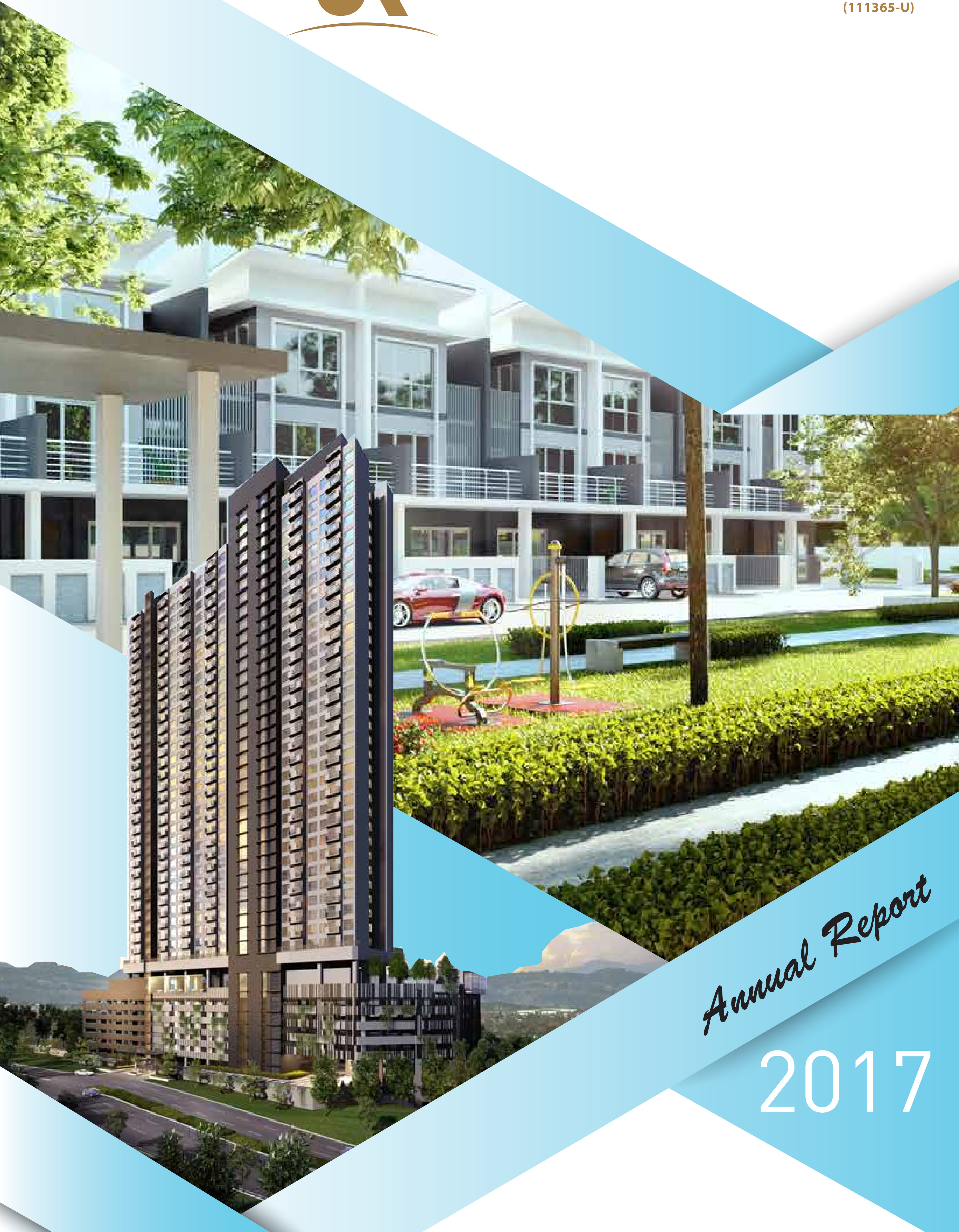
JIANKUN INTERNATIONAL BERHAD
(111365-U)



Annual Report

2017

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Dato' Ir Lim Siang Chai
(Executive Chairman)

Datuk Lee Kian Seng
(Managing Director)
(Appointed on 1 November 2017)

Lee Leong Kui
(Executive Director)

Foong Kah Heng
(Executive Director)

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

Kamil Bin Abdul Rahman
(Independent Non-Executive Director)

Chan Fook Mun
(Independent Non-Executive Director)

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

No. 39, Jalan 5/62A
Bandar Menjalara,
52200 Kuala Lumpur
Telephone: 03-6263 8869
Facsimile: 03-6262 5889
Website: www.jki.com.my

BOARD COMMITTEES

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

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

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

Risk Management Committee
Dato' Ir Lim Siang Chai (Chairman)
Lee Leong Kui
Foong Kah Heng

AUDITORS

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

SHARE REGISTRARS

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Telephone: 03-2783 9299
Facsimile: 03-2783 9222

SHARE REGISTRAR'S CUSTOMER SERVICE CENTRE

Unit G-3, Ground Floor,
Vertical Podium, Avenue 3,
Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

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

WARRANTS

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

WEBSITE

www.jki.com.my

Corporate Information
(Cont'd)

SITING FROM THE LEFT

Datuk Lee Kian Seng
(Managing Director)

Dato' Ir Lim Siang Chai
(Executive Chairman)

