



# ANNUAL REPORT

2014



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**Board of Directors**

Dato' Ir Lim Siang Chai  
(Executive Chairman)

Lee Leong Kui  
(Executive Director)

Foong Kah Heng  
(Executive Director)

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

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

Kamil Bin Abdul Rahman  
(Independent Non-Executive Director)

**Company Secretaries**

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

**Registered Office**

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

**Corporate Address**

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

**Audit Committees**

Fathi Ridzuan Bin Ahmad Fauzi (Chairman)  
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman  
Kamil Bin Abdul Rahman

**Remuneration Committee**

Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman (Chairman)  
Dato' Ir Lim Siang Chai  
Kamil Bin Abdul Rahman

**Nomination Committee**

Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman (Chairman)  
Kamil Bin Abdul Rahman  
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

**Share Registrar**

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

**Principal Bankers**

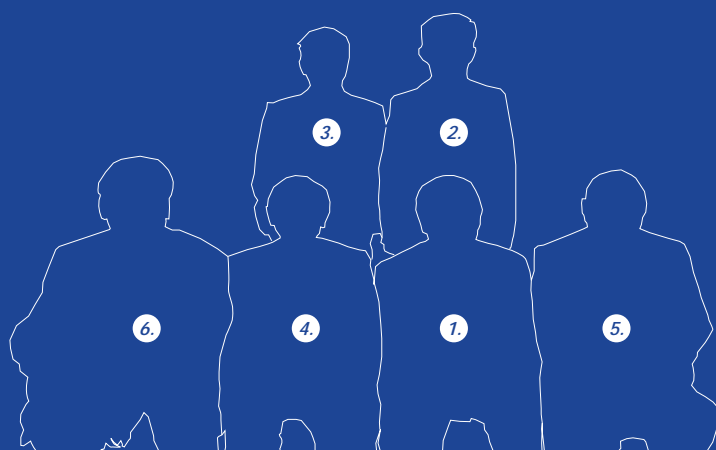
AmBank (Malaysia) Berhad  
United Overseas Bank (Malaysia) Berhad  
RHB Bank Berhad  
Public Bank Berhad  
Public Bank (Hong Kong) Ltd

**Stock Exchange Listing**

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



\* Incorporated in Hong Kong



1. Dato' Ir Lim Siang Chai  
(Executive Chairman)
2. Lee Leong Kui  
(Executive Director)
3. Foong Kah Heng  
(Executive Director)
4. Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman  
(Independent Non-Executive Director)
5. Fathi Ridzuan Bin Ahmad Fauzi  
(Independent Non-Executive Director)
6. Kamil Bin Abdul Rahman  
(Independent Non-Executive Director)

### **Dato' Ir Lim Siang Chai**

Executive Chairman

Dato' Ir Lim Siang Chai, Malaysian, aged 60, 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 (P.Eng) registered with the Board of Engineers, Malaysia. He is a member of the Institution of Engineers Malaysia (MIEM) and Institute of Engineering and Technology of United Kingdom (MIET). Dato' Ir Lim also holds a Masters in Business Administration from Deakin University, Australia. He is an Honorary Fellow of the ASEAN Federation of Engineering Organisation and a member of the Malaysia Institute of Management (MIM). He had also undergone many technical and management training in Japan.

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

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

Dato' Ir Lim is actively involved in various NGOs and has held various key positions, Adviser to The Federation of Malaysia Chinese Clans and Guilds Youth Association, Lim Clan Association of Malaysia, Gerakan Belia Bersatu Malaysia, Business and Commerce Association of Petaling District, 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 no conflict of interest with the Company interest other than disclosed appears on pages 106 and 109 this Annual Report and has not convicted for any 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 82, was appointed to the Board on March 26, 2010 as a Non-Independent Non-Executive Director. Tan Sri Abdul Aziz was re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director. 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 Messrs 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 interest other than disclosed appears on pages 106 and 109 this Annual Report and has not convicted for any offences within the past ten (10) years.



**Fathi Ridzuan Bin Ahmad Fauzi**

Independent Non-Executive Director

Mr. Fathi Ridzuan Bin Ahmad Fauzi, Malaysia, aged 50, was appointed to the Board on 20 April 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 year experiences, including 15 years in the capital market and 3 years in the Business Process Outsourcing ("BPO") industry.

Mr. Fathi Ridzuan 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 Ridzuan 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. In 2010, Mr Fathi Ridzuan set up a consultancy firm, IX.com Sdn Bhd, specialising in call-centre operations and training. In 2013, he joined PRIME Mantle Corporation plc, an investment holding company, domiciled in the Republic of Ireland, as its Chief Financial Officer and Executive Director. He also sits on the board of other private companies.

Currently, Mr Fathi Ridzuan is the Advisor to Precise Communications Sdn Bhd.

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 interest other than disclosed appears on pages 106 and 109 this Annual Report and has not convicted for any offences within the past ten (10) years.



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**Lee Leong Kui**  
(Executive Director)

Mr Lee Leong Kui, Malaysian, aged 38, was appointed to the Board on 13 January 2015 as an Executive Director. He graduated with Degree in Business Administration from Anglia Polytechnic University in United Kingdom.

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

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 conflict of interest with the Company interest other than disclosed appears on pages 106 and 109 this Annual Report and has not convicted for any offences within the past ten (10) years.

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**Foong Kah Heng**  
(Executive Director)

Mr. Foong Kah Heng, Malaysian, aged 52, was appointed to the Board on 13 January 2015 as an Executive Director. He graduated with Diploma in Accountancy from Systematic College in Kuala Lumpur.

He acted as Managing Director in Falcon Speed Automobile Sdn Bhd since year 1991.

Mr Foong is not a director of any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company interest other than disclosed appears on pages 106 and 109 this Annual Report and has not convicted for any offences within the past ten (10) years.

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**Kamil Bin Abdul Rahman**  
(Independent Non-Executive Director)

Mr Kamil Bin Abdul Rahman, Malaysian, aged 66, was appointed to the Board on 29 January 2015 as an Independent Non-Executive Director. He is the member of Audit Committee, Nomination Committee and Remuneration Committee.

He graduated with a Bachelor of Commerce degree from the University of Otago, New Zealand and subsequently qualified as a Chartered Accountant of the Institute of Chartered Accountants of New Zealand. He is also a Fellow Chartered Secretaries and Administrators, United Kingdom, and a Chartered Accountant of the Malaysian Institute of Accountants.

His area specialisation is in corporate governance, corporate finance and risk management. His previous senior positions were as Senior Vice President of the Bank of Commerce (M) Berhad and as Executive Director of Commerce International Merchant Bankers Berhad. He is also a Director of Khind Holdings Berhad, WDM Holdings Berhad (not listed on Bursa Malaysia), and Malaysia South Africa Business Council (company limited by guarantee).

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 conflict of interest with the Company interest other than disclosed appears on pages 106 and 109 this Annual Report and has not convicted for any offences within the past ten (10) years.

On behalf of the Board of Directors of Jiankun International Berhad ("Jiankun" or "the Company"), I'm pleased to present to you the Annual Report and Audited Financial Statement of the Group for the financial year ("FY") ended 31 December 2014.

### Financial Review

For FY2014, the Group recorded a turnover of RM3.2 million inclusive of revenue from the discontinued operation (FY2013: turnover of RM6.34 million inclusive of discontinued operation).

During FY2014, loss before tax of RM1.97 million inclusive loss from discontinued operation of RM1.03 million from disposal subsidiary by the Group on 31 December 2014.

### Corporate Proposals

For financial year 2014, the Group has completed its Corporate Proposal for the 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 of 50,895,000 ordinary shares of RM0.25 each pursuant to Section 64 of the Companies Act, 1965 ("Proposed Par Value Reduction") on 8 August 2014.

As of 31 December 2014, on behalf of the Board announcement was made through Bursa Malaysia that the Renounceable Rights Issue of up to 100,782,519 new ordinary shares of RM0.25 each and 75,586,889 free detachable Warrants on the basis of two (2) Right Shares for every one (1) existing ordinary shares held together with three (3) Warrants for every four (4) Rights Shares subscribed at an issue price of RM0.25 per share was admitted to the Official List of Bursa Securities and the listing and quotation of these Warrants on the Main Market on 31 December 2014.

### Prospects

The Group long-term strategic vision is to continue its forays into property development and construction activity. The development is focusing on structured and branded mixed development segments focusing in Klang Valley and surrounding.

The Group is negotiating few joint ventures arrangement with landowners and also obtain the relevant information on the new projects. The Group would make the announcement as and when they are finalised.

### Corporate Social Responsibility

The Group believes that doing business in sustainable way and delivering long term benefits for shareholders and stakeholders are complementary. The Group recognised the importance of Corporate Social Responsibility in various areas which cover the workplace, the community, the environment and the employees.

During the financial year under review, the Group has participated in charitable fund raising and sponsorship activities by contributing to selected associations. The Group seriously consider Human Capital being one of main assets for the Group and the Group implemented employee's balance of life. At the workplace, the Group observed energy saving way of work to reduce the consumption of environmental resources.

### Acknowledgement

On behalf of the Board, I would like to thank you for 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'lr Lim Siang Chai**  
Executive Chairman

The Board of Directors ("the Board") of Jiankun International Berhad ("the Company" or "Jiankun") is committed towards achieving excellence in corporate governance and acknowledges that the prime responsibility lies with the Board. The Board is fully committed to ensure that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to create, protect and enhance shareholders' value and the performance of the Group.

The Malaysian Code on Corporate Governance ("the Code") aims to set out principles and best practices on structures and processes that companies may apply in their operations towards achieving the optimal governance framework. The Board reaffirms its support to the Code and in order to ensure that the best interests of shareholders and other stakeholders are effectively served, the Board continues to play an active role in improving governance practiced and constantly monitors the development in corporate governance.

## 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.

### 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:

- Adopting and monitoring progress of the Company's strategies, budgets, plans and policies;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Succession planning including appointing and reviewing the compensation of the top management;
- Overseeing the development and implementation of a shareholder communication policy;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Reviewing the adequacy and integrity of the Company's internal control systems and management information systems for compliance with applicable laws, regulations, rules, directive and guidelines.

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.

### Code of Ethics

The Directors shall be guided by the Code of Ethics for Directors issued by the Companies Commission of Malaysia. The Directors shall observe the Code of Ethics in performance of their duties.

### Strategies Promoting Sustainability

The Board promotes good Corporate Governance in the application of sustainability practices throughout the Company, the benefits of which are believed to translate into better corporate performance. Accordingly, the Company takes cognizance of the global environmental, social, governance and sustainability agenda.

**Access to Information and Advice**

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretary in ensuring the effective functioning of the Board. The Directors may 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 Company's operations or business concerns from them.

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.

**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.jki.com.my](http://www.jki.com.my).

**PRINCIPLE 2 – STRENGTHEN COMPOSITION****Nomination Committee**

The Board has established a Nomination Committee and 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   | : Kamil Bin Abdul Rahman (Appointed on 29 January 2015) |

The Nomination Committee is responsible for reviewing the Board's structure, size and composition regularly, as well as making recommendations to the Board with regards to changes that are deemed necessary. It also recommends the appointment of Directors to committees of the Board and reviews the required mix of skills, experience, competence and other qualities which Non-Executive Directors should bring to 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.

The activities of the Nominating Committee during the financial year are as follows:

- Review the mix of skills, independence, experience and other qualities of the Board
- Review the annual assessment of the effectiveness of the Board, committees and individual directors.

### Appointments to the Board

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

### 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 Main Market Listing Requirements of Bursa Malaysia

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 Board has not set a gender diversity targets as of the reporting period as it is of the view the Board membership should be determined based on a candidate's skills, experience and other qualities regardless of gender but will nevertheless considers appointing more directors of the female gender where suitable.

The Board believes that candidature to the Board should be based on a candidate's merits but in line with the Code, the board will consider more females onto the Board in due course to bring about a more diverse perspective.

### Remuneration Policies

The Board has established a Remuneration Committee. Its members are mainly of Non-Executive Directors. The present members of the Remuneration Committees are:-

|          |  |
|----------|--|
| Chairman | : Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman                       |
| Member   | : Dato' Ir Lim Siang Chai (Re-designated as member on 29 January 2015) |
| Member   | : Kamil Bin Abdul Rahman (Appointed on 29 January 2015)                |

The remuneration package are structured according to the skills, experience and performance of the Executive Directors to ensure the Group attracts and retains 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 Remuneration Committee recommends to the Board the policy framework of executive remuneration and its cost, and the remuneration package for each executive Director. 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 Remuneration Committee meets at least once a year or at such other times as the Chairman of the Remuneration Committee decides.

The detail and range of the Directors' Remuneration of the Company during the financial year are as follows:-

| Remuneration              | Executive Director<br>(RM) | Non-Executive Director<br>(RM) | Total   |
|---------------------------|----------------------------|--------------------------------|---------|
| Salary                    | 540,000                    | -                              | 540,000 |
| Fees                      | -                          | 96,000                         | 96,000  |
| Allowance                 | 36,000                     | 9,000                          | 45,000  |
| Defined Contribution Plan | 21,600                     | -                              | 21,600  |
|                           | 597,600                    | 105,000                        | 702,600 |

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                       |
| RM50,001 to RM200,000  | 1                   | -                       |
| RM350,001 to RM400,000 | 1                   | -                       |

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

### PRINCIPLE 3 – REINFORCE INDEPENDENCE

#### 1. Annual Assessment of Independence

The Board, through the NC, shall assess the independence of Independent Directors annually. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Company and his involvement in any significant transaction with the Company.

#### 2. 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.

#### 3. 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 recommended to the Board for recommendation to shareholders for approval. Justification for the Board's recommendation would be provided to shareholders.

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

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

## Corporate Governance Statements (Cont'd)

The Chairman of the Company is currently also the Executive Chairman of the Company. The Board is aware that it is not in compliance with the best practices of the MCCG 2012 on the separation of the roles of the Chairman and Group MD & CEO.

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

The presence of the 3 independent directors, though not forming a majority of the 6 Board members; is still half of the Board members and is sufficient to provide the necessary checks and balances on the decision making process of the Board. The contributions of the independent directors in the decision making process is evidenced in their participation as members of the various committees of the Board.

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

### Composition of the Board

During the financial year under review, the Board of Jiankun currently comprises six (6) Board members, which includes one (1) Executive Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The profile of the Directors is presented from pages 4 to 8 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 Main Market Listing Requirements of Bursa Malaysia Berhad ("Bursa Malaysia") and the adoption of best practices set out in the Code.

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 five (5) 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 2014, thus fulfilling the requirement of the Main Market Listing Requirements of Bursa Malaysia.

During these meetings, the Board reviews, 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 2014 are as follows:-

| Director  | Position                               | No. of Board Meetings Attended |
|---|--|--------------------------------|
| Dato' Ir Lim Siang Chai                                   | Executive Chairman                     | 5/5                            |
| Dato' Ng Kek Kiong<br>(Resigned on 13 January 2015)       | Deputy Executive Chairman              | 4/5                            |
| Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman            | Independent Non-Executive Director     | 5/5                            |
| Dato' Chen Oyan Yun Shai<br>(Resigned on 29 January 2015) | Non-Independent Non-Executive Director | 4/5                            |
| Lee Yun Choong<br>(Resigned on 29 January 2015)           | Independent Non-Executive Director     | 5/5                            |
| Fathi Ridzuan Bin Ahmad Fauzi                             | Independent Non-Executive Director     | 5/5                            |
| Foong Kah Heng<br>(Appointed on 13 January 2015)          | Executive Director                     | Not applicable                 |
| Lee Leong Kui<br>(Appointed on 13 January 2015)           | Executive Director                     | Not applicable                 |
| Kamil Bin Abdul Rahman<br>(Appointed on 29 January 2015)  | Independent Non-Executive Director     | Not applicable                 |

#### Directors' Training

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

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

Updates on the Code, Companies Act, 1965 and the Bursa Malaysia Listing Requirements were given by the Company Secretary to all Directors to facilitate knowledge enhancement in the areas of the Corporate Governance and relevant compliance areas.

