	(40,232,785)	(36,019,902)	(35,378,587)	(31,824,431)
- unrealised	6,701,044	149,527	-	-
	(33,531,741)	(35,870,375)	(35,378,587)	(31,824,431)
Add: Consolidation adjustments	3,023,134	720,808	-	-
	(30,508,607)	(35,149,567)	(35,378,587)	(31,824,431)

Properties of the Group as at 31 December 2013

Location	Description & Usage	Age of Building	Tenure	Built-up Area	Net Book Value As at 31.12.2013	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 2nd Road, Huiyang District, Huizhou City, Guangdong Province, the People's Republic of China	The properties comprise 14 shops in two buildings completed in 2011 The properties are presently vacant	2 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	The properties have a total gross floor area of approximately 1,467.39 m^2	RM20,812,663	3 December 2013 (29 December 2009)

SHARE CAPITAL

Authorised Share Capital : RM100,000,000.00
Issued and Fully Paid-up Capital : RM50,895,000.00
Class of securities : Ordinary Shares of RM1.00 each
Voting rights : One vote per ordinary share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	Number of Holders	%	Number of Shares	%
1 - 99	69	2.62	2,920	0.01
100 - 1,000	1,423	53.98	794,572	1.56
1,001 - 10,000	738	28.00	3,312,129	6.51
10,001 - 100,000	343	13.01	12,251,625	24.07
100,001 to less than 5% of issued shares	60	2.28	16,912,529	33.23
5% and above of issued shares	3	0.11	17,621,225	34.62
Total	2,636	100.00	50,895,000	100.00

SUBSTANTIAL SHAREHOLDERS

(per Register of Substantial Shareholders)

	No. of Ordinary Shares of RM1.00 each held			
Name	**Direct**	**%**	**Indirect**	**%**
Jiankun MB International Holding Sdn. Bhd. (Formerly known as MB Longji Sdn. Bhd.)	13,621,225[(1)]	26.76	-	-
Dato' Ng Kek Kiong	-	-	13,621,225[(2)]	26.76
Huang, WeiSheng	-	-	13,621,225[(2)]	26.76
HK Jiankun International Holding Co. Limited	-	-	13,621,225[(2)]	26.76
Jiankun International Commerce & Trade Logistics (Suining) Co. Limited	-	-	13,621,225[(2)]	26.76
Suining Jiankun Mazhong Commerce & Trade Co. Limited	-	-	13,621,225[(2)]	26.76
Datuk Azizan Bin Abd Rahman	4,000,000[(1)]	7.86	-	-

Notes:-

(1) Held through nominees.

(2) Deemed interested through Jiankun MB International Holding Sdn. Bhd. (Formerly known as MB Longji Sdn Bhd) by virtue of Section 6A of the Companies Act, 1965.

DIRECTORS' SHAREHOLDINGS
(per Register of Directors' Shareholdings)

	No. of Ordinary Shares of RM1.00 each held			
Name	**Direct**	**%**	**Indirect**	**%**
Dato' Ir Lim Siang Chai	500,000	0.98	-	-
Dato' Ng Kek Kiong	-	-	13,621,225[(1)]	26.76
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	-	-	-	-
Dato' Chen Oyan Yun Shai	900,000	1.77	300,000[(2)]	0.59
Lee Yun Choong	-	-	-	-
Fathi Ridzuan Bin Ahmad Fauzi	-	-	-	-

Notes:-

(1) Deemed interested through Jiankun MB International Holding Sdn. Bhd. (Formerly known as MB Longji Sdn Bhd) by virtue of Section 6A of the Companies Act, 1965.

(2) Deemed interested through her son, Mr Chin Fook Kwon by virtue of Section 6A of the Companies Act, 1965.

30 LARGEST SHAREHOLDERS
(per Record of Depositors)

No.	Name	No. of Shares Held	%
1.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. A.A. Anthony Securities Sdn. Bhd. for Jiankun MB International Holding Sdn. Bhd. (Formerly known as MB Longji Sdn. Bhd.)	8,621,225	16.94
2.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Jiankun MB International Holding Sdn. Bhd. (Formerly known as MB Longji Sdn. Bhd.)	5,000,000	9.82
3.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Azizan Bin Abd Rahman (MY0531)	4,000,000	7.86
4.	Sharifah Asiah Binti Syed Aziz Baftim	1,033,850	2.03
5.	Improve Performance Investments Limited	1,000,000	1.96
6.	Chen Oyan Yun Shai	900,000	1.77
7.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Leong Kam Chee (002)	800,000	1.57
8.	Affin Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Bee Kua	601,900	1.18
9.	Goh Ping Wei	597,000	1.17
10.	Chan Ha Moi	541,100	1.06
11.	Lai Ming Chun @ Lai Poh Lin	525,000	1.03
12.	Lim Siang Chai	500,000	0.98
13.	Yip Siew Yeen	485,000	0.95
14.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yip Kim Hoong (Puchong-Cl)	392,500	0.77
15.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Ng Yu Sin (M57003)	350,000	0.69
16.	Ah Han Yang	338,300	0.66
17.	Koh Siew Eng	335,500	0.66
18.	Wong Meei Peng	323,500	0.64
19.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Kow Ee @ Ong Chiow Chuen (8073315)	300,800	0.59
20.	Chin Fook Kwon	300,000	0.59