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

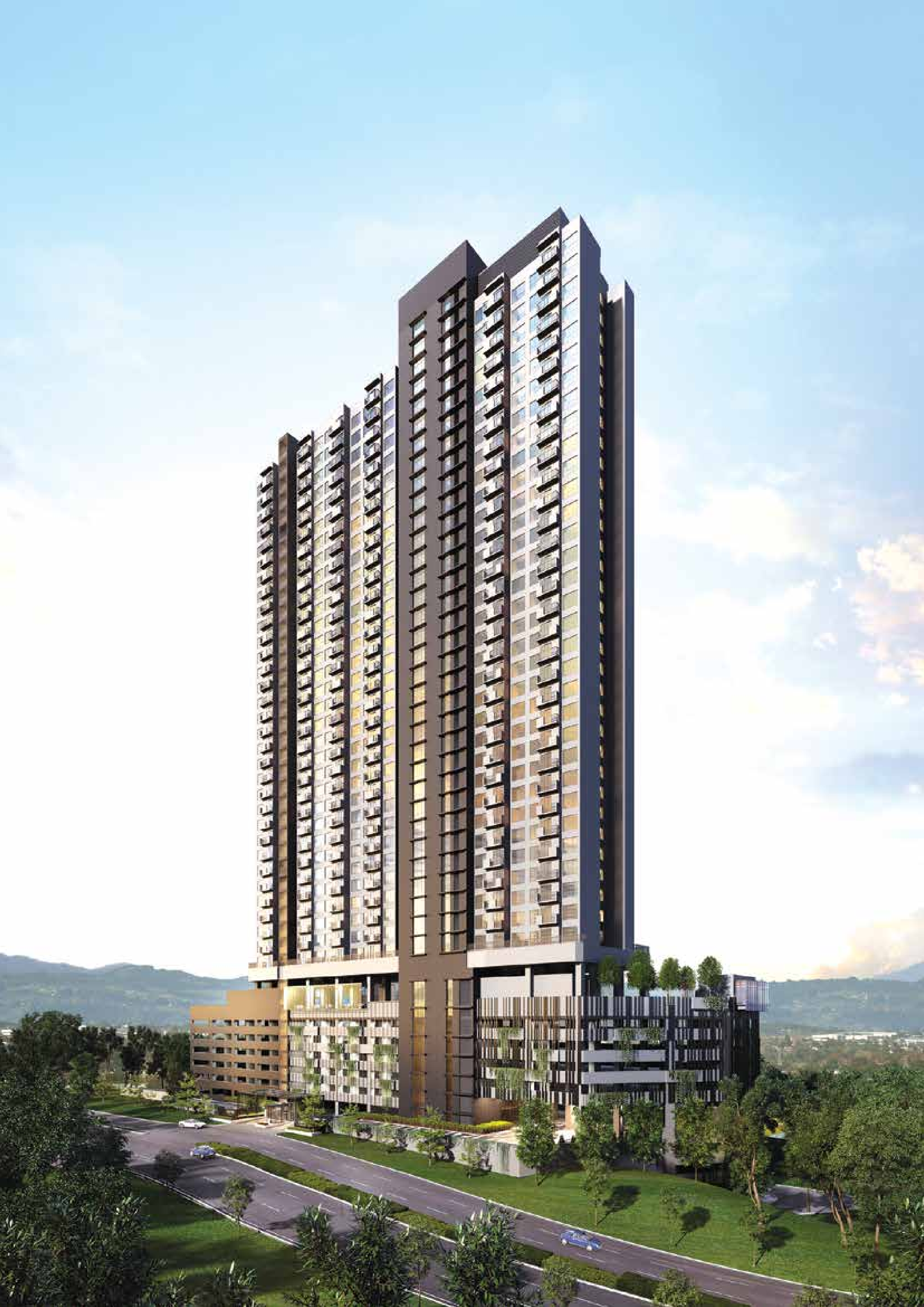
STANDING FROM THE LEFT

Foong Kah Heng
(Executive Director)

Lee Leong Kui
(Executive Director)

Kamil Bin Abdul Rahman
(Independent Non-Executive Director)

Chan Fook Mun
(Independent Non-Executive Director)



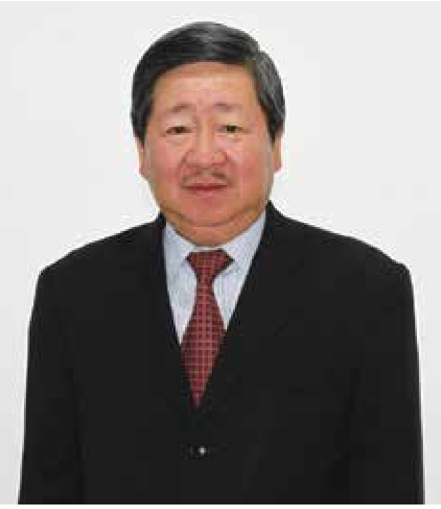
Corporate Structure

JIANKUN INTERNATIONAL BERHAD
(111365-U)

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

* Incorporated in Hong Kong

Profile Of Directors



Dato' Ir Lim Siang Chai
Executive Chairman
63 years of age, Malaysian, Male
Chairman of Risk Management Committee
Member of Remuneration Committee

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

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

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

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

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

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

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

Profile of Directors
(Cont'd)

Datuk Lee Kian Seng
Managing Director
56 years of age, Malaysian, Male

Datuk Lee Kian Seng was appointed to the Board on 1 November 2017 as a Managing Director. He graduated with Bachelor of Science in Business Administration, United States, majoring in Finance.

In year 1998, Datuk Lee was appointed as Executive Director of a public listed company named, SEAL Incorporated Berhad (SEAL), in the same year, he was also appointed as Managing Director of the Great Eastern Mill, a timber manufacturing mill wholly by SEAL.

In 8 December 2005, he was appointed to the Board of Magna Prima Berhad (MPB) as an Independent Non-Executive Director and was subsequently re-designated to Group Managing Director on 1 March 2006.

After 4 successful years with MPB, he resigned in mid of year 2009 to set up his own property development company, namely Wangsa Group.

Datuk Lee does not hold any directorship in other public listed companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past five (5) years other than traffic offences, if any.

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

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

He was 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.

Mr. Lee does not hold any directorship in other public listed companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past five five (5) years other than traffic offences, if any.

Profile of Directors
(Cont'd)

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

Mr. Foong Kah Heng 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 from year 1991 to year 2013.

Mr Foong does not hold any directorship in other public listed companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past five (5) years other than traffic offences, if any.

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

En. Fathi Ridzuan Bin Ahmad Fauzi was appointed to the Board on 20 April 2012 as an Independent Non-Executive Director. He graduated with Bachelor of Science Degree in Accounting and Financial Analysis from the School of Industrial and Business Studies, University of Warwick, Conventry, United Kingdom.

He has almost 30 years of experience in the corporate world, spent largely in the capital market. He was in the Kuala Lumpur Stock Exchange, MESDAQ and Bursa Malaysia in various senior positions for more than 15 years, with his last position as Head of Exchanges.

He also spent more than 3 years in the Business Process Outsourcing (BPO) with VADS Berhad and IX.com Sdn Bhd. He is currently a Venture Capitalist through his ownership of FNW Capital Partners Sdn Bhd, a Venture Capital Management Company registered with the Securities Commission.

En. Fathi Ridzuan also sits on the Board of companies listed in Bursa Malaysia Securities Berhad, namely Advancecon Holdings Berhad as Independent Director and Stone Master Corporation Berhad as Executive Director. He is also the Independent Director in Alloy Insurance Brokers Sdn Bhd as well as Vascory Berhad, a non-listed public company and numerous other private companies.

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

Profile of Directors
(Cont'd)

Kamil Bin Abdul Rahman
Independent Non-Executive Director
69 years of age, Malaysian, Male
Chairman of Nomination Committee
Member of Audit Committee and Remuneration Committee

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

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

His area of 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. Currently, he holds directorship in other public listed companies namely, Khind Holdings Berhad, Brahim's Holdings Berhad and Ire-Tax Corporation Berhad. He also a Director of WDM Holdings Berhad which not listed on Bursa Malaysia.