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

All Directors have complied with the Continuous Training Programme prescribed by Bursa Malaysia Berhad. The Directors have participated in conferences, seminars and training programmes and during the financial year ended 31 December 2014, the following training programmes and seminars were attended by the Directors:-

| Name   | Date of Training           | Subject  |
|--|----------------------------|--|
| Dato' Ir Lim Siang Chai                        | 23-30 June 2014            | Beijing University – Executive MBA (Management and Planning)       |
| Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman | July 2014                  | GST Malaysia   |
| Fathi Ridzuan Bin Ahmad Fauzi                  | July 2014<br>November 2014 | GST Malaysia<br>Risk and Internal Control by Bursa Malaysia Berhad |

## PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

### Compliance with Applicable Financial Reporting Standards

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board take responsibility to present a balanced and meaningful assessment of the Group's position and prospect and to ensure that the financial statements are drawn up in accordance with the provision of Companies Act, 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 Responsibility Statement by the Directors pursuant to Main Market Listing Requirements of Bursa Malaysia is set out in this Annual Report.

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

### Assessment of Suitability and Independence of External Auditors

The 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 23 to 26 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 20 to 21 of this Annual Report provides the overview of the internal control framework adopted by the Company during the financial year ended 31 December 2014.

## PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### Corporate Disclosure Policies

The Board shall ensure 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.

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 AND SHAREHOLDERS

### Encourage Shareholder Participation at General Meetings

In an effort to encourage greater shareholders' participation at AGMs, the Board takes cognisance in serving longer than the required minimum notice period for AGMs, when possible. The Chairman shall ensure that the Board is accessible to shareholders and an open channel of communication is cultivated.

Jiankun 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.

Notice of the AGM and the Annual Report are sent out more than 21 days prior to the date of the AGM and it is also advertised in a local daily newspaper. Any item of the Special Business included in the Notice of the AGM will be accompanied by a full explanation of the effects of the proposed resolution. 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**

On poll voting, the Board is of the opinion that with the current level of shareholders' attendance at general meetings, voting by way of a show of hands continues to be efficient. During the general meetings, the Chairman of the meeting shall remind all members present about their right to demand for a poll in accordance with the provisions of the Articles of Association of the Company in the voting on any resolutions. Currently, all resolutions put forth for the shareholders' approval are carried out by a show of hands, unless a poll is demanded or specifically required.

**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.jki.com.my](http://www.jki.com.my) 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 the Code has been applied. The Board considers and is satisfied that the Company has fulfilled its obligation under the Code, the Listing Requirements of Bursa Malaysia and all applicable laws and regulations throughout the financial year ended 31 December 2014.

This Statement is made in accordance with a resolution of the Board of Directors dated 17 April 2015.

The Directors are required to lay before the Company ("Jiankun International Berhad") at its Annual General Meeting, the financial statements, which includes the consolidated statement of financial position and the consolidated statement of comprehensive income of the Company and its subsidiaries ("the Group") for each financial year made out in accordance with the applicable approved accounting standards and the provisions of the Act. This is also in line with Paragraph 15.26(a) of Main Market Listing Requirements of Bursa Malaysia.

The Directors are required to take reasonable steps in ensuring that the consolidated financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year ended 31 December 2014.

The financial statements of the Company and the Group for the financial year under review are set out from pages 28 to 104 of this Annual Report.

During the preparation of financial statements, the Directors have considered the following:-

- Appropriate accounting policies have been used and are consistently applied;
- Reasonable and prudent judgments and estimates were made; and
- All applicable approved accounting standards in Malaysia have been followed.

The Directors are required under the Companies Act, 1965 to ensure that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and to cause such records to be kept in such manner as to enable them to be conveniently and properly audited.

## Statement On Risk Management And Internal Control

### INTRODUCTION

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia 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 Internal Control which has been prepared in accordance with the "Statement on Internal Control – Guidance for Directors of Public Listed Companies".

### BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound 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 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.

### KEY ELEMENTS OF INTERNAL CONTROL

#### CONTROL ENVIRONMENT AND CONTROL ACTIVITIES

- Organisation structure with clearly defined lines of responsibility, authority and accountability;
- Clearly defined authorisation 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 formalised 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.

The Board has received assurance from the Executives Director 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.

**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.

During the financial year, the internal audit function was conducted to review on the non-finance function, to ensure the compliance with the company policies and risk management procedures to be monitored closely. The Board is cognizant of the internal audit inputs and function during the financial year and is of the opinion that the risks arising are to be take note in monitoring the risk factors for business operations during the year. For the financial year ended 31 December 2014, the total costs incurred for the outsourced internal audit function is RM10,000.00.

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 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 system of internal control. It be understood that the Management and Board served full corporation in provide the inputs and transparency in the operations.



## Additional Compliance Information

### 1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

During the financial year ended the Company has raising fund by issued Rights Share of 100,782,519 of RM0.25 each. The total proceed of RM25,195,629.75 and the proceed has not been utilised as at 31 December 2014.

### 2. MATERIAL CONTRACTS

During the financial year ended 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).

### 3. SHARE BUY-BACK

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

### 4. OPTIONS OR CONVERTIBLE SECURITIES

24 December 2014, due to right issue allotted on 24 December 2014 as per Bursa letter addressed to share registrar and announcement made, 100,782,519 Rights Shares and 75,586,889 Warrants issued pursuant to the Renounceable Rights Issue Of 100,782,519 New Ordinary Shares Of RM0.25 Each In Jiankun International Berhad ("JIB") ("Rights Shares") together with 75,586,889 free detachable warrants ("Warrants") On the basis of two (2) Rights Shares for every one (1) Existing Ordinary Share of RM0.25 each held in JIB together with three (3) Warrants for every four (4) Rights Shares subscribed ("Rights Issue With Warrants").

### 5. DEPOSITORY RECEIPT PROGRAMME

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

### 6. 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 2014.

### 7. NON-AUDIT FEE

Non-audit fees paid or payable to the External Auditors by the Group for the financial year ended 31 December 2014 was RM3,000 for the work done to verify the Statement on Risk Management and Internal Control.

### 8. 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.

### 9. PROFIT GUARANTEE

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

The Board of Directors of Jiankun International Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2014.

#### 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 |
| Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman        | Independent Non-Executive Director |
| Kamil Bin Abdul Rahman (Appointed on 29 January 2015) | Independent Non-Executive Director |

*The past members of the AC is as follows:-  
Lee Yun Choong – Member (Resigned on 29 January 2015)*

#### 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 I 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.

## Report Of The Audit Committee (Cont'd)

### 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 controls 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.

## Report Of The Audit Committee (Cont'd)

### Meetings held during the financial year ended 31 December 2014

The Committee met five (5) times during the financial year ended 31 December 2014 and the details of attendance are as follows:-

| Director   | Total meetings attended |
|--|-------------------------|
| Fathi Ridzuan Bin Ahmad Fauzi (Chairman)                 | 5/5                     |
| Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman           | 5/5                     |
| Lee Yun Choong<br>(Resigned on 29 January 2015)          | 5/5                     |
| Kamil Bin Abdul Rahman<br>(Appointed on 29 January 2015) | Not Applicable          |

Other Board members, Director of Corporate Affairs, Chief Administrative Office, Finance Manager and 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 Secretaries in attendance.

### SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 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 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 Audit Plan and timetable with the External Auditors.
- Reviewed report of the Internal Auditors on the Company and its subsidiaries.
- Reviewed the assistance provided by Management to the External Auditors during the course of their audit.
- Reviewed the audit fees for the External Auditors in respect of their audit of the Group and the Company
- Considered and recommended the re-appointment of the External Auditors to the shareholders for approval.
- Reviewed the internal control system of the Group and made recommendations to the Board and Management on improvement of internal controls, procedures and systems and other matters noted by the Committee.
- Reviewed the recurrent related party transactions.

## GROUP FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2014

| Revenue    | Loss Before Taxation | Loss After Taxation | Shareholder's Fund | Earnings Per Share |
|------------|----------------------|---------------------|--------------------|--------------------|
| 3,168,399* | 1,967,462*           | 1,992,584*          | 44,805,170         | (3.8 Sen)          |

## FIVE YEARS' FINANCIAL PERFORMANCE

| Revenue | RM         |
|---------|------------|
| 2010    | 29,897,127 |
| 2011    | 15,336,190 |
| 2012    | 10,291,455 |
| 2013    | 6,349,481* |
| 2014    | 3,168,399* |

| Profit/ (Loss) Before Taxation | RM           |
|--------------------------------|--------------|
| 2010                           | (23,920,980) |
| 2011                           | (1,321,624)  |
| 2012                           | (1,593,922)  |
| 2013                           | 8,850,720*   |
| 2014                           | (1,967,462)* |

| Shareholders' Fund | RM          |
|--------------------|-------------|
| 2010               | 17,888,816  |
| 2011               | 16,901,066  |
| 2012               | 14,988,515  |
| 2013               | 20,543,603* |
| 2014               | 44,805,170  |

| Earnings/ (Loss) Per Share | Sen    |
|----------------------------|--------|
| 2010                       | (47.2) |
| 2011                       | (2.5)  |
| 2012                       | (3.1)  |
| 2013                       | 9.1*   |
| 2014                       | (3.8)* |

\* Inclusive of discontinued operation

## Directors' Report

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 2014.

### 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<br>RM | Company<br>RM |
|------------------------------|-------------|---------------|
| Loss for the financial year: |             |               |
| - Continuing operations      | 962,671     | 3,239,690     |
| - Discontinued operation     | 1,029,913   | -             |
|                              | 1,992,584   | 3,239,690     |

### 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 2014.

### 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' Report (Cont'd)

### DIRECTORS

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

|  |                           |
|--|---------------------------|
| Dato' Ir Lim Siang Chai                        |                           |
| Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman |                           |
| Fathi Ridzuan Bin Ahmad Fauzi                  |                           |
| Foong Kah Heng                                 | (Appointed on 13.01.2015) |
| Lee Leong Kui                                  | (Appointed on 13.01.2015) |
| Kamil Bin Abdul Rahman                         | (Appointed on 29.01.2015) |
| Dato' Ng Kek Kiong                             | (Resigned on 24.12.2014)  |
| Dato' Chen Oyan Yun Shai                       | (Resigned on 29.01.2015)  |
| Lee Yun Choong                                 | (Resigned on 29.01.2015)  |

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.

Foong Kah Heng, Lee Leong Kui and Kamil Bin Abdul Rahman retire pursuant to Article 95 of the Company's Articles of Association and seek re-election and re-appointment as director to hold office until the next Annual General Meeting of the Company.

Fathi Ridzuan Bin Ahmad Fauzi 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

During the financial year, the Company reduced the par value of its authorised share capital from RM1 to RM0.25 per share and increase the authorised share capital from 100,000,000 shares to 400,000,000 at RM0.25 per share.

During the financial year, the Company reduced its issued and paid up capital from RM50,895,000 comprising of 50,895,000 ordinary shares of RM1 each to RM12,723,750 comprising 50,895,000 ordinary shares of RM0.25 each and increased its issued and paid- up capital from RM12,723,750 to RM37,919,380 by the allotment of renounceable rights issue of 100,782,519 new ordinary shares of RM0.25 each at par for the purpose of working capital. The new shares were issued for cash consideration. The new shares issued rank pari passu in all respects with the existing shares of the Company.

## WARRANTS

Details of the warrants are set out in Note 15 to the financial statements.

## 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 and options of the Company and its related corporations during the financial year are as follows:-

|                         | <u>Number of ordinary shares of RM0.25 each</u> |               |             | <u>Balance at<br/>31.12.2014</u> |
|-------------------------|---|---------------|-------------|----------------------------------|
|                         | <u>Balance at<br/>01.01.2014</u>                | <u>Bought</u> | <u>Sold</u> |                                  |
| Direct interest:-       |   |               |             |                                  |
| Dato' Ir Lim Siang Chai | 500,000   | 13,008,000    | -           | 13,508,000                       |
| Foong Kah Heng          | -   | 7,530,000     | -           | 7,530,000                        |
| Indirect interest:-     |   |               |             |                                  |
| Foong Kah Heng          | -   | 16,882,450    | -           | 16,882,450                       |

|                         | <u>Number of warrants 2014 / 2021</u> |               |                  | <u>Balance at<br/>31.12.2014</u> |
|-------------------------|---------------------------------------|---------------|------------------|----------------------------------|
|                         | <u>Balance at<br/>01.01.2014</u>      | <u>Bought</u> | <u>Exercised</u> |                                  |
| Direct interest:-       |                                       |               |                  |                                  |
| Dato' Ir Lim Siang Chai | -                                     | 9,750,000     | -                | 9,750,000                        |
| Foong Kah Heng          | -                                     | 3,765,000     | -                | 3,765,000                        |
| Indirect interest       |                                       |               |                  |                                  |
| Foong Kah Heng          | -                                     | 9,661,837     | -                | 9,661,837                        |

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 EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 35 to the financial statements.

## SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

The significant events after the financial year are disclosed in Note 36 to the financial statements.

## Directors' Report (Cont'd)

### AUDITORS

The auditors, Tam & Associates, retire at the forthcoming Annual General Meeting and have indicated that they are not seeking for re-appointment.

Signed on behalf of the Board in accordance with a resolution of the directors dated 17 April 2015.

Dato' Ir Lim Siang Chai  
Director

Kuala Lumpur

Lee Leong Kui  
Director

We, Dato' Ir Lim Siang Chai and Lee Leong Kui, being two of the directors of JIANKUN 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 2014 and of the financial performances and cash flows for the financial year then ended.

The supplementary information set out on page 104, 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 17 April 2015.

Dato' Ir Lim Siang Chai  
Director

Lee Leong Kui  
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, 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 17 April 2015, before me.

COMMISSIONER FOR OATHS

## Independent Auditors' Report

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

#### Report on the Financial Statements

We have audited the financial statements of JIANKUN INTERNATIONAL BERHAD which comprise the statements of financial position as at 31 December 2014 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 36 to 103.

#### *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 2014 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.



### **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 104 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

Kuala Lumpur  
Date: 17 April 2015

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



# Statements of Financial Position

## As At 31 December 2014

|  |      | Group      |              | Company    |              |
|--|------|------------|--------------|------------|--------------|
|  | Note | 2014<br>RM | 2013<br>RM   | 2014<br>RM | 2013<br>RM   |
| Non-current assets                                     |      |            |              |            |              |
| Property, plant and equipment                          | 4    | 2,852      | 444,966      | 2,852      | 71,406       |
| Goodwill   | 5    | -          | -            | -          | -            |
| Investment properties                                  | 6    | 22,211,741 | 20,812,663   | -          | -            |
| Investments in subsidiary companies                    | 7    | -          | -            | 9,742,157  | 13,742,157   |
|  |      | 22,214,593 | 21,257,629   | 9,745,009  | 13,813,563   |
| Current assets   |      |            |              |            |              |
| Property development costs                             | 8    | -          | 4,305,953    | -          | -            |
| Accrued billings                                       |      | -          | 45,677       | -          | -            |
| Trade receivables                                      | 9    | -          | 2,364,103    | -          | -            |
| Non-trade receivables                                  | 10   | 4,891,478  | 4,611,731    | 483,662    | 8,816        |
| Amount due from subsidiary companies                   | 11   | -          | -            | 4,895,739  | 6,519,294    |
| Fixed deposit with a licensed bank                     | 12   | -          | 20,000       | -          | -            |
| Cash and bank balances                                 | 13   | 25,204,545 | 233,536      | 25,203,203 | 26,484       |
|  |      | 30,096,023 | 11,581,000   | 30,582,604 | 6,554,594    |
| Total assets   |      | 52,310,616 | 32,838,629   | 40,327,613 | 20,368,157   |
| Equity   |      |            |              |            |              |
| Share capital  | 14   | 37,919,380 | 50,895,000   | 37,919,380 | 50,895,000   |
| Reserves   | 15   | 6,885,790  | (30,351,397) | (447,027)  | (35,378,587) |
| Total equity attributable to the owners of the Company |      | 44,805,170 | 20,543,603   | 37,472,353 | 15,516,413   |
| Non-current liabilities                                |      |            |              |            |              |
| Hire purchase payable                                  | 16   | -          | 180,308      | -          | -            |
| Deferred tax liability                                 | 17   | 4,695,144  | 4,385,726    | -          | -            |
|  |      | 4,695,144  | 4,566,034    | -          | -            |

|                                    | Note | Group      |            | Company    |            |
|------------------------------------|------|------------|------------|------------|------------|
|                                    |      | 2014<br>RM | 2013<br>RM | 2014<br>RM | 2013<br>RM |
| Current liabilities                |      |            |            |            |            |
| Progress billings                  |      | -          | 179,337    | -          | -          |
| Trade payables                     | 18   | -          | 807,441    | -          | -          |
| Non-trade payables                 | 19   | 1,632,544  | 3,255,915  | 1,490,226  | 2,666,220  |
| Amount due to a subsidiary company | 11   | -          | -          | 187,276    | 230,840    |
| Amount due to directors            | 20   | 1,177,758  | 2,578,072  | 1,177,758  | 1,954,684  |
| Hire purchase payable              | 16   | -          | 59,339     | -          | -          |
| Bank borrowing - secured           | 21   | -          | 848,888    | -          | -          |
|                                    |      | 2,810,302  | 7,728,992  | 2,855,260  | 4,851,744  |
| Total liabilities                  |      | 7,505,446  | 12,295,026 | 2,855,260  | 4,851,744  |
| Total equity and liabilities       |      | 52,310,616 | 32,838,629 | 40,327,613 | 20,368,157 |