30 LARGEST SHAREHOLDERS (CONT'D)
(per Record of Depositors)

No.	Name	No. of Shares Held	%
21.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Bong Lui Mui (REM132)	299,000	0.59
22.	Lin Liguo	280,979	0.55
23.	Chu Poi Tee	276,000	0.54
24.	Mary Tan @ Tan Hui Ngoh	270,000	0.53
25.	Wong Kim Tart	270,000	0.53
26.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chong Chee Ming	268,000	0.53
27.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Ng Yu Yi (M57006)	250,000	0.49
28.	Lee Teck Peng	250,000	0.49
29.	Liu Qinfang	250,000	0.49
30.	Yap Heng Tun	220,000	0.43
		29,579,654	58.09

JIANKUN INTERNATIONAL BERHAD (111365-U)
(FORMERLY KNOWN AS NAGAMAS INTERNATIONAL BERHAD)
(Incorporated in Malaysia)

NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirtieth (30th) Annual General Meeting ("AGM") of Jiankun International Berhad (Formerly known as Nagamas International Berhad) ("the Company") will be held at The Kuala Lumpur And Selangor Chinese Assembly Hall, 1st Floor, Auditorium, No 1, Jalan Maharajalela, 50150 Kuala Lumpur on Thursday, 19 June 2014 at 10.30 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon. ***Please refer to Explanatory Note 1***

2. To approve the payment of Directors' Fees for the financial year ended 31 December 2013. ***Resolution 1***

3. To re-elect Mr. Lee Yun Choong who is retiring pursuant to Article 88 of the Company's Articles of Association and being eligible, has offered himself for re-election. ***Resolution 2***

4. To re-elect Dato' Ir Lim Siang Chai who is retiring pursuant to Article 95 of the Company's Articles of Association and being eligible, has offered himself for re-election. ***Resolution 3***

5. To pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:- ***Resolution 4***

   "**THAT** Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman, who is retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next AGM."

6. To re-appoint Messrs. Tam & Associates as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. ***Resolution 5***

7. **AS SPECIAL BUSINESS**

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

ORDINARY RESOLUTION *Resolution 6*
- AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"**THAT** subject to the Companies Act, 1965 and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percentage (10%) of the issued and paid up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."

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

BY ORDER OF THE BOARD

TUA YAN KHIM (MAICSA 7046902)
Company Secretary

Kuala Lumpur
Dated: 28 May 2014

Explanatory Notes to Ordinary and Special Business:-

1. Item 1 of the Agenda

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

2. Authority pursuant to Section 132D of the Companies Act, 1965

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 Previous Mandate granted by the shareholders had not been utilized and hence no proceed was raised therefrom.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

Notes:

1. *In respect of deposited securities, only members whose names appear in the record of depositors on 12 June 2014("General Meeting Record of Depositors") shall be eligible to attend the meeting.*
2. *A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
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 Registered Office of the Company at Suite 9-13A, Level 9, Wisma UOA II, Jalan Pinang, 50450 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding this meeting or any adjournment thereof.*

JIANKUN INTERNATIONAL BERHAD (111365 - U)
(Formerly known as NAGAMAS INTERNATIONAL BERHAD)
(Incorporated in Malaysia)

FORM OF PROXY

I/We, ……….……………………………………………NRIC/Company No. ………………........................….......
(Full name in block letters)

of …………………………………………….……………………………………………………………….……..
(Full address)

being a member(s) of JIANKUN INTERNATIONAL BERHAD(Formerly known as Nagamas International Berhad) hereby

appoint ……..……………………….....................................of …………………………………………………..
(Full name in block letters) (Full address)

………………………………………………………………………………………..…………. or failing whom,

…………………………………….…………...............of ……………………………………………..……….
(Full name in block letters) (Full address)

………...

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Thirtieth Annual General Meeting ("AGM") of the Company to be held at The Kuala Lumpur And Selangor Chinese Assembly Hall, 1st Floor, Auditorium, No 1, Jalan Maharajalela, 50150 Kuala Lumpur on Thursday, 19 June 2014 at 10.30 a.m. or 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	Subject	For	Against
1	Payment of Directors' Fees.		
2	Re-election of Mr. Lee Yun Choong as Director.		
3	Re-election of Dato' Ir Lim Siang Chai as Director.		
4	Re-appointment of Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman as Director.		
5	Re-appointment of Messrs. Tam & Associates as Auditors.		
6	As Special Business – Ordinary Resolution Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 .		

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 ___________________2014

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

____
Signature of shareholder(s)
or Common Seal

Notes:-
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2. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
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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 Registered Office of the Company at Suite 9-13A, Level 9, Wisma UOA II, Jalan Pinang, 50450 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding this meeting or any adjournment thereof.

Place Stamp Here

The Company Secretary
JIANKUN INTERNATIONAL BERHAD (111365-U)
(Formerly known as NAGAMAS INTERNATIONAL BERHAD)
Suite 9-13A, Level 9, Wisma UOA II
Jalan Pinang, 50450 Kuala Lumpur
Malaysia