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

Chan Fook Mun
Independent Non-Executive Director
47 years of age, Malaysian, Male
Chairman of Remuneration Committee
Member of Audit Committee and Nomination Committee

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

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

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

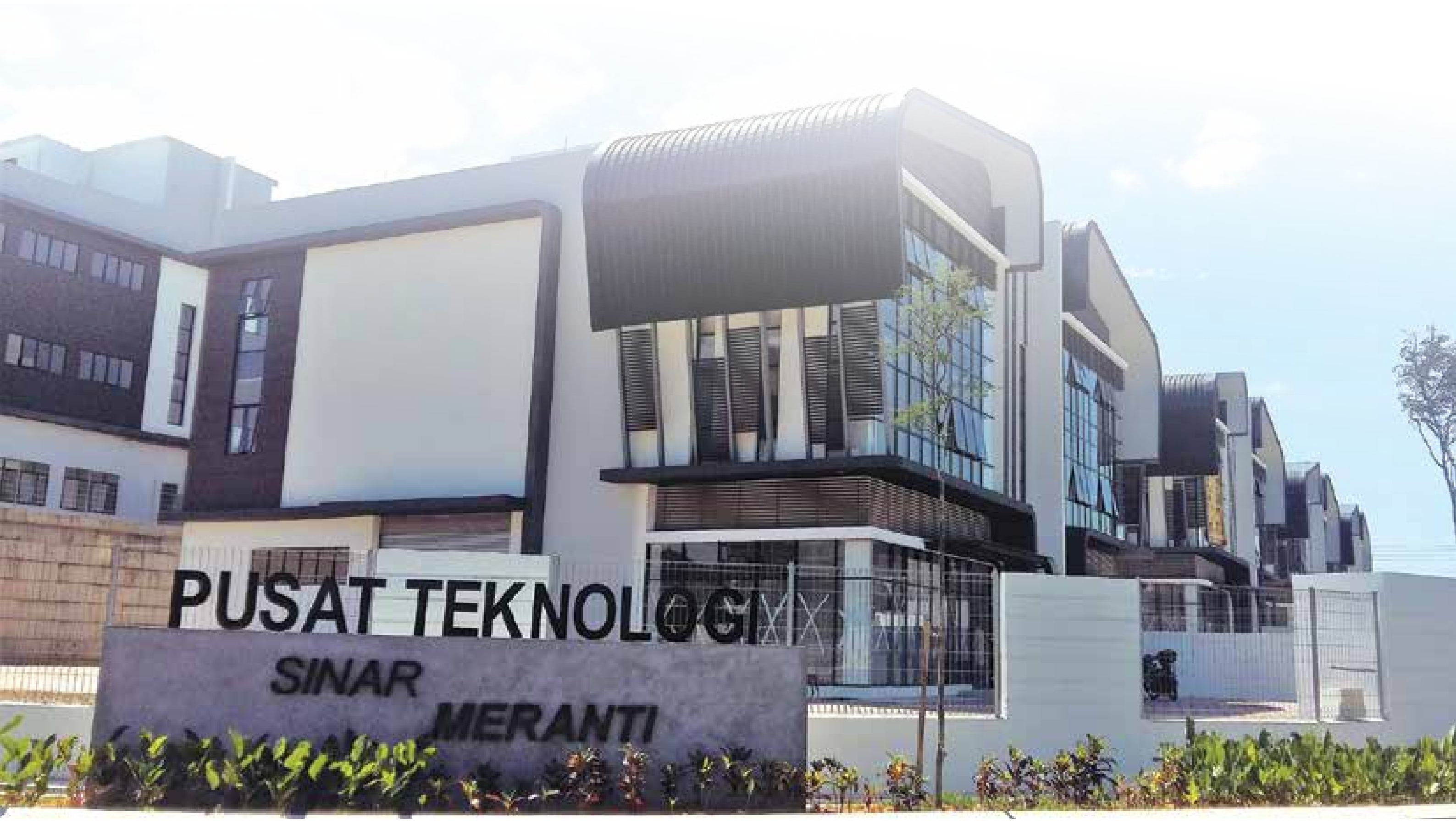
Mr. Chan does not hold any directorship in other public listed companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past five (5) years other than trafiic offences, if any.

Profiles Of Key Senior Management

Datuk Lee Kian Seng
Managing Director
56 years of age, Malaysian, Male

The management team is headed by our Managing Director, Datuk Lee Kian Seng. He is the Key Senior Management and his profile as set out in the Profile of Directors on page 7 of this Annual Report.

Management Discussion And Analysis



On Behalf of the Board of Directors of Jiankun International Berhad ("Jiankun" or "the Company") and its subsidiary companies ("the Group"), it gives me great pleasure to present the Annual Report together with the Audited Financial Statements of the Group and the Company for the fianancial year ended (FYE) 31 December 2017 together with the Management Discussion and Analysis ("MD&A").

The following MD&A of the operating performance and financial position of the Company and the Group for the FYE 31 December 2017, should be read in conjunction with the Audited Financial Statement and related notes thereto.

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

Overview of Business and Operations

Jiankun is a company listed on the main market of Bursa Malaysia Securities under the Properties category with an issued and fully paid up capital is RM44,655,645 split into 166,845,219 shares.

For the FYE 31 December 2017, The Group's business segment was mainly involved in construction and property development. ie Bayu Heights 2 - 84 units of 3-storey terrace house and Amani Residences - 377 units high rise service apartment. The Group revenue recorded at RM62.3 million (2016: RM18.24 million) and a loss before tax of RM1.43 million (2016: RM3.00 million).

The loss before tax in the current financial year was mainly due to the new launches were at preliminary stages of constructions and had yet to contribute significantly to the Group's performance, while the strong sales take-up rate had effected the marketing and selling expenses of RM9.68 million incurred were as follows:-

i. Marketing agency commission was RM5.69 million;
ii. Marketing incentives for buyer was RM2.96 million;
iii. Other marketing expenses was RM1.03 million.

In addition to the above, for administrative expenses, included GST input tax of RM1.75 million derived from the project development costs which the Group was not allowed to charge output tax as residential projects were GST exempted supply.

Management Discussion And Analysis

(Cont'd)

Corporate Objective and Strategies

The Management is of the view that the financial year ending 31 December 2018 will be continue to be challenging due to Malaysian properties market is expected to remain flat. The underlying factors were due to continuing of tight credit lending policies by banks, higher cost of living and increased of base lending interest rates that will impact the sales take up rate.

The continuing effort by our Government to build more public housing will also affect private developments.

The management will re-strategies its business plan by reviewing its market positioning to achieve a sustainable growth.

In year 2018, the Group is expected to deliver its landed residential project in Sri Kembangan, Bayu Heights 2 Residences by 4th quarter of the year.

Bayu Heights 2 is a guarded community project launched in 2016. The project received overwhelming sales take-up rate as all 84 units were taken-up within a months' time.

The Group's second project, Amani Residences serviced-apartment in Bandar Puteri Puchong, which was launched in February 2017, also recorded successful sales take-up rate. By end of 2017, it has recorded sales conversion rate of more than 70%.

The successes of the aforesaid projects will lead the Group to undertake more similar projects in moving forward.

The management will continue to source for potential development opportunity either in acquisition of new land or by joint venture to expand the growth its business.