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

# Statements Of Profit Or Loss And Other Comprehensive Income

## For The Financial Year Ended 31 December 2014

|   |      | Group              |                        | Company            |                    |
|---|------|--------------------|------------------------|--------------------|--------------------|
|   | Note | 2014<br>RM         | 2013<br>RM<br>Restated | 2014<br>RM         | 2013<br>RM         |
| <b>Continuing operations</b>  |      |                    |                        |                    |                    |
| Revenue   | 22   | -                  | 3,653,540              | -                  | -                  |
| Cost of sales   | 23   | -                  | (2,607,776)            | -                  | -                  |
| Gross profit  |      | -                  | 1,045,764              | -                  | -                  |
| Other income  | 24   | 2,535,759          | 11,111,239             | -                  | 1,602,000          |
| Administrative expenses   |      | (3,473,308)        | (2,971,322)            | (3,239,690)        | (5,156,156)        |
| (Loss) / Profit before tax  | 25   | (937,549)          | 9,185,681              | (3,239,690)        | (3,554,156)        |
| Tax   | 26   | (25,122)           | (4,209,760)            | -                  | -                  |
| (Loss) / Profit after tax for the continuing operations   |      | (962,671)          | 4,975,921              | (3,239,690)        | (3,554,156)        |
| <b>Discontinued operation</b>   |      |                    |                        |                    |                    |
| Loss from discontinued operation, net of tax  | 27   | (1,029,913)        | (334,961)              | -                  | -                  |
| (Loss) / Profit for the financial year  |      | (1,992,584)        | 4,640,960              | (3,239,690)        | (3,554,156)        |
| <b>Other comprehensive income:-</b>   |      |                    |                        |                    |                    |
| <b>Items that may be reclassified subsequently to profit or loss</b>  |      |                    |                        |                    |                    |
| Foreign currency translation  |      | 1,058,521          | 914,128                | -                  | -                  |
| <b>Total comprehensive (loss) / income for the financial year</b>   |      | <b>(934,063)</b>   | <b>5,555,088</b>       | <b>(3,239,690)</b> | <b>(3,554,156)</b> |
| <b>(Loss) / Profit after tax attributable to the owners of the Company</b>                                  |      | <b>(1,992,584)</b> | <b>4,640,960</b>       | <b>(3,239,690)</b> | <b>(3,554,156)</b> |
| <b>Total comprehensive (loss) / income for the financial year attributable to the owners of the Company</b> |      | <b>(934,063)</b>   | <b>5,555,088</b>       | <b>(3,239,690)</b> | <b>(3,554,156)</b> |

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

# Statements Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 December 2014 (Cont'd)

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|   | Note      | Group         |                        |
|---|-----------|---------------|------------------------|
|   |           | 2014<br>RM    | 2013<br>RM<br>Restated |
| <b>(Loss) / Earning per share</b>       | <b>28</b> |               |                        |
| <b>attributable to the owner of the</b> |           |               |                        |
| <b>Company (sen)</b>                    |           |               |                        |
| Basic:                                  |           |               |                        |
| - Continuing operations                 |           | (1.81)        | 9.78                   |
| - Discontinued operation                |           | (1.94)        | (0.66)                 |
|   |           | <u>(3.75)</u> | <u>9.12</u>            |
| Diluted:                                |           |               |                        |
| - Continuing operations                 |           | (1.80)        | 9.78                   |
| - Discontinued operation                |           | (1.93)        | (0.66)                 |
|   |           | <u>(3.73)</u> | <u>9.12</u>            |

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

# Consolidated Statement of Changes In Equity

## For The Financial Year Ended 31 December 2014

|   | Non-distributable |   |                    |                    |                       |             |
|---|-------------------|---|--------------------|--------------------|-----------------------|-------------|
|   | Share capital     | Foreign<br>exchange<br>translation<br>reserve | Warrant<br>reserve | Capital<br>reserve | Accumulated<br>losses | Total       |
|   | RM                | RM  | RM                 | RM                 | RM                    | RM          |
| <b>Balance as at 1 January 2014</b>                               | 50,895,000        | 157,210                                       | -                  | -                  | (30,508,607)          | 20,543,603  |
| <b>Transactions with owners</b>                                   |                   |   |                    |                    |                       |             |
| Par value reduction   | (38,171,250)      | -   | -                  | 2,792,663          | 35,378,587            | -           |
| Issuance of shares pursuant to rights issue with warrants         | 25,195,630        | -   | -                  | -                  | -                     | 25,195,630  |
| Transfer to warrant reserve                                       | -                 | -   | 13,605,640         | -                  | (13,605,640)          | -           |
| <b>Total transactions with owners</b>                             | (12,975,620)      | -   | 13,605,640         | 2,792,663          | 21,772,947            | 25,195,630  |
| Loss after tax for the financial year                             | -                 | -   | -                  | -                  | (1,992,584)           | (1,992,584) |
| Other comprehensive income  | -                 | -   | -                  | -                  | -                     | -           |
| - Foreign currency translation differences                        | -                 | 1,058,521                                     | -                  | -                  | -                     | 1,058,521   |
| <b>Total comprehensive income / (loss) for the financial year</b> | -                 | 1,058,521                                     | -                  | -                  | (1,992,584)           | (934,063)   |
| <b>Balance as at 31 December 2014</b>                             | 37,919,380        | 1,215,731                                     | 13,605,640         | 2,792,663          | (10,728,244)          | 44,805,170  |
| <b>Balance as at 1 January 2013</b>                               | 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     |
| <b>Balance as at 31 December 2013</b>                             | 50,895,000        | 157,210                                       | -                  | -                  | (30,508,607)          | 20,543,603  |

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

# Consolidated Statement of Changes In Equity

For The Financial Year Ended 31 December 2014 (Cont'd)

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|  | Non-distributable |                 |                 | Accumulated  | Total       |
|--|-------------------|-----------------|-----------------|--------------|-------------|
|  | Share capital     | Warrant reserve | Capital reserve | losses       | RM          |
|  | RM                | RM              | RM              | RM           | RM          |
| <b>Balance as at 1 January 2014</b>                              | 50,895,000        | -               | -               | (35,378,587) | 15,516,413  |
| <b>Transactions with owners</b>                                  |                   |                 |                 |              |             |
| Par value reduction  | (38,171,250)      | -               | 2,792,663       | 35,378,587   | -           |
| Issuance of shares pursuant to rights issue with warrants        | 25,195,630        | -               | -               | -            | 25,195,630  |
| Transfer to warrant reserve                                      | -                 | 13,605,640      | -               | (13,605,640) | -           |
| <b>Total transactions with owners</b>                            | 37,919,380        | 13,605,640      | 2,792,663       | (13,605,640) | 40,712,043  |
| Loss after tax / Total comprehensive loss for the financial year | -                 | -               | -               | (3,239,690)  | (3,239,690) |
| <b>Balance as at 31 December 2014</b>                            | 37,919,380        | 13,605,640      | 2,792,663       | (16,845,330) | 37,472,353  |
| <b>Balance as at 1 January 2013</b>                              | 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) |
| <b>Balance as at 31 December 2013</b>                            | 50,895,000        | -               | -               | (35,378,587) | 15,516,413  |

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

# Statements of Cash Flows

## For The Financial Year Ended 31 December 2014

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|   |      | Group              |                    | Company            |                    |
|---|------|--------------------|--------------------|--------------------|--------------------|
|   | Note | 2014<br>RM         | 2013<br>RM         | 2014<br>RM         | 2013<br>RM         |
| <b>Cash flows from operating activities</b>                           |      |                    |                    |                    |                    |
| (Loss) / Profit before tax:   |      |                    |                    |                    |                    |
| - Continuing operations   |      | (937,549)          | 9,185,681          | (3,239,690)        | (3,554,156)        |
| - Discontinued operation  |      | (1,029,913)        | (334,961)          | -                  | -                  |
|   |      | <u>(1,967,462)</u> | <u>8,850,720</u>   | <u>(3,239,690)</u> | <u>(3,554,156)</u> |
| Adjustments for:-   |      |                    |                    |                    |                    |
| Allowance for impairment loss on amount due from subsidiary companies |      | -                  | -                  | -                  | 839,931            |
| Allowance for impairment losses on receivables                        |      | 22,767             | -                  | -                  | -                  |
| Allowance for impairment loss on non-trade receivables                |      | -                  | 242,078            | -                  | 222,078            |
| Deposit forfeited   |      | -                  | (9,300)            | -                  | -                  |
| Deposits written off  |      | 41,816             | 4,600              | 41,816             | -                  |
| Depreciation  |      | 108,540            | 98,644             | 16,023             | 15,138             |
| Discount on settlement  |      | 800,000            | -                  | -                  | -                  |
| Gain on disposal of a subsidiary company                              |      | (2,483,516)        | -                  | -                  | -                  |
| Gain in fair value  |      | (50,243)           | (11,086,770)       | -                  | -                  |
| Impairment losses on investments in subsidiary companies              |      | -                  | -                  | -                  | 1,620,837          |
| Interest expense  |      | 177,370            | 164,920            | -                  | -                  |
| Interest income   |      | -                  | (4,741)            | -                  | -                  |
| Loss on disposal of property, plant and equipment                     |      | 35,931             | 10,688             | 35,931             | -                  |
| Loss on disposal of a subsidiary company                              |      | -                  | -                  | 700,000            | -                  |
| Property development costs written off                                |      | -                  | 57,631             | -                  | -                  |
| Property, plant and equipment written off                             |      | 150                | 3,355              | 150                | 3,355              |
| Operating loss before working capital changes                         |      | <u>(3,314,647)</u> | <u>(1,668,175)</u> | <u>(2,445,770)</u> | <u>(852,817)</u>   |
| Increase in property development costs                                |      | (2,588,620)        | (654,233)          | -                  | -                  |
| Decrease / (Increase) in receivables                                  |      | 722,290            | 866,438            | (516,662)          | -                  |
| Increase / (Decrease) in payables                                     |      | 893,034            | 1,338,734          | (1,175,994)        | 1,999,956          |
| Net changes in subsidiary companies balances                          |      | -                  | -                  | 1,623,555          | (1,600,000)        |
| Cash utilised in operations   |      | <u>(4,287,943)</u> | <u>(117,236)</u>   | <u>(2,514,871)</u> | <u>(452,861)</u>   |
| Interest received   |      | -                  | 4,741              | -                  | -                  |
| Net cash utilised in operating activities                             |      | <u>(4,287,943)</u> | <u>(112,495)</u>   | <u>(2,514,871)</u> | <u>(452,861)</u>   |

|   |             | <b>Group</b>      |                  | <b>Company</b>    |                    |
|---|-------------|-------------------|------------------|-------------------|--------------------|
|   | <b>Note</b> | <b>2014</b>       | <b>2013</b>      | <b>2014</b>       | <b>2013</b>        |
|   |             | <b>RM</b>         | <b>RM</b>        | <b>RM</b>         | <b>RM</b>          |
| <b>Cash flows from investing activities</b>                     |             |                   |                  |                   |                    |
| Increase of investments in subsidiary companies                 |             | -                 | -                | -                 | (2,799,994)        |
| Net cash generated from disposal of a subsidiary                |             | -                 | -                | 3,300,000         | -                  |
| Net cash inflow from disposal of investment in subsidiary       |             | 2,969,890         | -                | -                 | -                  |
| Proceeds from disposal of property, plant and equipment         |             | 20,000            | 8,244            | 20,000            | -                  |
| Purchase of property, plant and equipment                       | 29          | (6,629)           | (147,221)        | (3,550)           | (13,900)           |
| Net cash generated from / (utilised in) investing activities    |             | <u>2,983,261</u>  | <u>(138,977)</u> | <u>3,316,450</u>  | <u>(2,813,894)</u> |
| <b>Cash flows from financing activities</b>                     |             |                   |                  |                   |                    |
| Interest paid   |             | (177,370)         | (164,920)        | -                 | -                  |
| Issuance of shares  |             | 25,195,630        | -                | 25,195,630        | -                  |
| Net changes in directors balance                                |             | 2,138,375         | 1,640,106        | (776,926)         | 1,016,718          |
| Net changes in related companies balance                        |             | -                 | -                | (43,564)          | 2,273,810          |
| Repayment of bank borrowing                                     |             | (848,888)         | (1,334,562)      | -                 | -                  |
| Repayment of hire purchase payable                              |             | (46,038)          | (30,353)         | -                 | -                  |
| Net cash generated from financing activities                    |             | <u>26,261,709</u> | <u>110,271</u>   | <u>24,375,140</u> | <u>3,290,528</u>   |
| <b>Net increase / (decrease) in cash and cash equivalents</b>   |             | <u>24,957,027</u> | <u>(141,201)</u> | <u>25,176,719</u> | <u>23,773</u>      |
| <b>Effect on translation differences</b>                        |             | <u>(6,018)</u>    | <u>504</u>       | <u>-</u>          | <u>-</u>           |
| <b>Cash and cash equivalents at beginning of financial year</b> |             | <u>253,536</u>    | <u>394,233</u>   | <u>26,484</u>     | <u>2,711</u>       |
| <b>Cash and cash equivalents at end of financial year</b>       |             | <u>25,204,545</u> | <u>253,536</u>   | <u>25,203,203</u> | <u>26,484</u>      |
| <b>Cash and cash equivalents comprise:-</b>                     |             |                   |                  |                   |                    |
| Fixed deposit with a licensed bank                              |             | -                 | 20,000           | -                 | -                  |
| Cash and bank balances  |             | <u>25,204,545</u> | <u>233,536</u>   | <u>25,203,203</u> | <u>26,484</u>      |
|   |             | <u>25,204,545</u> | <u>253,536</u>   | <u>25,203,203</u> | <u>26,484</u>      |

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



## 1. GENERAL

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

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

## 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 in the current financial year, the Group and the Company adopted the following amended FRS and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2014.

| <u>Description</u>  | <u>Effective for annual period beginning on or after</u> |
|---|--|
| Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities                       | 1 January 2014   |
| Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities        | 1 January 2014   |
| Amendments to FRS 136: Recoverable Amount Disclosures 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   |

Adoption of the above standards and interpretations did not have any effect on the financial performance or position and policy of the Group and of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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.

| <u>Description</u>  | <u>Effective for<br/>annual period<br/>beginning on or<br/>after</u> |
|---|--|
| Amendments to FRS 119: (Employees Benefits Plans:<br>Employee Contribution)   | 1 July 2014  |
| Annual improvement to FRS 2010-2012 Cycle   | 1 July 2014  |
| Annual improvement to FRS 2011-2013 Cycle   | 1 July 2014  |
| FRS 14: Regulatory Deferral Accounts  | 1 January 2016   |
| Amendments to FRS 10 and FRS 128: Sale or Contribution<br>Of Assets between an Investor and its Associate or Joint<br>Venture | 1 January 2016   |
| Amendments to FRS 10, FRS 12 and FRS 128: (Investment<br>Entities: Applying the Consolidation Exception)                      | 1 January 2016   |
| Amendments to FRS 11: Accounting for Acquisitions of<br>Interests in Joint Operations   | 1 January 2016   |
| Amendments to FRS 101: Disclosure Initiative  | 1 January 2016   |
| Amendments to FRS 116 and FRS 138: Clarification of<br>Acceptable Methods of Depreciation and Amortisation                    | 1 January 2016   |
| Amendments to FRS 127: Equity Method in Separate<br>Financial Statements  | 1 January 2016   |
| Annual improvement to FRS 2012-2014 Cycle   | 1 January 2016   |
| FRS 9: Financial Instruments  | 1 January 2018   |

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: Classification and Measurement

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 2014, but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2013, moved the mandatory effective date to 1 January 2015. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but will not have an impact on classification and measurements of the Group's and the Company's financial liabilities. The Group and the Company 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)

### 2.3 Standards issued but not yet effective (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 2017. The Group and the Company 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 ending 31 December 2017.