Financial Results

The Group's key financial information for the year ended 31 December 2017 and 2016 are summarised as follows:

	2017 RM Million	2016 RM Million
Turnover	62.36	18.23
Earnings Before Interest, Depreciation, Armotisation and Taxation (EBITDA)	(1.37)	(2.99)
Profit /(Loss) Before Taxation	(1.43)	(3.02)
Taxation	(2.06)	(0.38)
Profit After Taxation and Minority Interest	(3.49)	(3.41)
Total Comprehensive Income / (Loss)	(2.28)	(0.90)
Net Tangible Assets	43.77	45.60

Turnover

The Group's turnover for financial year ended 31 December 2017 of RM62.36 million (2016: RM18.23 million). The revenue was mainly derived from property development and construction activity of two projects undertaken by the Group.

Results

For the financial year ended 31 December 2017, the Group recorded a negative EBITDA of RM1.37 million and loss before taxation of RM1.43 million. The negative EBITDA was reduced from RM2.99 million to RM1.37 million and loss before taxation from RM3.02 million to RM1.43 million. The improve of results was due to the contribution from the projects.

The Total Comprehensive Income recorded at (RM2.30) million as compare with RM0.90 million preceding year. The comprehensive income was derived from the translation of foreign subsidiary which owned investment properties in foreign currency.

Financing and Expansion

In support of the project of Bayu Heights 2, the Group has obtained RM24.5 million loan facilities from United Overseas Bank (Malaysia) Berhad to finance the land purchase at RM22.5 million to develop 84 units of 3-storey terrace house. The loan facilities had been substantially reduced due to overwhelming sales take-up rate. At the end of FYE 31 December 2017, the outstanding loan amount is at RM2.20 million.

For Amani Residances project, the Group secured loan facilities of RM53.63 million from Malayan Banking Berhad to facilitate the construction and development. This project is joint venture development with Fivestar Development (Puchong) Sdn Bhd to develop 377 units of service apartment for a gross development value approximately RM209 million. As at FYE 31 December 2017, the Group had substantially reduced its term loan from RM16.8 million to RM6.35 million whereas bridging loan stood at RM6.86 million.

To continue with its construction and development business, the Group will continue sourcing for potential land for development to ensure its sustainability in the property development industry.

Management Discussion And Analysis
(Cont'd)

Non-financial indicator

Financial indicator is the key element to evaluate the Group performance, however non-financial indicator is equally important for the Group in ensuring sustainability in the future. Non-financial indicator such as staff turnover, sales take up rate and number of converted sales for the Group are equally important indicators to thrive in the property development business.

Significant changes in performance, financial position & liquidity

The Group will not anticipate any significant changes in its performance, financial position and liquidity for year 2018 as the Group will concentrate on its current projects.

However, if the opportunity arise, the performance, financial position & liquidity would change. Such changes if any will enhance the shareholders and stakeholders value in long term.

Capital expenditure requirement, structure & resources

The Group is not expecting any significant change in capital expenditure as major resources and needs would be provided by its vendors to construct property projects.

Business and industries trend

The continuance of tight credit lending policies by financial institution and a paradigm shift of their focus into providing lending into affordable market segment had developers cautiously approaching their development venture.

Residential properties will continue to dominate the market.

In the last 2 years, the market has been focusing in providing affordable home and a living close to public transit line such as LRT, MRT or KTM and the targeted group are 1st time home buyers and the young generation.

The type of property development in Klang Valley and Greater Klang Valley will continue with dominance by high-rise development in the initial while land township development will dominate the market of the latter.

The market will see smaller home units been built as an effort to make housing product affordable due to soaring land prices.

Residential properties will continue to drive the market. Developments with good connectivity, within a vibrant or matured neighborhood and priced affordably will dominate the market.

Associated risk and mitigation plans & strategies

Business Risk

a) Foreign currency risk

The Group's exposure to foreign currency risk is minimal except for investment properties in China. The Management will continue to review the Group's exposure to such risk arising from turnover generated in currencies other than Ringgit Malaysia.

b) Interest rate risks

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

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

Management Discussion And Analysis
(Cont'd)

c) Competition risks

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

d) Delays in commencement and completion

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

The Management will monitor closely the work progress of its project and will take immediate measure to attend any issue that may affect the timely completion and delivery of its projects.

Forward looking statement

Possible trend, outlook & sustainability of each principal business segment

The Management reckon the property market in year 2018 will remain challenging but stable. The Management believe that the cooling measures and responsible financing guidelines have mitigated the risk of high non-performing loans and thus the potential of property bubble.

Infrastructure will be the key driver to spur the growth of property market.

Within the Klang Valley, the completion of EKVE (East Klang Valley Expressway) connecting Sg Long to Ulu Kelang, will complete the KLORR (Kuala Lumpur Outer Ring Road) and more development will be coming up in far-flung sub-rural areas which is previously difficult to reach.

The completion of LRT 3 line in year 2020 will connect 2.0 million people between Bandar Utama and Klang and will spur the growth of new property development along its route.

Residential property sector will be a major beneficiary of such infrastructure development and as such the Management will continue exploring opportunities in this segment.

Prospects of new business or investments

Base on the strong sales performance of its projects, Bayu Heights 2 and Amani Residence, the management will seek similar opportunities. The management will evaluate the market trend and financial institution's funding direction to explore other type property for development other than residential properties to optimise the Group's wealth and shareholder's value.

Dividend/distribution policy & factors contributing

At this moment, the company has not formalised its dividend/distribution policy in rewarding the shareholders. After taken into consideration of Group performance, cash flow position and the needs for future expansion of the Group, the Board will act in best interest to grow the Group's business as well as to reward the shareholders who had given strong support to the Group.

Conclusion

The Management will consider year 2018 as a challenging year . Neverless the management remain confident with the business opportunities identified and will proceed cautiously to ensure continued business growth.

Corporate Sustainability Statement

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

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

I) Environment

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

II) Workplace

The Group believes that employees are important to drive long term and sustainable organisational successes. As such, the Group will continuously create a safe, pleasant and conducive working environment for its employee.

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

To optimise the employee talents and capabilities, various in-house training, external training programmes and seminars will be continuously provided to enhance their knowledge and skill while promoting a motivated working environment and fostering a closer relationship among the employees.

III) Market place

The Group is committed to ensure that the interest of all its important stakeholders, shareholders, analysts, bankers, customers, suppliers, authority bodies and public are being taken care of. The Group emphasises on good corporate governance practices, transparency and accountability to meet shareholders' expectations.

IV) Community

The Group recognises the co-relationship between business growth, social well-being and public welfare. It is therefore it will continue to participate in community driven programmes to nourish and improve the living quality of the community.

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

Statement Of Corporate Governance

The Board of Directors of Jiankun International Berhad ("Jiankun" or "the Company") recognises the importance of good corporate governance and fully supports the principles and best practices promulgated in the Malaysian Code on Corporate Governance ("MCCG") to enhance business prosperity and maximise shareholders' value. In 2017, the MCCG, which supercedes its earlier edition, takes on a new approach to promote greater internalisation of corporate governance culture. The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company.

Following the introduction of MCCG in April 2017, the Group has progressively applied the principles and complied with the best practice provisions as laid out in MCCG throughout the financial year ended 31 December 2017 pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")("Listing Requirements").

The application of each Practices set out in the MCCG during the financial year under review is disclosed under Jiankun's corporate governance report published on the company's website at www.jki.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board is collectively responsible for the long-term success of our Company and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board governs and sets the strategic direction of the Company while exercising oversight on management. The Board plays a critical role in setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.

1.1 Set Strategic Aims, Values and Standards for the Company

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

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

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

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

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

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

Statement Of Corporate Governance (Cont'd)

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

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

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

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

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

- **To Formulate and Have in Place an Appropriate Succession Plan**

  The Board is responsibility to formulate and have in place an appropriate succession plan encompassing the appointment, training, and determination of compensation for senior management of the Group, as well as assessing the performance of Directors and Committee members and, where appropriate, retiring and appointing new members of the Board and Executive Directors.

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

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

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

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

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

In addition, the Board will, at intervals of not more than one (1) year:

i) approve annual financial statements, and other reports to shareholders;
ii) consider and, if appropriate, declare or recommend the payment of dividends;
iii) review the Board composition, structure and succession plan;
iv) review the Company's audit requirements;
v) review the performance of, and composition of Board committees;
vi) undertake Board and individual Board member evaluations;
vii) review Board remuneration; and
viii) review risk assessment policies and controls and compliance with legal and regulatory requirements.

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

Statement Of Corporate Governance (Cont'd)

The Executive Directors are responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the senior management personnel of the Group in managing the business activities of the Group in the manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

The Managing Director holds the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company's goals and objectives, as well as all significant corporate matters, corporate restructuring plans, business extension plans and proposals. The Managing Director, assisted by other Executive Directors, is also responsible for proposing, developing and implementing applicable and relevant new policies and procedures.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

In discharging its fiduciary duties, the Board has delegated specific tasks to four (4) Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. All the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as lay out in the terms of reference and to report to the Board with the necessary recommendation.

1.2 Appointment of Chairman

Dato' Ir Lim Siang Chai was appointed as the Executive Chairman of the Company. Dato' Ir Lim has been acting as facilitator at meetings of the Board to ensure the discussion takes place effectively and constructively, the opinion of all directors relevant to the subject under discussion are solicited and freely expressed, and that the Board discussions lead to appropriate decisions.

Dato' Ir Lim has also from time to time communicate with Executive Directors and senior management to ensure that the Company complies with all relevant laws and regulations.

1.3 The Positions of Chairman and Managing Director are held by different individuals

The position of the Chairman of the Board and the Managing Director are separately held by different individuals.

The Board delegates the authority and responsibility for managing the Group's day-to-day activities of the Group to Managing Director in achieving corporate and business objectives. The Managing Director is responsible for the vision and strategic directions of the Group as well as initiating innovative ideas to create competitive edge and development of business and corporate strategies. There is a clear division of responsibilities between the roles of the Chairman and Managing Director as defined in the Board Charter.

1.4 Qualified and Competent Company Secretary

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

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

1.5 Strategies Promoting Sustainability

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

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

1.6 Access to Information and Advice

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

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

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

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

2. Demarcation of Responsibilities

The Board acknowledges the importance of the demarcation of responsibilities between the Board, Board Committees and management. In order to achieve the aim of the clarity in the authority of the Board, its Committees and individual directors, the Board has formalised and adopted a Board Charter.

2.1 Board Charter

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

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

Statement Of Corporate Governance (Cont'd)

3. Promoting Good Business Conduct and Corporate Culture

The Board is committed to promote good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The Board, management, employees and other stakeholders of the Group. In order to achieve the aim of the clarify in the authority of the Board, its Committees and individual directors, the Board has formalised and adopted a Board Charter.

3.1 Code of Conduct and Ethics

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

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

3.2 Whistle-blowing Policy

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

The main objectives of the policy are:

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

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

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

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

PART II – BOARD COMPOSITION

In order to achieve the intended outcome of MCCG, the Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights, the Group has met most of the good practices recommended by the MCCG as follows:-

Statement Of Corporate Governance (Cont'd)

4.1 Composition of the Board

The Company managed by a well-balanced Board, which consists of members with wide range of business, techical and financial background. This brings diversity and insighfful depth to the Company's leadership and management.

During the financial year under review, the Board of Jiankun currently comprises seven (7) Board members, which includes one (1) Executive Chairman, one (1) Managing Director, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The composition of the Board is in compliance with Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Berhad ("Bursa Malaysia"). The profile of each Director is presented separately in pages 6 to 9 of the Annual Report 2017.

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

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

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

4.3 Tenure of Independent Directors

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

However, as recommended by the MCCG, the tenure of an independent director should not exceed cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting, normally the annual general meeting of the Company. If the Board continues to retain the independent director after twelfth (12) years, the Board will seek shareholders' approval at a general meeting, normally the annual general meeting of the Company, through a two-tier voting process.

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

4.4 Appointment to the Board

The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at leadership and employee level.

Having a range of diversity dimensions brings different perspectives to the board and to various levels of management within the Group.

The Nomination Committee makes independent recommendations for appointment of members to the Board and Senior Management. In making these recommendations, taking into account the character, experience, integrity, competency, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval.

Statement Of Corporate Governance (Cont'd)

4.5 Gender Diversity

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

4.6 Criterial for Recruitment

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

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

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

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

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

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

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

The Nomination Committee makes independent recommendations for appointments to the Board. In making these recommendations, the Nomination Committee 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.

4.7 Identify New Candidates for Board Appointment

In determining the process for the identification of suitable new candidates, the Nomination Committee does not solely rely on recommendations from existings board members, management or substantial shareholders. The Board will ensure that an appropriate review or search is undertaken by an independent third party to ensure the requirement and qualification of the candidate nominated.

4.8 Nomination Committee

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

The present members of the Nomination Committee are:-
Chairman : Kamil Bin Abdul Rahman
Member : Fathi Ridzuan Bin Ahmad Fauzi
Member : Chan Fook Mun

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

The Nomination Committee shall meet at least once a year unless otherwise determine by the Nomination Committee. The Quorum for a meeting of Nomination Committee shall consist of not less than two (2) members, majority of members present must be Independent Non-Executive Directors.

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

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

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

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

5. Overall Board Effectiveness

5.1 Evaluation for Board, Board Committees and Individual Directors

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

Statement Of Corporate Governance (Cont'd)

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

Based on the assessment conducted for the financial year 2017, the Board and the Nomination Committee is satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board and Board Committees members and the independence of its Independent Non-Executive Directors.