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

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

The Group and the Company expects to be in a position to fully comply with the requirements of MFRSs for the financial year ending 31 December 2017.

### 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 2014.

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Basis of consolidation (Cont'd)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****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.

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.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 Property, plant and equipment and depreciation (Cont'd)

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.

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, or available-for-sale financial assets, as appropriate.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.8 Financial instruments (Cont'd)

#### 2.8.1 Financial assets (Cont'd)

##### (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 and the Company'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

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. Loans and receivables 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.

##### (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.

## 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 (Cont'd)

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's and the Company'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.

#### 2.8.4 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.



**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.8 Financial instruments (Cont'd)****2.8.4 Derecognition**

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 Impairment of assets (Cont'd)

#### 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.

#### 2.11 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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.11 Investment properties (Cont'd)**

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 to the financial statements.

**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. All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

**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.

**2.14.2 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.15 Revenue recognition (Cont'd)

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 statements 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 statements 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 statements of profit or loss and other comprehensive income is recognised as progress billings under current liabilities.

### 2.17 Income tax

The tax expense in the statements 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.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.17 Income tax (Cont'd)

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.

### 2.18 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.

Diluted EPS 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.

### 2.19 Assets under hire purchase

Assets financed by hire purchase which transfer substantially all the risks and rewards of ownership to the Group and to 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 statements 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.

### 2.20 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.21 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.
  - 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.

### 2.22 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.23 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 anticipate that the residual values of their 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. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### 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 recognise tax liabilities based on their 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 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 consider whether a property generates cash flows largely independent of the other assets held by the Group and the Company.

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. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### 3.6 Valuation of properties

Investment properties of the Group are reported at fair value 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

| Group<br>2014                           | Furniture<br>and office<br>equipment<br>RM | Electrical<br>installation<br>RM | Renovation<br>RM | Computer<br>and software<br>RM | Motor<br>vehicle<br>RM | Total<br>RM |
|---|--|----------------------------------|------------------|--------------------------------|------------------------|-------------|
| Cost                                    |  |                                  |                  |                                |                        |             |
| As at 1 January 2014                    | 155,536                                    | 11,720                           | 26,205           | 89,873                         | 413,321                | 696,655     |
| Additions                               | 2,129                                      | -                                | -                | 4,500                          | -                      | 6,629       |
| Disposals                               | (131,616)                                  | (3,800)                          | (5,010)          | (2,699)                        | -                      | (143,125)   |
| Written off                             | -  | -                                | -                | (2,999)                        | -                      | (2,999)     |
| Deconsolidation of a subsidiary company | (26,049)                                   | (7,920)                          | (21,195)         | (4,683)                        | (413,321)              | (473,168)   |
| As at 31 December 2014                  | -  | -                                | -                | 83,992                         | -                      | 83,992      |
| Accumulated depreciation                |  |                                  |                  |                                |                        |             |
| As at 1 January 2014                    | 74,770                                     | 6,496                            | 15,014           | 86,522                         | 68,887                 | 251,689     |
| Charges                                 | 15,252                                     | 2,360                            | 5,800            | 2,464                          | 82,664                 | 108,540     |
| Disposals                               | (80,027)                                   | (2,122)                          | (2,796)          | (2,249)                        | -                      | (87,194)    |
| Written off                             | -  | -                                | -                | (2,849)                        | -                      | (2,849)     |
| Deconsolidation of a subsidiary company | (9,995)                                    | (6,734)                          | (18,018)         | (2,748)                        | (151,551)              | (189,046)   |
| As at 31 December 2014                  | -  | -                                | -                | 81,140                         | -                      | 81,140      |
| Net book value as at 31 December 2014   | -  | -                                | -                | 2,852                          | -                      | 2,852       |

# Notes To The Financial Statements

31 December 2014 (Cont'd)

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

| Group<br>2013                         | Leasehold<br>land and<br>buildings<br>RM | Furniture<br>and office<br>equipment<br>RM | Electrical<br>installation<br>RM | Renovation<br>RM | Computer<br>and software<br>RM | Motor<br>vehicle<br>RM | Total<br>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)

| Company                                  | Furniture<br>and office<br>equipment<br>RM | Electrical<br>installation<br>RM | Renovation<br>RM | Computer<br>and<br>software<br>RM | Total<br>RM |
|--|--|----------------------------------|------------------|-----------------------------------|-------------|
| 2014                                     |  |                                  |                  |                                   |             |
| Cost                                     |  |                                  |                  |                                   |             |
| As at 1 January 2014                     | 130,566                                    | 3,800                            | 5,010            | 87,190                            | 226,566     |
| Additions                                | 1,050                                      | -                                | -                | 2,500                             | 3,550       |
| Disposals                                | (131,616)                                  | (3,800)                          | (5,010)          | (2,699)                           | (143,125)   |
| Written off                              | -  | -                                | -                | (2,999)                           | (2,999)     |
| As at 31 December 2014                   | -  | -                                | -                | 83,992                            | 83,992      |
| Accumulated depreciation                 |  |                                  |                  |                                   |             |
| As at 1 January 2014                     | 67,281                                     | 1,742                            | 2,295            | 83,842                            | 155,160     |
| Charges                                  | 12,746                                     | 380                              | 501              | 2,396                             | 16,023      |
| Disposals                                | (80,027)                                   | (2,122)                          | (2,796)          | (2,249)                           | (87,194)    |
| Written off                              | -  | -                                | -                | (2,849)                           | (2,849)     |
| As at 31 December 2014                   | -  | -                                | -                | 81,140                            | 81,140      |
| Net book value as at 31<br>December 2014 | -  | -                                | -                | 2,852                             | 2,852       |
| 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<br>December 2013 | 63,285                                     | 2,058                            | 2,715            | 3,348                             | 71,406      |

The motor vehicle of the Group was acquired under hire purchase.

## 5. GOODWILL

|   | <b>Group</b>  |               |
|---|---------------|---------------|
|   | <b>2014</b>   | <b>2013</b>   |
|   | <b>RM</b>     | <b>RM</b>     |
| As at 1 January                               | 69,455        | 69,455        |
| Less: Deconsolidation of a subsidiary company | (1,260)       | -             |
|   | <u>68,195</u> | <u>69,455</u> |
| Less: Allowance for impairment losses         | (68,195)      | (69,455)      |
| As at 31 December                             | <u>-</u>      | <u>-</u>      |
| Movement of allowance for impairment losses:  |               |               |
| As at 1 January                               | 69,455        | 69,455        |
| Less: Deconsolidation of a subsidiary company | (1,260)       | -             |
| As at 31 December                             | <u>68,195</u> | <u>69,455</u> |

The recoverable amount of the investments 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 term leases.

|   | <b>Group</b>      |                   |
|---|-------------------|-------------------|
|   | <b>2014</b>       | <b>2013</b>       |
|   | <b>RM</b>         | <b>RM</b>         |
| At fair value:-   |                   |                   |
| As at 1 January   | 20,812,663        | -                 |
| Transferred from property, plant and equipment, at cost | -                 | 8,636,303         |
|   | <u>20,812,663</u> | <u>8,636,303</u>  |
| Gain in fair value (Note 24)                            | 50,243            | 11,086,770        |
| Translation difference                                  | <u>1,348,835</u>  | <u>1,089,590</u>  |
| As at 31 December                                       | <u>22,211,741</u> | <u>20,812,663</u> |

The fair value of the Group's investment properties as at 31 December 2014 has been arrived at on the basis of a valuation carried out on 25 November 2014 by Huizhou Huiyang Golden Land Realty Valuation Office, an independent qualified professional valuer not connected to the Group, which has appropriate qualifications and recent experience in the valuation of similar properties in relevant location.

## 6. INVESTMENT PROPERTIES (CONT'D)

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           |                   |
|--------------------------------------|-------------------|-------------------|
|                                      | 2014              | 2013              |
|                                      | RM                | RM                |
| Unquoted shares at cost in Malaysia  | 3,129,998         | 7,129,998         |
| Unquoted shares at cost in Hong Kong | 8,997,800         | 8,997,800         |
|                                      | <u>12,127,798</u> | <u>16,127,798</u> |
| Accumulated impairment losses:-      |                   |                   |
| As at 1 January                      | 2,385,641         | 764,804           |
| Recognised in profit or loss         | -                 | 1,620,837         |
| As at 31 December                    | <u>2,385,641</u>  | <u>2,385,641</u>  |
|                                      | <u>9,742,157</u>  | <u>13,742,157</u> |

The details of the subsidiary companies are as follows:-

| Name of Company                      | Country of incorporation | Effective equity interest |           | Principal activities  |
|--------------------------------------|--------------------------|---------------------------|-----------|---|
|                                      |                          | 2014<br>%                 | 2013<br>% |   |
| Nagamas Land Development Sdn. Bhd.#  | Malaysia                 | -                         | 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 and travel ticketing business |
| Nagamas Venture Sdn. Bhd.            | Malaysia                 | 100                       | 100       | Project management  |

## 7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

| <u>Name of Company</u>                      | <u>Country of<br/>incorporation</u>  | <u>Effective<br/>equity interest</u> |                  | <u>Principal activities</u>   |
|---|--|--------------------------------------|------------------|---|
|   |  | <u>2014</u><br>%                     | <u>2013</u><br>% |   |
| Nagamas Bizworks Sdn. Bhd. <sup>^</sup>     | Malaysia   | 100                                  | 100              | Providing public relation consulting services and dealing with agents, corporate, local authorities and government, and other related public relation |
| Nagamas Enterprise (HK) Ltd <sup>*</sup>    | Hong Kong  | 100                                  | 100              | Agency for air cargo transportation   |
| Nagamas International (HK) Ltd <sup>*</sup> | Hong Kong  | 100                                  | 100              | Property development and investment   |
| #   | The Company disposed off this subsidiary during the financial year. The disposal had given rise to a gain on disposal of a subsidiary company of RM2,483,516 as disclosed in Note 27 to the financial statements.  |                                      |                  |   |
| <sup>^</sup>                                | 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. |                                      |                  |   |
| <sup>*</sup>                                | These subsidiary companies are audited by a firm other than Tam & Associates.  |                                      |                  |   |

## 8. PROPERTY DEVELOPMENT COSTS

|   | <b>Group</b><br><b>2014</b><br><b>RM</b> | <b>2013</b><br><b>RM</b> |
|---|--|--------------------------|
| As at 1 January                           |  |                          |
| - freehold land, at cost                  | 4,073,000                                | 4,073,000                |
| - development costs                       | 3,094,109                                | 5,737,944                |
|   | <u>7,167,109</u>                         | <u>9,810,944</u>         |
| Cost incurred during the financial year:  |  |                          |
| - development costs                       | 5,404,246                                | 2,797,845                |
| - written off during the financial year   | -  | (57,631)                 |
| - completed during the financial year     | -  | (5,384,049)              |
| - deconsolidation of a subsidiary company | (12,571,355)                             | -                        |
|   | <u>(7,167,109)</u>                       | <u>(2,643,835)</u>       |
| As at 31 December                         | <u>-</u>                                 | <u>7,167,109</u>         |

8. PROPERTY DEVELOPMENT COSTS (CONT'D)

|   | Group       |             |
|---|-------------|-------------|
|   | 2014<br>RM  | 2013<br>RM  |
| Comprising:                               |             |             |
| - freehold land, at cost                  | -           | 4,073,000   |
| - development costs                       | -           | 3,094,109   |
|   | -           | 7,167,109   |
| Cost recognised in the profit or loss:    |             |             |
| - prior financial years                   | (2,861,156) | (6,101,593) |
| - current financial year                  | (2,815,626) | (2,143,612) |
| - completed during the financial year     | -           | 5,384,049   |
| - deconsolidation of a subsidiary company | 5,676,782   | -           |
|   | -           | (2,861,156) |
|   | -           | 4,305,953   |

In prior financial year, the freehold land under development was pledged as security for bank borrowing referred to Note 21 to the financial statements.

9. TRADE RECEIVABLES

|  | Group      |            |
|--|------------|------------|
|  | 2014<br>RM | 2013<br>RM |
| Trade receivables                      | 1,069,877  | 2,633,397  |
| Less: Discount on settlement (Note 25) | (777,816)  | -          |
|  | 292,061    | 2,633,397  |
| Less: Allowance for impairment losses  | (292,061)  | (269,294)  |
|  | -          | 2,364,103  |
| Allowance for impairment losses:-      |            |            |
| As at 1 January                        | 269,294    | 269,294    |
| Recognised in profit or loss           | 22,767     | -          |
| As at 31 December                      | 292,061    | 269,294    |

The Group's normal credit terms range from 21 to 90 days (2013: 21 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.



**9. TRADE RECEIVABLES (CONT'D)**

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.

**10. NON-TRADE RECEIVABLES**

|  | <b>Group</b>     |                  | <b>Company</b> |                |
|--|------------------|------------------|----------------|----------------|
|  | <b>2014</b>      | <b>2013</b>      | <b>2014</b>    | <b>2013</b>    |
|  | <b>RM</b>        | <b>RM</b>        | <b>RM</b>      | <b>RM</b>      |
| Deposits                               | 38,500           | 4,698,511        | 38,500         | 208,816        |
| Other non-trade receivables            | 4,895,162        | 1,219,459        | 445,162        | 22,078         |
|  | <u>4,933,662</u> | <u>5,917,970</u> | <u>483,662</u> | <u>230,894</u> |
| Less: Discount on settlement (Note 25) | (22,184)         | -                | -              | -              |
|  | <u>4,911,478</u> | <u>5,917,970</u> | <u>483,662</u> | <u>230,894</u> |
| Less: Allowance for impairment losses  | (20,000)         | (1,306,239)      | -              | (222,078)      |
|  | <u>4,891,478</u> | <u>4,611,731</u> | <u>483,662</u> | <u>8,816</u>   |
| Allowance for impairment losses:-      |                  |                  |                |                |
| As at 1 January                        | 1,306,239        | 1,064,161        | 222,078        | -              |
| Recognised in profit or loss           | -                | 242,078          | -              | 222,078        |
| Written off                            | (1,286,239)      | -                | (222,078)      | -              |
| As at 31 December                      | <u>20,000</u>    | <u>1,306,239</u> | <u>-</u>       | <u>222,078</u> |

Included in other non-trade receivable is RM445,162 (2013: RM Nil) due from a former subsidiary company. The amount is unsecured, interest-free and repayable on demand.

**11. AMOUNT DUE FROM / (TO A) SUBSIDIARY COMPANY(IES)**

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

|                                       | <b>Company</b>   |                  |
|---------------------------------------|------------------|------------------|
|                                       | <b>2014</b>      | <b>2013</b>      |
|                                       | <b>RM</b>        | <b>RM</b>        |
| Amount due from subsidiary companies  | 5,735,670        | 7,359,225        |
| Less: Allowance for impairment losses | (839,931)        | (839,931)        |
|                                       | <u>4,895,739</u> | <u>6,519,294</u> |

The amount due from / (to a) subsidiary company(ies) are unsecured, interest-free and repayable on demand.

**12. FIXED DEPOSIT WITH A LICENSED BANK**

In previous financial year, the interest rate of the fixed deposit with a licensed bank at the end of the reporting date was 3.15% per annum and was pledged to the said licensed bank for bank guarantee facility granted to a former subsidiary company.

**13. CASH AND BANK BALANCES**

In previous financial year, included in cash and bank balances of the Group was RM201,409 held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 held by a former subsidiary company.