5.2 Time Commitment and Directorship in Other Public Listed Companies

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

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

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

The following are the Board meetings attended by the Directors during the financial year ended 31 December 2017:-

Director	Position	No. of Board Meetings Attended
Dato' Ir Lim Siang Chai	Executive Chairman	5/5
Datuk Lee Kian Seng *(Appointed on 1 November 2017)*	Managing Director	1/1
Lee Leong Kui	Executive Director	5/5
Foong Kah Heng	Executive Director	5/5
Fathi Ridzuan Bin Ahmad Fauzi	Independent Non-Executive Director	5/5
Kamil Bin Abdul Rahman	Independent Non-Executive Director	5/5
Chan Fook Mun	Independent Non-Executive Director	4/5

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

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

Statement Of Corporate Governance (Cont'd)

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

5.3 Continuing Education Programs/ Directors' Training

All Directors appointed to the Board have undergone the Mandatory Accreditation Program ("MAP") prescribed by Bursa Securities. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend continuous education programmes/seminars/conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

The Board has undertaken an assessment of the training needs of each of each Director and ensured that all the Directors undergo the necessary training programme to enable them to effectively discharge their duties.

Details of seminars/conferences/training programmes attended by the Board members during the financial year as listed below:

Name	Date of Training	Subject
Dato' Ir Lim Siang Chai	7 November 2017	CG Breakfast Series : Integrating an Innovation Mindset with Effective Governance
Lee Leong Kui	29 March 2017	Travel & Tours Enhancement Course
Foong Kah Heng	3 October 2017	Advocacy Session On Corporate Disclosure For Directors and Principal Officers Of Listed Issuers
Fathi Ridzuan Bin Ahmad Fauzi	3 October 2017	Advocacy Session On Corporate Disclosure For Directors and Principal Officers Of Listed Issuers
Kamil Bin Abdul Rahman	3 March 2017	London Capital Market Seminar
	4 August 2017	ASEAN @ 50 Conference
	12 - 13 September 2017	Annual Conference conducted by Malaysian Institute of Chartered Secretaries and Administors
	26 October 2017	Seminar on Enhancing Financial Literacy Seminar
	7 - 8 November 2017	International Conference conducted by Malaysian Institute of Accountants
	14 November 2017	Seminar on Conversation with Securities Commission
	12 December 2017	Seminar on Practical Issues under the Companies Act 2016
	18 December 2017	Seminar on Companies Act 2016 Practical Insights On Companies.
Chan Fook Mun	3 October 2017	Advocacy Session On Corporate Disclosure For Directors and Principal Officers Of Listed Issuers

During the financial year ended 31 December 2017, save for disclosed above, Datuk Lee Kian Seng was newly appointed on 1 November 2017 which he has constantly been updated with relevant reading materials and technical updates, which will enhance his knowledge and equip him with the necessary skills to effectively discharge his duties as Director of the Company.

In addition to the above, the Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and the Company Secretaries during the Committee and/or Board meetings.

Statement Of Corporate Governance (Cont'd)

PART III – REMUNERATION

The Board acknowledges the level and composition of remuneration of directors and senior management take into account the Company's desire to attract and retain the right talent in the Board and senior management to drive the Company's long-term objectives. In order to achieve the aim, the Board has established Remuneration Committee and developed the remuneration policy to assist the Board in discharging its duties and responsibilities in the matters relating to the remuneration of the Board and senior management.

6.1 Directors' remuneration procedures

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

As fair remuneration is critical to attract, retain and motivate Directors, the Remuneration Committee ("RC") reviews all proposed remuneration packages with regards to each Director's role, responsibility and expertise, taking into consideration also the complexity of the Company's business, performance of the Group, industry average and a study of companies in the same industry with similar market capitalisation. The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

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

6.2 Remuneration Committee

The Board has established RC to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of the Board and senior management.

The RC is responsible for developing the Company's remuneration framework and determining the remuneration package of the Company's directors and ensure that compensation is competitive and consistent with the Company's business strategy and long-term objectives.

The present composition of the RC consists of three (3) members of the Board, majority of whom are Independent Non-Executive Directors:

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

The RC took note that following the introduction of MCCG , the RC should only consist of Non-Executive Directors and a majority of them must be Independent Directors. RC is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. The RC shall meet at least once a year and at such time, the Chairman of the RC may request for a meeting as and when deemed necessary. The quorum of the RC meeting shall be two (2) members, of which at least one (1) shall be an independent director.

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

During the financial year under review, the Remuneration Committee held two (2) meetings, in the presence of the Company Secretary to recommend to the Board the proposed had undertaken the reviewed and recommended the payment of Directors' fees and other benefits payable to the Directors for the financial year ending 31 December 2018 and and proposed declaration of bonus to senior management.

The details of the attendance are as follows:

Members	**Attendance**
Chan Fook Mun (Chairman)	2/2
Dato' Ir Lim Siang Chai	2/2
Kamil Bin Abdul Rahman	2/2

6.3 Directors' Remuneration

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

Detail of the Directors' remuneration paid or payable to all Directors of the Company and the Group and categorized into appropriate components for the financial year ended 31 December 2017 are as follows:

i) Aggregate Directors' Remuneration

Director	**Company**		**Group**	
	Fees (RM)	**Salaries and * other emoluments (RM)**	**Fees (RM)**	**Salaries and * other emoluments (RM)**
Executive Directors	-	-	-	905,120
Non-Executive Directors	114,000	5,500	114,000	5,500
Total	114,000	5,500	114,000	910,620

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

The fees and allowances for Non-Executive Directors are determined by the Board and are subject to the approval of the shareholders of Jiankun.

The remuneration package for the Executive Directors of the Company is balanced between fixed and performance linked elements.

The breakdown of the detailed Directors' fees paid during the financial year under review is disclosed in the Corporate Governance Report which is accesible to the public for reference at the Company's website, www.jki.com.my.

Statement Of Corporate Governance (Cont'd)

ii) Analysis of Directors' Remuneration

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

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

6.4 Remuneration of Top Five (5) Senior Management

The total remuneration received by top five (5) senior management of the Group including salary, bonus, benefits-in-kind and other emoluments in bands with RM50,000 for the financial year ended 31 December 2017 are as follows:

Range of Remuneration	Number of Senior Management
Below RM50,000	-
RM50,000 to RM100,000	-
RM100,001 to RM150,000	-
RM150,001 to RM200,000	-
RM200,001 to RM250,000	-
RM250,001 to RM300,000	-
RM300,001 to RM350,000	-
RM350,001 to RM400,000	-
RM400,001 to RM450,000	-
RM450,001 to RM500,000	1

Details of total received by the senior management are not disclosed in this report as the Board is of the view that the above remuneration disclose by band satisfied the accountability and transparency aspects of the MCCG.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

7.1 Composition of Audit Committee

The Board has established Audit Committee comprises solely of Independent Directors based on the Step-Up recommendation of the MCCG and also fulfils the requirements of the Listing Requirements which requires the Committee to comprise no fewer than three (3) members and that all members must be Non-Executive Directors with a majority of them being Independent Directors.