**14. SHARE CAPITAL**

|                                       | 2014   | 2013        | 2014         | 2013        |
|---------------------------------------|--|-------------|--------------|-------------|
|                                       | Number of ordinary<br>share of RM0.25 each<br>(2013: RM1 each) |             | RM           | RM          |
| Authorised:-                          |  |             |              |             |
| As at 1 January                       | 100,000,000  | 100,000,000 | 100,000,000  | 100,000,000 |
| Par value reduction                   | -  | -           | (75,000,000) | -           |
|                                       | 100,000,000  | 100,000,000 | 25,000,000   | 100,000,000 |
| Addition during the<br>financial year | 300,000,000  | -           | 75,000,000   | -           |
| As at 31 December                     | 400,000,000  | 100,000,000 | 100,000,000  | 100,000,000 |
| Issued and fully paid up:-            |  |             |              |             |
| As at 1 January                       | 50,895,000   | 50,895,000  | 50,895,000   | 50,895,000  |
| Par value reduction                   | -  | -           | (38,171,250) | -           |
|                                       | 50,895,000   | 50,895,000  | 12,723,750   | 50,895,000  |
| Issuance of shares                    | 100,782,519  | -           | 25,195,630   | -           |
| As at 31 December                     | 151,677,519  | 50,895,000  | 37,919,380   | 50,895,000  |

During the financial year, as disclosed in Note 35 to the financial statements, the par value of the authorised share capital has been reduced from RM1.00 to RM0.25 per share and increase the authorised share capital from 100,000,000 shares to 400,000,000 shares of RM0.25 each.

The issued and fully paid up share capital of the Company increased from 50,895,000 shares of RM0.25 each to 151,677,519 shares of RM0.25 each by way of allotment of 100,782,519 rights shares of RM0.25 each.

The new shares issued rank pari passu in all respects with the existing shares of the Company.

## 15. RESERVES

|                              | Group            |                     | Company          |                     |
|------------------------------|------------------|---------------------|------------------|---------------------|
|                              | 2014             | 2013                | 2014             | 2013                |
|                              | RM               | RM                  | RM               | RM                  |
| Capital reserve              | 2,792,663        | -                   | 2,792,663        | -                   |
| Warrant reserve              | 13,605,640       | -                   | 13,605,640       | -                   |
| Foreign currency translation | 1,215,731        | 157,210             | -                | -                   |
| Accumulated losses           | (10,728,244)     | (30,508,607)        | (16,845,330)     | (35,378,587)        |
|                              | <u>6,885,790</u> | <u>(30,351,397)</u> | <u>(447,027)</u> | <u>(35,378,587)</u> |

Capital reserve

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

Warrant reserve

On 24 December 2014, 75,586,889 7-year warrants 2014 / 2021 were issued for free by the Company to the subscribers of the rights issue of the Company's ordinary shares. The warrants are constituted by a deed poll dated 2 December 2014. The warrants were listed on Bursa Malaysia on 31 December 2014. During the financial year, no share has been issued pursuant to the exercise of the warrants.

Salient features of the warrants are as follows:-

- (a) Each warrant entitles the registered holder at any time during the exercise period to subscribe for one (1) new ordinary share of RM0.25 in the Company at the exercise price of RM0.32 per ordinary share.
- (b) The exercise price and the number of warrants are subject to adjustment in the event of alteration to the share capital by the Company in accordance with the conditions provided in the deed poll.
- (c) The warrants shall be exercisable at any time within the period commencing on and including the date of issue on 24 December 2014 of the warrants and ending on the date preceding the seventh anniversary of the date of issue of the warrants.
- (d) Upon exercise of the warrants into new ordinary shares, such shall rank pari passu in all respects with the existing shares of the Company in issue at the time of exercise except that they shall not be entitled to any dividend or other distributions declared in respect of a financial period prior to the financial period in which the warrants are exercised or any interim dividend declared prior to the date of exercise of the warrants.
- (e) At the expiry of the exercise period, any warrants which have not been exercised will lapse and cease to be valid for any purpose.

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.

**16. HIRE PURCHASE PAYABLE**

|   | <b>Group</b> |             |
|---|--------------|-------------|
|   | <b>2014</b>  | <b>2013</b> |
|   | <b>RM</b>    | <b>RM</b>   |
| 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     |

**17. DEFERRED TAX LIABILITY**

|  | <b>Group</b> |             |
|--|--------------|-------------|
|  | <b>2014</b>  | <b>2013</b> |
|  | <b>RM</b>    | <b>RM</b>   |
| As at 1 January                        | 4,385,726    | -           |
| Recognised in profit or loss (Note 26) | 25,122       | 4,209,760   |
| Translation difference                 | 284,296      | 175,966     |
| As at 31 December                      | 4,695,144    | 4,385,726   |

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

**18. TRADE PAYABLES**

In previous financial year, the normal trade credit term granted to the Group ranged from 30 to 45 days.

**19. NON-TRADE PAYABLES**

|                                     | <b>Group</b>     |                  | <b>Company</b>   |                  |
|-------------------------------------|------------------|------------------|------------------|------------------|
|                                     | <b>2014</b>      | <b>2013</b>      | <b>2014</b>      | <b>2013</b>      |
|                                     | <b>RM</b>        | <b>RM</b>        | <b>RM</b>        | <b>RM</b>        |
| Accruals                            | 144,989          | 165,843          | 33,390           | 33,390           |
| Provision for late delivery damages | -                | 234,388          | -                | -                |
| Other non-trade payables            | 1,487,555        | 2,855,684        | 1,456,836        | 2,632,830        |
|                                     | <u>1,632,544</u> | <u>3,255,915</u> | <u>1,490,226</u> | <u>2,666,220</u> |

In previous financial year, included in other non-trade payables was RM1,149,137 due to a former shareholder of the Company by the Group and the Company.

In previous financial year, included in other non-trade payables was RM165,000 due to a former director of the Company by a subsidiary company.

These amounts were unsecured, interest-free and repayable on demand.

**20. AMOUNT DUE TO DIRECTORS**

The amount due to directors is unsecured, interest-free and repayable on demand.

**21. BANK BORROWING - SECURED**

The bank borrowing undertaken by a disposed subsidiary was settled during the financial year.

The interest rate of the bank borrowing was base lending rate of the lending bank plus 1.75% per annum.

The bank borrowing was secured by:-

- i. Freehold land under property development (Note 8)
- ii. Corporate guarantee by the Company
- iii. Jointly and severally guaranteed by a former director of the Company and a former director of a subsidiary company.

22. REVENUE

|                                  | Group |           |
|----------------------------------|-------|-----------|
|                                  | 2014  | 2013      |
|                                  | RM    | RM        |
|                                  |       | Restated  |
| Services                         | -     | 2,553,540 |
| Property and investment holdings | -     | 1,100,000 |
|                                  | -     | 3,653,540 |

23. COST OF SALES

|                                  | Group |           |
|----------------------------------|-------|-----------|
|                                  | 2014  | 2013      |
|                                  | RM    | RM        |
|                                  |       | Restated  |
| Services                         | -     | 2,540,836 |
| Property and investment holdings | -     | 66,940    |
|                                  | -     | 2,607,776 |

24. OTHER INCOME

|  | Group     |            | Company |           |
|--|-----------|------------|---------|-----------|
|  | 2014      | 2013       | 2014    | 2013      |
|  | RM        | RM         | RM      | RM        |
|  |           | Restated   |         |           |
| Bank interest income                               | -         | 4,741      | -       | -         |
| Gain in fair value (Note 6)                        | 50,243    | 11,086,770 | -       | -         |
| Gain on disposal of a subsidiary company (Note 27) | 2,483,516 | -          | -       | -         |
| Management fee                                     | -         | -          | -       | 1,600,000 |
| Over provision on rental of premises               | -         | 18,000     | -       | -         |
| Others   | 2,000     | 1,728      | -       | 2,000     |
|  | 2,535,759 | 11,111,239 | -       | 1,602,000 |

## 25. (LOSS) / PROFIT BEFORE TAX

|   | Group    |           | Company |           |
|---|----------|-----------|---------|-----------|
|   | 2014     | 2013      | 2014    | 2013      |
|   | RM       | RM        | RM      | RM        |
|   | Restated |           |         |           |
| This is stated after charging /<br>(crediting):-                              |          |           |         |           |
| Allowance for impairment losses on<br>amount due from subsidiary<br>companies | -        | -         | -       | 839,931   |
| Allowance for impairment losses on<br>receivables                             | 22,767   | 242,078   | -       | 222,078   |
| Auditors' remuneration for audit<br>services:                                 |          |           |         |           |
| - current financial year  | 61,865   | 66,122    | 25,500  | 25,500    |
| - (over) / under provision in<br>prior financial year                         | -        | (2,468)   | -       | 2,000     |
| Auditors' remuneration for non-<br>audit services                             | 33,000   | 10,000    | 33,000  | 10,000    |
| Deposits written off  | 41,816   | 4,600     | 41,816  | -         |
| Depreciation  | 16,023   | 19,088    | 16,023  | 15,138    |
| Directors' fees:  |          |           |         |           |
| - current financial year  | 96,000   | 96,000    | 96,000  | 96,000    |
| - over provision in prior financial<br>year                                   | -        | (113,004) | -       | (113,004) |
| Directors' emoluments other than<br>fees                                      | 606,600  | 1,300,400 | 606,600 | 1,300,400 |
| Discount on settlement  | 800,000  | -         | -       | -         |
| Impairment losses on investments in<br>subsidiary companies                   | -        | -         | -       | 1,620,837 |
| Loss on disposal of property, plant<br>and equipment                          | 35,931   | 10,688    | 35,931  | -         |
| Loss on disposal of a subsidiary<br>company                                   | -        | -         | 700,000 | -         |
| Property, plant and equipment<br>written off                                  | 150      | 3,355     | 150     | 3,355     |
| Rental of motor vehicles  | -        | 66,000    | -       | -         |
| Rental of premises  | 41,940   | 78,100    | 24,740  | 18,000    |
| Staff costs   | 697,274  | 677,784   | 686,505 | 665,616   |



**25. (LOSS) / PROFIT BEFORE TAX (CONT'D)**

Included in staff costs are contributions made by the Group and the Company to the Employees' Provident Fund amounting to RM58,511 and RM57,861 (2013: RM62,472 and RM61,692) respectively.

**26. TAX**

|   | <b>Group</b> |                 | <b>Company</b> |             |
|---|--------------|-----------------|----------------|-------------|
|   | <b>2014</b>  | <b>2013</b>     | <b>2014</b>    | <b>2013</b> |
|   | <b>RM</b>    | <b>RM</b>       | <b>RM</b>      | <b>RM</b>   |
|   |              | <b>Restated</b> |                |             |
| Deferred tax:   |              |                 |                |             |
| - Origination and reversal of temporary differences (Note 17) | 25,122       | 4,209,760       | -              | -           |

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:-

|  | <b>Group</b> |                 | <b>Company</b> |             |
|--|--------------|-----------------|----------------|-------------|
|  | <b>2014</b>  | <b>2013</b>     | <b>2014</b>    | <b>2013</b> |
|  | <b>RM</b>    | <b>RM</b>       | <b>RM</b>      | <b>RM</b>   |
|  |              | <b>Restated</b> |                |             |
| (Loss) / Profit before tax from continuing operations  | (937,549)    | 9,185,681       | (3,239,690)    | (3,554,156) |
| (Loss) / Profit before tax from discontinued operation | (1,029,913)  | (334,961)       | -              | -           |
| (Loss) / Profit before tax                             | (1,967,462)  | 8,850,720       | (3,239,690)    | (3,554,156) |

**26. TAX (CONT'D)**

A reconciliation of income tax expense applicable to (loss) / profit 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:- (Cont'd)

|   | <b>Group</b>  |                  | <b>Company</b> |             |
|---|---------------|------------------|----------------|-------------|
|   | <b>2014</b>   | <b>2013</b>      | <b>2014</b>    | <b>2013</b> |
|   | <b>RM</b>     | <b>RM</b>        | <b>RM</b>      | <b>RM</b>   |
|   |               | <b>Restated</b>  |                |             |
| Tax effects of:-  |               |                  |                |             |
| - Tax at Malaysian statutory tax rate of 25%                                | (491,865)     | 2,212,680        | (809,923)      | (888,539)   |
| - Different tax rate in other country                                       | (5,289)       | (2,320,184)      | -              | -           |
| - Expenses not deductible for tax purposes                                  | 168,976       | 241,719          | 163,411        | 744,980     |
| - Fair value adjustment on investment properties                            | 12,606        | 6,645,369        | -              | -           |
| - Income not subject to tax   | (249,613)     | (2,887,691)      | -              | -           |
| - Deferred tax assets not recognised during the financial year              | 582,501       | 324,148          | 645,086        | 143,074     |
| - Utilisation of deferred tax assets not recognised in prior financial year | 6,380         | (3,481)          | -              | -           |
| - Others  | 1,426         | (2,800)          | 1,426          | 485         |
|   | <u>25,122</u> | <u>4,209,760</u> | <u>-</u>       | <u>-</u>    |

## 26. TAX (CONT'D)

The following deferred tax assets have not been recognised:-

|  | Group            |                  | Company        |                |
|--|------------------|------------------|----------------|----------------|
|  | 2014             | 2013             | 2014           | 2013           |
|  | RM               | RM               | RM             | RM             |
|  |                  | Restated         |                |                |
| Temporary differences on property, plant and equipment | (713)            | -                | (713)          | -              |
| Unutilised capital allowance                           | 8,677            | 9,140            | 4,243          | 4,243          |
| Unabsorbed tax losses                                  | 1,677,770        | 1,094,093        | 861,391        | 215,592        |
|  | <u>1,685,734</u> | <u>1,103,233</u> | <u>864,921</u> | <u>219,835</u> |

## 27. DISCONTINUED OPERATION

On 31 December 2014, the Company entered into a Share Sale Agreement with Rex Angle Sdn. Bhd. for the disposal of 4,000,000 ordinary shares of RM1 each, representing the entire equity interest in Nagamas Land Development Sdn. Bhd. for a total cash consideration of RM3,300,000. The disposal resulted in a gain of RM2,483,516. The disposal was completed on even date and the company ceased to be subsidiary of the Group.

An analysis of the results of the disposed subsidiary company is as follows:-

|                                   | 2014               | 2013               |
|-----------------------------------|--------------------|--------------------|
|                                   | RM                 | RM                 |
| Revenue                           | 3,168,399          | 2,695,941          |
| Cost of sales                     | <u>(2,815,626)</u> | <u>(2,143,612)</u> |
| Gross profit                      | 352,773            | 552,329            |
| Other income                      | 4,940              | 14,041             |
| Selling and distribution expenses | -                  | (127,000)          |
| Administrative expenses           | <u>(1,210,256)</u> | <u>(609,411)</u>   |
| Operating loss                    | (852,543)          | (170,041)          |
| Finance costs                     | <u>(177,370)</u>   | <u>(164,920)</u>   |
| Loss before tax                   | (1,029,913)        | (334,961)          |
| Tax                               | <u>-</u>           | <u>-</u>           |
| Loss for the financial year       | <u>(1,029,913)</u> | <u>(334,961)</u>   |

**27. DISCONTINUED OPERATION (CONT'D)**

The summary of the effects of the deconsolidation of the subsidiary on the financial position of the Group is as follows:-

|  | RM          |
|--|-------------|
| Property, plant and equipment  | 284,122     |
| Property development costs   | 6,894,573   |
| Receivables  | 543,160     |
| Cash and cash equivalents  | 330,110     |
| Payables   | (7,235,481) |
| Net assets   | 816,484     |
| Gain on disposal of a subsidiary company (Note 24)                   | 2,483,516   |
| Net cash generated from disposal of a subsidiary company             | 3,300,000   |
| Less: Cash and cash equivalents of subsidiary disposed               | (330,110)   |
| Net cash inflow arising from deconsolidation of a subsidiary company | 2,969,890   |

The following amounts have been included in arriving at loss before tax of the disposed subsidiary company:-

|  | 2014<br>RM | 2013<br>RM |
|--|------------|------------|
| Auditors' remuneration                 | 7,500      | 7,500      |
| Depreciation                           | 92,517     | 79,556     |
| Director's remuneration                | 175,000    | -          |
| Property development costs written off | -          | 57,631     |
| Provision for late delivery damages    | 514,679    | 234,388    |
| Rental of premise                      | 41,300     | 35,400     |
| Staff costs                            | 172,678    | 110,573    |