The Chairman of Audit Committee is not the Chairman of the Board and is an Independent Director. This is in compliance with the Step-Up recommendation of the MCCG as well as the Listing Requirements.

The roles and responsibilities of the Audit Committee are set out in the Terms of Reference contained in the Company's website.

Details of the activities carried out by the Audit Committee in FY2017 are set out on pages 39 to 40.

Statement Of Corporate Governance (Cont'd)

7.2 Cooling-off for Appointment Former Key Audit Partner

The Board took note on Practice 7.2 of the MCCG to have a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee and would consider adopting such recommendation in due course.

As at the date of this Statement, none of the Board member is the former key audit partner of the External Auditors, Messrs UHY and the Directors do not foresee any new appointment of former key audit partner to the Board.

7.3 Assessment of Suitability and Independence of External Auditors

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

The Audit Committee has concluded that, amongst others as set out below, the External Auditors performance for the financial year ended 31 December 2017 was found adequate and thereby recommended the re-appointment of Messrs. UHY as the External Auditors of the Group to the Board for approval by its shareholders: -

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

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

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

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors.

In compliance with the Malaysian Institute of Accountants, the audit firm rotates its audit partners every five (5) years to ensure objectivity, independence and integrity of the audit opinions.

The External Auditors have provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 December 2017. The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the forthcoming Annual General Meeting on the re-appointment of Messrs UHY as the External Auditors of the Company for the financial year ending 31 December 2018.

Statement Of Corporate Governance (Cont'd)

7.4 Qualifications and Skills of Audit Committee

The composition of the Audit Committee meets the requirements of Paragraph 15.09(1)(a) and (b) of the Listing Requirements. All members of the Audit Committee are believed to be able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as member of the Audit Committee.

The Nominating Committee is satisfied that the Audit Committee and its members have discharged their functions, duties and responsibilities in accordance with the Audit Committee's Terms of Reference and supported the Board in ensuring the Group upholds appropriate corporate governance standards.

All members of the Audit Committee are mindful that they should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

The composition of the Audit Committee, its terms of reference, attendance of meetings by the individual members and the summary of activities are set out in the Audit Committee Report on pages 39 to 40 of the Annual Report.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

8.1 Establishment of Risk Management and Internal Control Framework

During the financial year under review, the Group has formalised the risk management process of the Group through a Group Risk Management Framework.

Under this framework, a Risk Management Committee ("RMC") and Risk Management Review Group have been formed. A Risk Management Review Group ("RMRG") is established to support and advise the Group and Audit Committee on the implementation and monitoring of the Group Risk Management Policy and Strategy. The RMRG comprised of all the Executive Management team that comprises of Executive Directors and Heads of Department. The Independent Non-Executive Directors are encouraged to attend Risk Registry Review meeting.

The Financial Controller updates the Audit Committee and Board on the Group's risk profile and reports any new significant risks once a year. The RMC will then meet to discuss and evaluate the RMRG's reports for adoption. Thereafter, the RMC will report to the Audit Committee about key risks and risk management activities carried out during that period. The Audit Committee will review the report and confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified.

8.2 Adequacy and Effectiveness of the Risk Management and Internal Control Framework

The RMRG consisting of the Executive Directors, Head of Project Team, Head of Human Resources, Finance and Account Manager and Contract Manager has the main function of idenfifying and assessing and compiance risks by employing the following methodologies:

- o Identification of significant risks by the process owners
- o Assessment of the likelihood and impact of the risks identified
- o Evaluating the control strategies in relation to the risks
- o Formulating action plan to address control deficiencies
- o Setting Key Risk Indicators to monitor the risks

The Board is of the opinion that it would be more appropriate for the annual review on the effectiveness of the framework be conducted at a later stage. Nevertheless, the Board is mindful that the relevant test on the framework should be carried our periodically to ensure its effectiveness.

The Statement on Risk Management and Internal Control set out on pages 35 to 36 of the Annual Report provides an overview on the state of risk management and internal controls within the Group.

8.3 Internal Audit Function

The Group outsourced its internal audit function to an independent professional firm, Sterling Business Alignment Consulting Sdn. Bhd.

For the function of internal audit, the Group had outsourced its internal audit role to an independent professional firm of consultants, i.e. Sterling Business Alignment Consulting Sdn. Bhd. who is a corporate member of The Institute of Internal Auditors Malaysia (IIAM), to provide the Board with the assurance it requires regarding the adequacy and integrity of the system of internal control. With the engagement, the internal auditors have disclosed that there are no relationships or conflict of interest in the discharge of it responsibilities and that they remained independent and have no direct operational responsibility or authority over any of the activities audited.

The internal audit exercises are carried out based on the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework in assessing the effectiveness of the Group's internal control system. Each quarterly audit is engaged by approximately 2 to 3 audit personnel depending to the areas of audit. From the review, opportunities for improvement to the system of internal control were identified and presented to the Audit Committee via internal audit reports, whilst the management formulated the relevant action plans to address the issues noted.

8.4 Credential of Internal Auditors

The Audit Committee assessed and satisfied on the credential of Sterling Business Alignment Consulting Sdn. Bhd. prior to the engagement of the firm as its Internal Auditors. It also believed that the internal audit personnel are free from any relationships or conflicts of interest with the Group, which could impair their objectivity and independence.

For purposes of identifying and prioritising risks and formulating the Internal Audit Plan, the Internal Auditors will discuss with the RMC and the RMRG, review management reports and financial statements. The Internal Auditors reports directly to the Audit Committee on its activities based on the approved annual Internal Audit Plans. Its principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes.

During the financial year under review, the Internal Auditors carried out reviews on the areas as stated in page 36.

The findings of their audits were tabled at the Audit Committee meetings for deliberation and subsequent presented to Board.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Board recognises the need for transparency and accountability to the Company's shareholders as well as regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company. The Company ensures that timely releases of the quarterly financial results, press releases and corporate announcements are made to its shareholders and investors, which are clear, unambiguous, succinct, accurate and contains sufficient and relevant information.

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

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

Statement Of Corporate Governance (Cont'd)

9.1 Effective, Transparent and Regular Communication

The Board ensures there is effective, transparent and regular communication with its stakeholders.

The Board recognises the importance of maintaining transparency and accountability to its shareholders and investors and to disseminate information on the Company's performance and any significant developments to ensure that they are informed of all material business matters on a timely manner.

Presently, the Board and management of the Company communicate regularly with its shareholders and other stakeholders through the following channels of communication:

a) Bursa Securities

The Company releases all material information publicly through Bursa Securities and the shareholders and the public in general may obtain such announcements and financial information from the website of Bursa Securities.

b) Company Website

The Company's website, www.jki.com.my , incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by for both shareholders and the public. This Investor Relations section enhances the Investor Relations function by including all announcements made by the Company.

9.2 Integrated Report

The Board is mindful on the benefit of integrated reporting. Nevertheless, due to the limited resources, the Board has not prepared the Integrated Report.