The cash flows of the disposed subsidiary company are as follows:-

|                                 | 2014<br>RM  | 2013<br>RM |
|---------------------------------|-------------|------------|
| Operating activities            | (1,911,906) | (572,316)  |
| Investing activities            | (3,079)     | (143,321)  |
| Financing activities            | 2,020,376   | 552,309    |
| Net cash generated / (utilised) | 105,391     | (163,328)  |

## 28. (LOSS) / EARNINGS PER SHARE

### 28.1 Basic

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

|   | <b>Group</b> |                 |
|---|--------------|-----------------|
|   | <b>2014</b>  | <b>2013</b>     |
|   | <b>RM</b>    | <b>RM</b>       |
|   |              | <b>Restated</b> |
| - Continuing operations                           | (962,671)    | 4,975,921       |
| - Discontinued operation                          | (1,029,913)  | (334,961)       |
| (Loss) / Profit after tax                         | (1,992,584)  | 4,640,960       |
| Weighted average number of ordinary shares issued | 53,103,932   | 50,895,000      |
| (Loss) / Earnings per share (Sen):                |              |                 |
| - Continuing operations                           | (1.81)       | 9.78            |
| - Discontinued operation                          | (1.94)       | (0.66)          |
|   | (3.75)       | 9.12            |

### 28.2 Diluted

For the purpose of calculation diluted (loss) / earnings per share, the (loss) / profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares during the financial year, have been adjusted for the dilutive effects of the dilutive instruments of the Group.

|   | <b>Group</b> |                 |
|---|--------------|-----------------|
|   | <b>2014</b>  | <b>2013</b>     |
|   | <b>RM</b>    | <b>RM</b>       |
|   |              | <b>Restated</b> |
| - Continuing operations                             | (962,671)    | 4,975,921       |
| - Discontinued operation                            | (1,029,913)  | (334,961)       |
| (Loss) / Profit after tax                           | (1,992,584)  | 4,640,960       |
| Weighted average number of ordinary shares issued   | 53,103,932   | 50,895,000      |
| Assumed shares issued from exercise of warrants     | 235,085      | -               |
| Adjusted weighted average number of ordinary shares | 53,339,017   | 50,895,000      |

**28. (LOSS) / EARNINGS PER SHARE (CONT'D)**

## 28.2 Diluted (Cont'd)

|                                    | <b>Group</b>  |                 |
|------------------------------------|---------------|-----------------|
|                                    | <b>2014</b>   | <b>2013</b>     |
|                                    | <b>RM</b>     | <b>RM</b>       |
|                                    |               | <b>Restated</b> |
| (Loss) / Earnings per share (Sen): |               |                 |
| - Continuing operations            | (1.80)        | 9.78            |
| - Discontinued operation           | (1.93)        | (0.66)          |
|                                    | <u>(3.73)</u> | <u>9.12</u>     |

**29. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

|   | <b>Group</b> |                | <b>Company</b> |               |
|---|--------------|----------------|----------------|---------------|
|   | <b>2014</b>  | <b>2013</b>    | <b>2014</b>    | <b>2013</b>   |
|   | <b>RM</b>    | <b>RM</b>      | <b>RM</b>      | <b>RM</b>     |
| Cost of property, plant and equipment purchased | 6,629        | 417,221        | 3,550          | 13,900        |
| Less: Amount financed via hire purchase         | -            | (270,000)      | -              | -             |
|   | <u>6,629</u> | <u>147,221</u> | <u>3,550</u>   | <u>13,900</u> |

**30. 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:-

|                             | <b>Group / Company</b> |                  |
|-----------------------------|------------------------|------------------|
|                             | <b>2014</b>            | <b>2013</b>      |
|                             | <b>RM</b>              | <b>RM</b>        |
| Executive directors:        |                        |                  |
| - Allowance                 | 36,000                 | -                |
| - Defined contribution plan | 21,600                 | 35,100           |
| - Salaries                  | 540,000                | 1,256,800        |
|                             | <u>597,600</u>         | <u>1,291,900</u> |

### 30. DIRECTORS' REMUNERATION (CONT'D)

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

|   | Group / Company |           |
|---|-----------------|-----------|
|   | 2014            | 2013      |
|   | RM              | RM        |
| Non-executive directors:                      |                 |           |
| - Allowance                                   | 9,000           | 8,500     |
| - Fees for current financial year             | 96,000          | 96,000    |
| - Fees over provision in prior financial year | -               | (113,004) |
|   | 105,000         | (8,504)   |
|   | 702,600         | 1,283,396 |

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

|                           | Group / Company |      |
|---------------------------|-----------------|------|
|                           | 2014            | 2013 |
| Executive directors:-     |                 |      |
| RM300,001 and above       | 1               | 2    |
| RM300,000 and below       | 1               | 1    |
| Non-executive directors:- |                 |      |
| RM100,000 and below       | 4               | 4    |
|                           | 6               | 7    |

### 31. 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.



**31. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)****Identities of related parties (Cont'd)**

Malaysia-Beijing Travel Services Sdn. Bhd. was a related party where Dato' Ng Kek Kiong, a former director of the Company, has substantial financial interest. Dato' Ng Kek Kiong resigned with effect from 24 December 2014.

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

**31.1 Non-trade transactions**

|  | <b>Group</b>    |             | <b>Company</b> |             |
|--|-----------------|-------------|----------------|-------------|
|  | <b>2014</b>     | <b>2013</b> | <b>2014</b>    | <b>2013</b> |
|  | <b>RM</b>       | <b>RM</b>   | <b>RM</b>      | <b>RM</b>   |
|  | <b>Restated</b> |             |                |             |
| Administrative fee:                          |                 |             |                |             |
| - Nagamas Venture Sdn. Bhd.                  | -               | -           | -              | 1,600,000   |
| Rental of premises:                          |                 |             |                |             |
| - Malaysia-Beijing Travel Services Sdn. Bhd. | 26,200          | 39,600      | 9,000          | 18,000      |

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

**31.2 Amount due from related parties**

|                                       | <b>Group</b> |             | <b>Company</b> |             |
|---------------------------------------|--------------|-------------|----------------|-------------|
|                                       | <b>2014</b>  | <b>2013</b> | <b>2014</b>    | <b>2013</b> |
|                                       | <b>RM</b>    | <b>RM</b>   | <b>RM</b>      | <b>RM</b>   |
| - Nagamas Land Development Sdn. Bhd.  | -            | -           | -              | 721,278     |
| - Nagamas Bizworks Sdn. Bhd.          | -            | -           | 181            | -           |
| - Mas-Be Travel Services Sdn. Bhd.    | -            | -           | 66,061         | -           |
| - Nagamas Aviation Services Sdn. Bhd. | -            | -           | 2,698          | -           |

31. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

**Identities of related parties (Cont'd)**

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

31.2 Amount due from related parties (Cont'd)

|  | <b>Group</b> |             | <b>Company</b> |             |
|--|--------------|-------------|----------------|-------------|
|  | <b>2014</b>  | <b>2013</b> | <b>2014</b>    | <b>2013</b> |
|  | <b>RM</b>    | <b>RM</b>   | <b>RM</b>      | <b>RM</b>   |
| - Nagamas Venture Sdn. Bhd.                  | -            | -           | 4,813,715      | 5,798,016   |
| - Nagamas Enterprise (HK) Ltd                | -            | -           | 13,084         | -           |
| - Malaysia-Beijing Travel Services Sdn. Bhd. | -            | 75,000      | -              | 18,000      |

31.3 Amount due to related party

|                                  | <b>Group</b> |             | <b>Company</b> |             |
|----------------------------------|--------------|-------------|----------------|-------------|
|                                  | <b>2014</b>  | <b>2013</b> | <b>2014</b>    | <b>2013</b> |
|                                  | <b>RM</b>    | <b>RM</b>   | <b>RM</b>      | <b>RM</b>   |
| - Nagamas International (HK) Ltd | -            | -           | 187,276        | 230,840     |

31.4 Compensation of key management personnel

|                     | <b>Group</b> |             | <b>Company</b> |             |
|---------------------|--------------|-------------|----------------|-------------|
|                     | <b>2014</b>  | <b>2013</b> | <b>2014</b>    | <b>2013</b> |
|                     | <b>RM</b>    | <b>RM</b>   | <b>RM</b>      | <b>RM</b>   |
| Short-term benefits | 984,140      | 1,778,317   | 984,140        | 1,749,476   |

**32. CONTINGENT LIABILITY**

|   | <b>Group / Company</b> |             |
|---|------------------------|-------------|
|   | <b>2014</b>            | <b>2013</b> |
|   | <b>RM</b>              | <b>RM</b>   |
| Unsecured contingent liability:-  |                        |             |
| Corporate guarantee given to a bank for a banking facility granted to a former subsidiary company | -                      | 848,888     |

**33. 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                  | Agency of air-ticketing and tour and travel  |
| Property and investment holdings | Property development and provision of management, marketing and consultancy services |

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

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

Management monitors 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.

33. OPERATING SEGMENT (CONT'D)

|  | Continuing operations |                                  |             |             | Discontinued operation | Total operations |
|--|-----------------------|----------------------------------|-------------|-------------|------------------------|------------------|
|  | Services              | Property and investment holdings | Group       |             |                        |                  |
| 2014   | RM                    | RM                               | RM          | RM          | RM                     | RM               |
| <b>Revenue</b>                                 |                       |                                  |             |             |                        |                  |
| Consolidated revenue                           | -                     | -                                | -           | 3,168,399   | 3,168,399              | 3,168,399        |
| <b>Results</b>                                 |                       |                                  |             |             |                        |                  |
| Results before the following adjustments       |                       |                                  |             |             |                        |                  |
| Other material item of income:                 |                       |                                  |             |             |                        |                  |
| - Gain in fair value                           | (8,166)               | (1,224,478)                      | (1,232,644) | 102,331     | (1,130,313)            | (1,130,313)      |
| - Gain on disposal of a subsidiary company     | -                     | 50,243                           | 50,243      | -           | 50,243                 | 50,243           |
| Other material items of expenses:              |                       |                                  |             |             |                        |                  |
| - Depreciation                                 | -                     | 2,483,516                        | 2,483,516   | -           | 2,483,516              | 2,483,516        |
| - Directors' remuneration                      | -                     | (16,023)                         | (16,023)    | (92,517)    | (108,540)              | (108,540)        |
| - Staff costs                                  | -                     | (702,600)                        | (702,600)   | (175,000)   | (877,600)              | (877,600)        |
| Other material non-cash expenses:              |                       |                                  |             |             |                        |                  |
| - Allowance for impairment loss on receivables | (22,767)              | (697,274)                        | (697,274)   | (172,678)   | (869,952)              | (869,952)        |
| - Discount on settlement                       | -                     | -                                | (22,767)    | -           | (22,767)               | (22,767)         |
| - Provision for late delivery damages          | -                     | (800,000)                        | (800,000)   | -           | (800,000)              | (800,000)        |
| Segment results                                | (30,933)              | (906,616)                        | (937,549)   | (514,679)   | (1,790,093)            | (1,790,093)      |
| Finance costs                                  | -                     | -                                | -           | (177,370)   | (177,370)              | (177,370)        |
| Tax  | -                     | (25,122)                         | (25,122)    | -           | (25,122)               | (25,122)         |
| Consolidated loss after tax                    | (30,933)              | (931,738)                        | (962,671)   | (1,029,913) | (1,992,585)            | (1,992,585)      |

## 33. OPERATING SEGMENT (CONT'D)

Business segment (Cont'd)

|   | Continuing operations |                                  |            |       | Discontinued operation | Total operations |
|---|-----------------------|----------------------------------|------------|-------|------------------------|------------------|
|   | Services              | Property and investment holdings | Group      |       |                        |                  |
| 2014  | RM                    | RM                               | RM         | RM    | RM                     | RM               |
| <b>Assets</b>   |                       |                                  |            |       |                        |                  |
| Consolidated total assets   | 49                    | 52,310,567                       | 52,310,616 | -     | -                      | 52,310,616       |
| <b>Liabilities</b>  |                       |                                  |            |       |                        |                  |
| Segment liabilities   | 287,412               | 2,522,890                        | 2,810,302  | -     | -                      | 2,810,302        |
| Deferred tax  | -                     | 4,695,144                        | 4,695,144  | -     | -                      | 4,695,144        |
| Consolidated total liabilities                                    | 287,412               | 7,218,034                        | 7,505,446  | -     | -                      | 7,505,446        |
| <b>Other segment items</b>  |                       |                                  |            |       |                        |                  |
| Additions to non-current assets other than financial instruments: |                       |                                  |            |       |                        |                  |
| - Property, plant and equipment                                   | -                     | 3,550                            | 3,550      | 3,079 | -                      | 6,629            |

33. OPERATING SEGMENT (CONT'D)

Business segment (Cont'd)

|  | Continuing operations |  |             |                                 |                        |
|--|-----------------------|--|-------------|---------------------------------|------------------------|
|  | Services<br>RM        | Property and<br>investment<br>holdings<br>RM | Group<br>RM | Discontinued<br>operation<br>RM | Total operations<br>RM |
| 2013 (Restated)                                |                       |  |             |                                 |                        |
| <b>Revenue</b>                                 |                       |  |             |                                 |                        |
| Consolidated revenue                           | 2,553,540             | 1,100,000                                    | 3,653,540   | 2,695,941                       | 6,349,481              |
| <b>Results</b>                                 |                       |  |             |                                 |                        |
| Results before the following adjustments       |                       |  |             |                                 |                        |
| Interest income                                | (4,201)               | 325,458                                      | 321,257     | 249,735                         | 570,992                |
| Other material item of income:                 | -                     | -  | -           | 4,741                           | 4,741                  |
| - Gain in fair value                           | -                     | 11,086,770                                   | 11,086,770  | -                               | 11,086,770             |
| Other material items of expenses:              | -                     |  |             |                                 |                        |
| - Depreciation                                 | -                     | (19,088)                                     | (19,088)    | (79,556)                        | (98,644)               |
| - Directors' remuneration                      | -                     | (1,283,396)                                  | (1,283,396) | -                               | (1,283,396)            |
| - Staff costs                                  | -                     | (677,784)                                    | (677,784)   | (110,573)                       | (788,357)              |
| Other material non-cash expenses:              | -                     |  |             |                                 |                        |
| - Allowance for impairment loss on receivables | -                     | (242,078)                                    | (242,078)   | -                               | (242,078)              |
| - Provision for late delivery damages          | -                     | -  | -           | (234,388)                       | (234,388)              |
| Segment results                                | (4,201)               | 9,189,882                                    | 9,185,681   | (170,041)                       | 9,015,640              |
| Finance costs                                  | -                     | -  | -           | (164,920)                       | (164,920)              |
| Tax  | -                     | (4,209,760)                                  | (4,209,760) | -                               | (4,209,760)            |
| Consolidated profit after tax                  | (4,201)               | 4,980,122                                    | 4,975,921   | (334,961)                       | 4,640,960              |

## 33. OPERATING SEGMENT (CONT'D)

Business segment (Cont'd)

|  | Continuing operations |  |             |                                 |                        |
|--|-----------------------|--|-------------|---------------------------------|------------------------|
|  | Services<br>RM        | Property and<br>investment<br>holdings<br>RM | Group<br>RM | Discontinued<br>operation<br>RM | Total operations<br>RM |
| 2013 (Restated)  |                       |  |             |                                 |                        |
| <b>Assets</b>  |                       |  |             |                                 |                        |
| Consolidated total assets  | 22,926                | 32,815,703                                   | 32,838,629  | -                               | 32,838,629             |
| <b>Liabilities</b>   |                       |  |             |                                 |                        |
| Consolidated total liabilities                                       | 26,381                | 7,882,919                                    | 7,909,300   | -                               | 7,909,300              |
| Deferred tax   | -                     | 4,385,726                                    | 4,385,726   | -                               | 4,385,726              |
| Consolidated total liabilities                                       | 26,381                | 12,268,645                                   | 12,295,026  | -                               | 12,295,026             |
| <b>Other segment items</b>   |                       |  |             |                                 |                        |
| Additions to non-current assets other than<br>financial instruments: |                       |  |             |                                 |                        |
| - Property, plant and equipment                                      | -                     | 3,900  | 3,900       | 413,321                         | 417,221                |
| - Investment properties  | -                     | 20,812,663                                   | 20,812,663  | -                               | 20,812,663             |
|  | -                     | 20,816,563                                   | 20,816,563  | 413,321                         | 21,229,884             |



### 33. OPERATING SEGMENT (CONT'D)

#### Geographical segment

|                        | Revenue    |                        | Non-current assets |            |
|------------------------|------------|------------------------|--------------------|------------|
|                        | 2014<br>RM | 2013<br>RM<br>Restated | 2014<br>RM         | 2013<br>RM |
| Continuing operations  |            |                        |                    |            |
| - Malaysia             | -          | 1,100,000              | 2,852              | 160,844    |
| - China                | -          | 2,553,540              | 22,211,741         | 20,812,663 |
|                        | -          | 3,653,540              | 22,214,593         | 20,973,507 |
| Discontinued operation |            |                        |                    |            |
| - Malaysia             | 3,168,399  | 2,695,941              | -                  | 284,122    |
|                        | 3,168,399  | 6,349,481              | 22,214,593         | 21,257,629 |

#### Major customer

Group revenue is not subjected to any major customer (2013: 2 major customers totalling RM3,653,540).

### 34. FINANCIAL INSTRUMENTS

The Group's and the Company'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 and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

#### 34.1 Financial risk management policies

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

##### 34.1.1 Market risk

##### i) Foreign currency risk

The Group and the Company are 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.

**34. FINANCIAL INSTRUMENTS (CONT'D)**

## 34.1 Financial risk management policies (Cont'd)

## 34.1.1 Market risk (Cont'd)

## i) Foreign currency risk (Cont'd)

*Foreign currency exposure*

| Group<br>2014   | Hong Kong<br>Dollar<br>RM | Ringgit<br>Malaysia<br>RM | Total<br>RM  |
|---|---------------------------|---------------------------|--------------|
| <u>Financial assets</u>   |                           |                           |              |
| Non-trade receivables   | -                         | 4,891,478                 | 4,891,478    |
| Cash and bank<br>balances   | 1,076                     | 25,203,469                | 25,204,545   |
|   | 1,076                     | 30,094,947                | 30,096,023   |
| <u>Financial liabilities</u>  |                           |                           |              |
| Non-trade payables  | 31,993                    | 1,600,551                 | 1,632,544    |
| Amount due to<br>directors  | -                         | 1,177,758                 | 1,177,758    |
|   | 31,993                    | 2,778,309                 | 2,810,302    |
| Net financial<br>(liabilities) / assets   | (30,917)                  | 27,316,638                | 27,285,721   |
| Less: Net financial<br>liabilities<br>denominated in the<br>respective entities'<br>functional currency | -                         | (27,316,638)              | (27,316,638) |
| Currency exposure   | (30,917)                  | -                         | (30,917)     |

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 Financial risk management policies (Cont'd)

34.1.1 Market risk (Cont'd)

i) Foreign currency risk (Cont'd)

Foreign currency exposure (Cont'd)

| Group<br>2013                      | Renminbi<br>RM | Hong Kong<br>Dollar<br>RM | Ringgit<br>Malaysia<br>RM | Total<br>RM |
|------------------------------------|----------------|---------------------------|---------------------------|-------------|
| <u>Financial assets</u>            |                |                           |                           |             |
| 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   |
| <u>Financial liabilities</u>       |                |                           |                           |             |
| 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   |

**34. FINANCIAL INSTRUMENTS (CONT'D)****34.1 Financial risk management policies (Cont'd)****34.1.1 Market risk (Cont'd)****i) Foreign currency risk (Cont'd)****Foreign currency exposure (Cont'd)**

| Group<br>2013   | Renminbi<br>RM | Hong Kong<br>Dollar<br>RM | Ringgit<br>Malaysia<br>RM | Total<br>RM |
|---|----------------|---------------------------|---------------------------|-------------|
| Net financial assets / (liabilities)  | 22,767         | (27,554)                  | (495,806)                 | (500,593)   |
| Less: Net financial assets denominated in the respective<br>entities' functional currency | -              | 27,554                    | 495,806                   | 523,360     |
| Currency exposure   | 22,767         | -                         | -                         | 22,767      |

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### 34.1 Financial risk management policies (Cont'd)

##### 34.1.1 Market risk (Cont'd)

##### i) Foreign currency risk (Cont'd)

##### *Foreign currency exposure (Cont'd)*

| Company<br>2014   | Hong Kong<br>Dollar<br>RM | Ringgit<br>Malaysia<br>RM | Total<br>RM  |
|---|---------------------------|---------------------------|--------------|
| <u>Financial assets</u>   |                           |                           |              |
| Non-trade receivables   | -                         | 483,662                   | 483,662      |
| Amount due from<br>subsidiary<br>companies  | -                         | 4,895,739                 | 4,895,739    |
| Cash and bank<br>balances   | -                         | 25,203,203                | 25,203,203   |
|   | -                         | 30,582,604                | 30,582,604   |
| <u>Financial liabilities</u>  |                           |                           |              |
| Non-trade payables  | -                         | 1,490,226                 | 1,490,226    |
| Amount due to a<br>subsidiary<br>company  | 187,276                   | -                         | 187,276      |
| Amount due to<br>directors  | -                         | 1,177,758                 | 1,177,758    |
|   | 187,276                   | 2,667,984                 | 2,855,260    |
| Net financial<br>(liabilities) / assets   | (187,276)                 | 27,914,620                | 27,727,344   |
| Less: Net financial<br>liabilities<br>denominated in the<br>respective entities'<br>functional currency | -                         | (27,914,620)              | (27,914,620) |
| Currency exposure   | (187,276)                 | -                         | (187,276)    |

**34. FINANCIAL INSTRUMENTS (CONT'D)****34.1 Financial risk management policies (Cont'd)****34.1.1 Market risk (Cont'd)****i) Foreign currency risk (Cont'd)***Foreign currency exposure (Cont'd)*

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

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### 34.1 Financial risk management policies (Cont'd)

##### 34.1.1 Market risk (Cont'd)

##### i) Foreign currency risk (Cont'd)

##### *Foreign currency risk sensitivity analysis*

A 5% (2013: 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 34.1.3 to the financial statements.

##### *Interest rate risk sensitivity analysis*

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

##### 34.1.2 Credit risk

The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and non-trade receivables. The Group and the Company 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, cash and bank balances), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company 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.



**34. FINANCIAL INSTRUMENTS (CONT'D)**
**34.1 Financial risk management policies (Cont'd)**
**34.1.2 Credit risk (Cont'd)**
**i) Credit risk concentration profile**

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

**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:-

|          | <b>Group</b> |             |
|----------|--------------|-------------|
|          | <b>2014</b>  | <b>2013</b> |
|          | <b>RM</b>    | <b>RM</b>   |
| China    | -            | 22,767      |
| Malaysia | -            | 2,341,336   |
|          | -            | 2,364,103   |

**iii) Ageing analysis**

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

|                 | <b>Gross amount</b> | <b>Individual impairment</b> | <b>Carrying value</b> |
|-----------------|---------------------|------------------------------|-----------------------|
|                 | <b>RM</b>           | <b>RM</b>                    | <b>RM</b>             |
| Group 2014      |                     |                              |                       |
| Past due:       |                     |                              |                       |
| - over 6 months | 292,061             | (292,061)                    | -                     |

### 34 FINANCIAL INSTRUMENTS (CONT'D)

#### 34.1 Financial risk management policies (Cont'd)

##### 34.1.2 Credit risk (Cont'd)

##### iii) Ageing analysis

| Group<br>2013   | Gross<br>amount<br>RM | Individual<br>impairment<br>RM | Carrying<br>value<br>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               |
|                 | <u>2,633,397</u>      | <u>(269,294)</u>               | <u>2,364,103</u>        |

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.

##### 34.1.3 Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practice 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):-

## 34. FINANCIAL INSTRUMENTS (CONT'D)

## 34.1 Financial risk management policies (Cont'd)

## 34.1.3 Liquidity risk (Cont'd)

| Group<br>2014            | Weighted<br>average<br>effective<br>interest rate<br>% | Carrying<br>amount<br>RM | Contractual<br>undiscounted<br>cash flows<br>RM | Within 1 year<br>RM | 1-5 years<br>RM |
|--------------------------|--|--------------------------|---|---------------------|-----------------|
| Non-trade payables       | -  | 1,632,544                | 1,632,544                                       | 1,632,544           | -               |
| Amount due to directors  | -  | 1,177,758                | 1,177,758                                       | 1,177,758           | -               |
|                          |  | 2,810,302                | 2,810,302                                       | 2,810,302           | -               |
| 2013                     |  |                          |   |                     |                 |
| 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         |

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### 34.1 Financial risk management policies (Cont'd)

##### 34.1.3 Liquidity risk (Cont'd)

| Company<br>2014                       | Carrying<br>amount<br>RM | Contractual<br>undiscounted<br>cash flows<br>RM | Within 1<br>year<br>RM |
|---------------------------------------|--------------------------|---|------------------------|
| Non-trade payables                    | 1,490,226                | 1,490,226                                       | 1,490,226              |
| Amount due to a<br>subsidiary company | 187,276                  | 187,276   | 187,276                |
| Amount due to directors               | 1,177,758                | 1,177,758                                       | 1,177,758              |
|                                       | <u>2,855,260</u>         | <u>2,855,260</u>                                | <u>2,855,260</u>       |
| 2013                                  |                          |   |                        |
| Non-trade payables                    | 2,666,220                | 2,666,220                                       | 2,666,220              |
| Amount due to a<br>subsidiary company | 230,840                  | 230,840   | 230,840                |
| Amount due to directors               | 1,954,684                | 1,954,684                                       | 1,954,684              |
|                                       | <u>4,851,744</u>         | <u>4,851,744</u>                                | <u>4,851,744</u>       |

#### 34.2 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, 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 completed the corporate exercise of par value reduction and issuance of rights shares with warrants as disclosed in Note 35 to the financial statements.

**34. FINANCIAL INSTRUMENTS (CONT'D)****34.2 Capital risk management (Cont'd)**

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

|  | <b>Group</b>        |                   |
|--|---------------------|-------------------|
|  | <b>2014</b>         | <b>2013</b>       |
|  | <b>RM</b>           | <b>RM</b>         |
| Progress billings                        | -                   | 179,337           |
| Trade payables                           | -                   | 807,441           |
| Non-trade payables                       | 1,632,544           | 3,255,915         |
| Amount due to directors                  | 1,177,758           | 2,578,072         |
| Hire purchase payable                    | -                   | 239,647           |
| Bank borrowing - secured                 | -                   | 848,888           |
|  | <u>2,810,302</u>    | <u>7,909,300</u>  |
| Less: Fixed deposit with a licensed bank | -                   | (20,000)          |
| Less: Cash and bank balances             | <u>(25,204,545)</u> | <u>(233,536)</u>  |
| Net (cash) / debt                        | <u>(22,394,243)</u> | <u>7,655,764</u>  |
| Total equity                             | <u>44,805,170</u>   | <u>20,543,603</u> |
| Debt-to-equity ratio                     | Not applicable      | 0.37              |

**34.3 Classification of financial instruments**

|                                      | <b>Group</b>      |                  | <b>Company</b>    |                  |
|--------------------------------------|-------------------|------------------|-------------------|------------------|
|                                      | <b>2014</b>       | <b>2013</b>      | <b>2014</b>       | <b>2013</b>      |
|                                      | <b>RM</b>         | <b>RM</b>        | <b>RM</b>         | <b>RM</b>        |
| <b>Financial assets</b>              |                   |                  |                   |                  |
| <u>Loan and receivables</u>          |                   |                  |                   |                  |
| Trade receivables                    | -                 | 2,364,103        | -                 | -                |
| Non-trade receivables                | 4,891,478         | 4,611,731        | 483,662           | 8,816            |
| Amount due from subsidiary companies | -                 | -                | 4,895,739         | 6,519,294        |
| Fixed deposit with a licensed bank   | -                 | 20,000           | -                 | -                |
| Cash and bank balances               | <u>25,204,545</u> | <u>233,536</u>   | <u>25,203,203</u> | <u>26,484</u>    |
|                                      | <u>30,096,023</u> | <u>7,229,370</u> | <u>30,582,604</u> | <u>6,554,594</u> |

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### 34.3 Classification of financial instruments (Cont'd)

|                                    | <b>Group</b>     |                  | <b>Company</b>   |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
|                                    | <b>2014</b>      | <b>2013</b>      | <b>2014</b>      | <b>2013</b>      |
|                                    | <b>RM</b>        | <b>RM</b>        | <b>RM</b>        | <b>RM</b>        |
| <b>Financial liabilities</b>       |                  |                  |                  |                  |
| <u>Other financial liabilities</u> |                  |                  |                  |                  |
| Trade payables                     | -                | 807,441          | -                | -                |
| Non-trade payables                 | 1,632,544        | 3,255,915        | 1,490,226        | 2,666,220        |
| Amount due to subsidiary companies | -                | -                | 187,276          | 230,840          |
| Amount due to directors            | 1,177,758        | 2,578,072        | 1,177,758        | 1,954,684        |
| Hire purchase payable              | -                | 239,647          | -                | -                |
| Bank borrowing                     |                  |                  |                  |                  |
| - secured                          | -                | 848,888          | -                | -                |
|                                    | <u>2,810,302</u> | <u>7,729,963</u> | <u>2,855,260</u> | <u>4,851,744</u> |

#### 34.4 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.

**35. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

35.1 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 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 in relation to par value reduction and increase of authorised share capital to 400,000,000 shares.

During the financial year, the Company had completed its corporate exercise and undertook the following:-

- (i) On 8 August 2014, the Company reduced the par value of its authorised share capital from RM1 to RM0.25 per share and increase the authorised share capital from 100,000,000 shares to 400,000,000 of RM0.25 per share.
- (ii) On 8 August 2014, the par value of the existing paid-up share capital of the Company had been reduced 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.
- (iii) On 24 December 2014, the Company allotted 100,782,519 right shares of RM0.25 each after the par value reduction together with 75,586,889 new free detachable warrants on the basis of two rights shares for every one share held after the par value reduction, together with three warrants for every four rights shares subscribed.
- (iv) On 31 December 2014, the rights shares and detachable warrants were listed on the Bursa Malaysia Securities Berhad.

35.2 On 31 December 2014, the Group disposed its entire interest in Nagamas Land Development Sdn. Bhd for a total cash consideration of RM3,300,000 as mentioned in Note 27 to the financial statements.



**36 SIGNIFICANT EVENT AFTER THE FINANCIAL YEAR**

- 36.1 On 20 March 2015, the Company, via its wholly-owned subsidiary, Nagamas Venture Sdn. Bhd., accepted a letter of award from Juara Gred Development Sdn. Bhd. for main building and external works of the construction of 28 units of 3-storey semi-detached factories for a provisional contract sum of RM32,922,000. In conjunction with the award, the Company proposes to undertake a proposed diversification of the business of the Company and its subsidiaries to include construction. Pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, in view of the interest of certain directors and substantial shareholder, the award is deemed to be a related party transaction.
- 36.2 On 6 April 2015, Nagamas Bizworks Sdn. Bhd., a wholly owned subsidiary of the Company had entered into a conditional Sale and Purchase Agreement with Bison Ventures Sdn. Bhd. for the proposed acquisition of 93 freehold vacant subdivided plot for an aggregate consideration of RM22,500,000.

## **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 2014 into realised and unrealised losses 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:-

|                                | <b>Group</b> |              | <b>Company</b> |              |
|--------------------------------|--------------|--------------|----------------|--------------|
|                                | <b>2014</b>  | <b>2013</b>  | <b>2014</b>    | <b>2013</b>  |
|                                | <b>RM</b>    | <b>RM</b>    | <b>RM</b>      | <b>RM</b>    |
| Total accumulated losses       |              |              |                |              |
| of the Company and its         |              |              |                |              |
| subsidiary companies:          |              |              |                |              |
| companies:                     |              |              |                |              |
| - realised                     | (20,193,244) | (40,232,785) | (6,032,353)    | (35,378,587) |
| - unrealised                   | 6,441,869    | 6,701,044    | (10,812,977)   | -            |
|                                | (13,751,375) | (33,531,741) | (16,845,330)   | (35,378,587) |
| Add: Consolidation adjustments | 3,023,131    | 3,023,134    | -              | -            |
|                                | (10,728,244) | (30,508,607) | (16,845,330)   | (35,378,587) |

Properties of the Group as at 31 December 2014

| Location  | Description,<br>Built-Up Area &<br>Usage   | Age of<br>Building | Tenure  | Net Book Value<br>(RM) | Date of<br>Revaluation<br>(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 | <p>The properties comprise 14 shops in two buildings completed in 2010</p> <p>The properties have a total gross floor area of approximately 1,467.39 m2</p> <p>The properties are presently vacant</p> | 3 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 | 22,211,741             | 25 November 2014<br>(29 December 2009)       |

## Analysis Of Shareholdings

As At 9 April 2015

### SHARE CAPITAL

|                                  |   |   |
|----------------------------------|---|---|
| Authorised Share Capital         | : | RM100,000,000.00  |
| Issued and Fully Paid-up Capital | : | RM37,919,379.75 comprising of 151,677,519 ordinary shares |
| Class of securities              | : | Ordinary Shares of RM0.25 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                                   | 77                | 2.900         | 3,171              | 0.002         |
| 100 - 1,000                              | 1,262             | 47.532        | 690,654            | 0.455         |
| 1,001 - 10,000                           | 732               | 27.570        | 3,295,715          | 2.172         |
| 10,001 - 100,000                         | 479               | 18.041        | 16,846,825         | 11.107        |
| 100,001 to less than 5% of issued shares | 103               | 3.879         | 99,958,704         | 65.902        |
| 5% and above of issued shares            | 2                 | 0.075         | 30,882,450         | 20.360        |
| <b>Total</b>                             | <b>2,655</b>      | <b>100.00</b> | <b>151,677,519</b> | <b>100.00</b> |

### SUBSTANTIAL SHAREHOLDERS

(per Register of Substantial Shareholders)

| Name                    | No. of Ordinary Shares of RM0.25 each held |       |             |        |
|-------------------------|--|-------|-------------|--------|
|                         | Direct                                     | %     | Indirect    | %      |
| FS Motorsports Sdn Bhd  | 16,882,450                                 | 11.13 | -           | -      |
| Foong Kah Heng          | 7,530,000                                  | 4.96  | 16,882,450* | 11.13* |
| Dato' Ir Lim Siang Chai | 14,000,000                                 | 9.23  | -           | -      |

#### Notes:-

\* Deemed interested through FS Motorsports Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

### DIRECTORS' SHAREHOLDINGS

(per Register of Directors' Shareholdings)

| Name   | No. of Ordinary Shares of RM0.25 each held |      |             |        |
|--|--|------|-------------|--------|
|  | Direct                                     | %    | Indirect    | %      |
| Dato' Ir Lim Siang Chai                        | 14,000,000                                 | 9.23 | -           | -      |
| Foong Kah Heng                                 | 7,530,000                                  | 4.96 | 16,882,450* | 11.13* |
| Lee Leong Kui                                  | -  | -    | -           | -      |
| Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman | -  | -    | -           | -      |
| Fathi Ridzuan Bin Ahmad Fauzi                  | -  | -    | -           | -      |
| Kamil Bin Abdul Rahman                         | -  | -    | -           | -      |

#### Notes:-

\* Deemed interested through FS Motorsports Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

**LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS**

(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 9 APRIL 2015)

| No. | Name   | No. of<br>Shares Held | %     |
|-----|--|-----------------------|-------|
| 1.  | FS Motorsports Sdn Bhd   | 16,882,450            | 11.13 |
| 2.  | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lim Siang Chai (Margin) | 14,000,000            | 9.23  |
| 3.  | Kenanga Nominees (Tempatan) Sdn Bhd<br>Pledge Securities Account for Foong Kah Heng (001)                | 7,530,000             | 4.96  |
| 4.  | Chan Siut Har  | 7,050,000             | 4.65  |
| 5.  | M & A Nominee (Tempatan) Sdn Bhd<br>for Jiankun MB International Holding Sdn Bhd                         | 5,780,025             | 3.81  |
| 6.  | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chuah Lee Hong (CEB)           | 5,602,500             | 3.69  |
| 7.  | RHB Nominees (Tempatan) Sdn Bhd<br>Pledge Securities Account for Lim Twee Yong                           | 5,483,100             | 3.61  |
| 8.  | Koh Wee How  | 5,240,000             | 3.45  |
| 9.  | JF Apex Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Teow Wooi Huat (STA 2)             | 4,653,600             | 3.07  |
| 10. | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Siva Kumar A/L Jeyapalan (PBCL-0G0015)               | 4,550,325             | 3.00  |
| 11. | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chua Lee Huat (CEB)            | 4,537,800             | 2.99  |
| 12. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ng Swee Pei (6000078)        | 3,439,800             | 2.27  |
| 13. | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB for Siva Kumar A/L M Jeyapalan (PB)                           | 3,434,375             | 2.26  |
| 14. | Teow Chee Chow   | 3,250,000             | 2.14  |
| 15. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lee Sue Wen (6000052)        | 2,812,500             | 1.85  |
| 16. | Gerbang Moden Sdn Bhd  | 2,440,000             | 1.61  |
| 17. | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Sham Chew Foong (MY0398)                             | 2,176,000             | 1.43  |
| 18. | Yip Kum Fook   | 2,000,000             | 1.32  |
| 19. | Sham Chew Foong  | 1,540,000             | 1.02  |
| 20. | Chua Lee Yong @ Betty Chua   | 1,420,000             | 0.94  |
| 21. | Wong Thiew Wah   | 1,200,000             | 0.79  |
| 22. | Chan Hong Fook   | 1,180,000             | 0.78  |

## Analysis Of Shareholdings

As At 9 April 2015 (Cont'd)

### LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 9 APRIL 2015) (Cont'd)

| No. | Name  | No. of<br>Shares Held | %            |
|-----|---|-----------------------|--------------|
| 23. | Affin Hwang Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lim Bee Kua | 1,080,000             | 0.71         |
| 24. | Sharifah Asiah Binti Syed Aziz Baftim   | 910,050               | 0.60         |
| 25. | Lai Ming Chun @ Lai Poh Lin   | 900,000               | 0.59         |
| 26. | Chua Hee Hoey   | 885,000               | 0.58         |
| 27. | Wong Thiew Wah  | 850,000               | 0.56         |
| 28. | Chu Poi Tee   | 828,000               | 0.55         |
| 29. | Wong Kichin   | 800,000               | 0.53         |
| 30. | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Ng Yu Yi (M57006)                 | 750,000               | 0.49         |
|     |   | <b>113,205,525</b>    | <b>74.61</b> |

### ANALYSIS OF WARRANTS HOLDINGS AS AT 9 APRIL 2015

Issued Size : 75,586,889 detachable warrants issued pursuant to the Rights Issue with Warrants on the basis of two (2) rights shares for every one (1) existing ordinary share of RM0.25 each held in JIB together with three (3) warrants for every four (4) right shares subscribed

Number of Warrants Holders : 482

### DISTRIBUTION OF WARRANTS HOLDINGS AS AT 9 APRIL 2015

| Size of Holding        | No. of<br>warrants<br>holders | % of<br>warrants<br>holders | No. of<br>warrants | % of<br>warrants |
|------------------------|-------------------------------|-----------------------------|--------------------|------------------|
| 1 - 99                 | 9                             | 1.867                       | 466                | 0.000            |
| 100 - 1,000            | 47                            | 9.751                       | 29,983             | 0.039            |
| 1,001 - 10,000         | 168                           | 34.854                      | 683,726            | 0.904            |
| 10,001 - 100,000       | 177                           | 36.721                      | 7,272,740          | 9.621            |
| 100,001 - 3,779,343*   | 79                            | 16.390                      | 51,949,537         | 68.728           |
| 3,779,344 AND ABOVE ** | 2                             | 0.414                       | 15,650,437         | 20.705           |
| <b>Total</b>           | <b>482</b>                    | <b>100.00</b>               | <b>75,586,889</b>  | <b>100.00</b>    |

Remark :

\* - Less than 5% of Issued Warrants

\*\* - 5% and above of Issued Warrants

**DIRECTORS' INTERESTS IN WARRANTS AS AT 9 APRIL 2015**

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

\* Deemed interested through FS Motorsports Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

**LIST OF TOP 30 LARGEST WARRANTS HOLDERS AS AT 9 APRIL 2015**

(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 9 APRIL 2015)

| No. | Name   | No. of Warrants Held | %     |
|-----|--|----------------------|-------|
| 1   | FS Motorsports Sdn Bhd   | 9,661,837            | 12.78 |
| 2   | Siva Kumar A/L M Jeyapalan   | 5,988,600            | 7.92  |
| 3   | Kenanga Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Foong Kah Heng (001)               | 3,765,000            | 4.98  |
| 4   | Chan Siut Har  | 3,525,000            | 4.66  |
| 5   | Wong Thiew Wah   | 3,218,000            | 4.26  |
| 6   | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chuah Lee Hong (CEB)           | 2,801,250            | 3.71  |
| 7   | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lim Siang Chai (Margin) | 2,750,000            | 3.64  |
| 8   | Koh Wee How  | 2,640,000            | 3.49  |
| 9   | JF Apex Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Teow Wooi Huat (STA 2)             | 2,326,800            | 3.08  |
| 10  | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chua Lee huat (CEB)            | 2,268,900            | 3.00  |
| 11  | Pang Kim Loon  | 2,000,000            | 2.65  |
| 12  | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ng Swee Pei (6000078)        | 1,719,900            | 2.28  |
| 13  | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lee Sue Wen (6000052)        | 1,406,250            | 1.86  |
| 14  | HLIB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chang Ai Ling (CCTS)                  | 1,160,000            | 1.53  |
| 15  | Lee Boon Koon  | 1,040,000            | 1.38  |

## Analysis Of Shareholdings

As At 9 April 2015 (Cont'd)

### LIST OF TOP 30 LARGEST WARRANTS HOLDERS AS AT 9 APRIL 2015

(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 9 APRIL 2015) (Cont'd)

| No. | Name  | No. of<br>Warrants Held | %            |
|-----|---|-------------------------|--------------|
| 16  | Kan Wing Hoong  | 1,000,000               | 1.32         |
| 17  | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Sham Chew Foong (MY0398)                                  | 963,000                 | 1.27         |
| 18  | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ho Yock Main (RE-857-Margin) | 800,000                 | 1.06         |
| 19  | Saw Guat Ngoh   | 710,000                 | 0.94         |
| 20  | Pe Tin Fat  | 700,000                 | 0.93         |
| 21  | Yip Kum Fook  | 698,600                 | 0.92         |
| 22  | Sham Chew Foong   | 565,000                 | 0.75         |
| 23  | Affin Hwang Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lim Bee Kua                         | 540,000                 | 0.71         |
| 24  | Kwok Tong Leng  | 530,000                 | 0.70         |
| 25  | Kiew Hoong Thai   | 500,000                 | 0.66         |
| 26  | Ng Chua Bee   | 500,000                 | 0.66         |
| 27  | Lai Ming Chun @ Lai Poh Lin   | 450,000                 | 0.60         |
| 28  | Chua Hee Hoey   | 442,500                 | 0.59         |
| 29  | Low Yen Chih  | 425,000                 | 0.56         |
| 30  | Yap Kok Sun   | 420,000                 | 0.56         |
|     |   | <b>55,515,637</b>       | <b>73.45</b> |



10<sup>th</sup> April 2015

The Board of Directors  
**JIANKUN INTERNATIONAL BERHAD**  
Suite 10.03, Level 10  
The Gardens South Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur

Dear Sirs

**NOTICE OF NOMINATION OF AUDITORS**

I, the undersigned, being a shareholder of Jiankun International Berhad, hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of my intention to nominate Messrs. UHY, for appointment as Auditors of the Company in place of the retiring Auditors, Messrs. Tam & Associates.

Therefore, I propose that the following resolution be considered at the forthcoming Annual General Meeting of the Company.

"THAT Messrs. UHY be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. Tam & Associates and to hold office until the conclusion of the next Annual General Meeting and that authority be and is hereby given to the Directors to determine their remuneration.."

Yours faithfully,



**Ong Shioh Yee**

## Notice Of Thirty-First Annual General Meeting

### JIANKUN INTERNATIONAL BERHAD (111365-U)

(Incorporated in Malaysia)

#### NOTICE OF THIRTY-FIRST ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Thirty-First (31<sup>st</sup>) Annual General Meeting ("AGM") of Jiankun International Berhad ("the Company") will be held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 22 May 2015 at 10.00 a.m. for the following purposes:-

#### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. Please refer to Explanatory Note 1
2. To approve the payment of Directors' Fees of RM96,000 for the financial year ended 31 December 2014. Resolution 1
3. To re-elect the following Director who retire pursuant to Article 88 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
  - 1) Fathi Ridzuan Bin Ahmad Fauzi Resolution 2
4. To re-elect the following Directors who retire pursuant to Article 95 of the Company's Articles of Association and being eligible, has offered himself for re-election:
  - 1) Foong Kah Heng Resolution 3
  - 2) Lee Leong Kui Resolution 4
  - 3) Kamil Bin Abdul Rahman Resolution 5
5. To pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-
 

"**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."

 Resolution 6
6. To appoint Auditors of the Company for the ensuring year and to authorise the Directors to fix their remuneration. Resolution 7

Notice of Nomination from a shareholder pursuant to Section 172 (11) of the Companies Act, 1965, has been received by the Company for the nomination of Messrs. UHY (a copy of which is annexed hereto and marked "Appendix I"), who have given their consent to act, for the appointment as Auditors and intention to propose the following Ordinary Resolution :-

"**THAT** Messrs. UHY be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs. Tam & Associates and to hold office until the conclusion of the next Annual General Meeting and that authority be and is hereby given to the Directors to determine their remuneration."

## 7. AS SPECIAL BUSINESS

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

### ORDINARY RESOLUTION

#### - AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 Resolution 8

"**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 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

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

Kuala Lumpur  
 Dated: 30 April 2015

### 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 utilised 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.

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

### Notes:

1. In respect of deposited securities, only members whose names appear in the record of depositors on 18 May 2015 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 Share Registrar of the Company, Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding this meeting or any adjournment thereof.*

### STATEMENT ACCOMPANYING THE NOTICE OF THE THIRTY-FIRST ANNUAL GENERAL MEETING

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

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

The profiles of the Directors who are standing for re-appointment and re-election at the Thirty-First Annual General Meeting are set out in the Board of Directors' Profile on page 7 of the Annual Report.

No individual other than the retiring Directors are seeking appointment and election as a Director at the Thirty-First Annual General Meeting.

**JIANKUN INTERNATIONAL BERHAD (111365 - U)**  
**(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 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 Thirty-First Annual General Meeting of the Company to be held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 22 May 2015 at 10.00 a.m. and at any adjournment thereof.

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

First Proxy (1) \_\_\_\_\_ %

Second Proxy (2) \_\_\_\_\_ %

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

| Resolutions | Subject  | For | Against |
|-------------|--|-----|---------|
| 1           | To approve the payment of Directors' Fees of RM96,000 for the financial year ended 31 December 2014.   |     |         |
| 2           | To re-elect Mr Fathi Ridzuan Bin Ahmad Fauzi who is retiring pursuant to Article 88 of the Company's Articles of Association, and being eligible, has offered himself for re-election.   |     |         |
| 3           | To re-elect Mr Foong Kah Heng who is retiring pursuant to Article 95 of the Company's Articles of Association, and being eligible, has offered himself for re-election.  |     |         |
| 4           | To re-elect Mr Lee Leong Kui who is retiring pursuant to Article 95 of the Company's Articles of Association, and being eligible, has offered himself for re-election.   |     |         |
| 5           | To re-elect Kamil Bin Abdul Rahman who is retiring pursuant to Article 95 of the Company's Articles of Association, and being eligible, has offered himself for re-election.   |     |         |
| 6           | To pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-<br>"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 Annual General Meeting." |     |         |
| 7           | To appoint Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.  |     |         |
| 8           | <b>As Special Business</b><br>Ordinary Resolution<br>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 \_\_\_\_\_ 2015

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

\_\_\_\_\_  
Signature of shareholder(s)  
or Common Seal

**Notes:-**

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- A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Share Registrar of the Company, Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding this meeting or any adjournment thereof.



**Tricor Investor Services Sdn Bhd**  
**The Share Registrar of**  
**JIANKUN INTERNATIONAL BERHAD (111365-U)**  
**Level 17, The Gardens North Tower, Mid Valley City,**  
**Lingkaran Syed Putra, 59200 Kuala Lumpur**