9.3 Leverage on Information Technology for Effective Dissemination of Information

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

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

Shareholders and investors may also forward their queries to the Company via the Company's website, www.jki.com.my.

II. Conduct of General Meetings

General meetings are the important and effective platforms for directors and senior management to communicate with the shareholders. Shareholders are able to participate, engage the Board and senior management effectively and make informed voting decisions at general meetings.

10.1 Notice of Annual General Meeting

The Board is endeavour to dispatch its notice of annual general meeting ("AGM") at least 28 days before the meeting and mindful that the sufficient notice and time given would allow the shareholders to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

This would also enable the shareholders to properly consider the resolutions that will be discussed and decided at the meeting.

The Annual General Meeting is the principal forum for dialogue with the shareholders. The shareholders will be notified of the meeting together with a copy of the Company's Annual Report at least twenty-eight (28) days before the meeting. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution. At the AGM, the Board will present to the shareholders with a comprehensive report on the progress and performance of the Group and the shareholders are encouraged to participate in the questions and answers session there at, where they will be given the opportunity to raise questions or seek more information during the AGM. Informal discussions between the Directors, senior management staff, the shareholders and investors are always active before and after the general meetings.

In line with the Practice 12.1 of the MCCG the Notice of the 34th AGM of the Company was issued to the shareholders of the Company 28 days prior to the date of the said meeting.

10.2 Attendance of the Chair of the Board Committees at the AGM

The Board took note that the presence of all directors will provide opportunity for shareholders to effectively engage each director. Besides, having the chair of the Board subcommittees present facilitates these conversations and allows shareholders to raise questions and concerns directly to those responsible. Accordingly, barring unforeseen circumstances, all directors as well as the Chairman of respective Board Committees (i.e. Audit Committee, Nominating Committee, Remuneration Committee and Risk Management Committee) will present at the forthcoming AGM of the Company to enable the shareholders to raise questions and concerns directly to those responsible.

10.3 Encourage Shareholder Participation at General Meeting

The Company allows a member to appoint a proxy who may not be a member of the Company. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia. Jiankun has not set the limit on the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for omnibus account to allow greater participation of beneficial owners of shares at general meetings of the Company. The Articles of Association of the Company further accord proxies the same rights as members to speak at the general meeting. Essentially, a corporate representative, proxy or attorney is entitled to attend, speak and vote both on a show of hands and on a poll as if they were a member of the Company.

Despite the recommendation of Practice 12.3 of MCCG that the Company with large number of shareholders should have meetings in remote locations and in leverage technology to facilitate voting including voting in absentia and remote shareholders' participation at the general meeting, the Board assessed and of the opinion that meetings in remote locations is not necessary and costly to the Company in view of the current numbers of shareholders of the Company.

In line with the Practice 12.3 of the MCCG in promoting electronic voting, as at the date of this Statement, the Board assessed and of the opinion that the electronic voting is not necessary and costly to the Board of the current number of shareholders of the Company and will consider adopting such recommendation when necessary.

10.4 Poll Voting

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

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 MCCG has been applied. The Board considers and is satisfied that the Company has fulfilled its obligation under the MCCG, the Listing Requirements of Bursa Securities and all applicable laws and regulations throughout the financial year ended 31 December 2017.

The Board shall remain committed in attaining the highest possible standards through the continuous adoption of the principles and best practices of the MCCG and all other applicable laws and regulations.

This statement is made in accordance with the resolution of the Board of Directors dated 25 April 2018.

Statement Of Directors' Responsibility In Relation To The Financial Statements

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

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

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

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

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2017, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

Statement On Risk Management And Internal Control

INTRODUCTION

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

BOARD RESPONSIBILITY

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

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

KEY ELEMENTS OF INTERNAL CONTROL

CONTROL ENVIROMENT 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 staffs are placed in areas of responsibility to support and continuously monitor the effectiveness of the Group's system of internal control;
- Policies and procedures for key business processes are formalised and documented for implementation and continuous improvements. These policies are subject to regular reviews to meet new business required.

MONITORING AND COMMUNICATION

- Regular Board and Management meetings are held where information is provided to the Board and Management covering financial performance and operations;
- Regular visits to operating subsidiaries by members of the Board and Senior Management whenever appropriate;
- Regular review of business processes to assess the effectiveness of internal controls by the independent internal auditor. Reports on findings of the internal audit are presented to the Audit Committee and subsequently presented to the Board for consideration for necessary action to be carried out by management.
- Management Accounts and reports are prepared regularly for monitoring of actual performance.
- Regular Management Meetings to identify, assessment and mitigate any potential risk face by the Group.
- Review of non-financial indicator to determine the performance of the Group.

RISK MANAGEMENT

The Board and the Management practice significant risks identification in the processes and activities of the Group particular to proceed with major new proposed transaction, changes in the nature of activities and changes in the regulatory requirement to the industry which may entail to difference risks in carry out Group activities.

The Managing Director and Financial Controller will be responsible to update the Audit Committee and the Board on changes of new material risk.

Statement On Risk Management And Internal Control
(Cont'd)

INTERNAL AUDIT FUNCTIONS

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

During the financial year, the internal auditors have performed the internal audit according to the revised plan approved by Audit Committee. For the financial year ended 31st December 2017, two Internal Audit Reviews and two Follow up internal audit reviews had been carried out:-

Audit Period	Reporting Month	Audited Areas
1st Quarter (Jan 2017 – Mar 2017)	May 2017	Internal Audit Review on Post-Contract Management functions of Nagamas Venture Sdn Bhd
2nd Quarter (Apr 2017 – Jun 2017)	Aug 2017	• Follow up review on Sales Administration, Sales and Marketing Function for Nagamas Bizworks Sdn Bhd and JKI Development Sdn Bhd • Follow up review on Finance functions for Jiankun International Berhad and Nagamas Venture Sdn Bhd.
3rd Quarter (Jul 2017 – Sep 2017)	Nov 2017	Internal Audit Review on the Tender Management and Project Management of JKI Development Sdn Bhd, Nagamas Bizworks Sdn Bhd and JKI Construction Sdn Bhd.
4th Quarter (Oct 2017 – Dec 2017)	Feb 2018	• Follow up review on Post-Contract Management Functions of Nagamas Venture Sdn Bhd. • Follow up review on the Tender Management and Project Management of JKI Development Sdn Bhd, Nagamas Bizworks Sdn Bhd and JKI Construction Sdn Bhd.

For the financial year ended 31 December 2017, the total fee incurred for the outsourced internal audit function were RM35,000.00.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

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

CONCLUSION

For the year under review and up to the date of issuance of the statement in the Annual Report, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingences requiring separate disclosure in the Annual Report. The Board is of the opinion that the internal control system currently in place is adequate and effective to safeguard the Group's interests and assets. The Board will continually assess the adequacy and effectiveness of the Group's risk management and system of internal control and to strengthen it, as and when necessary.

Additional Compliance Information

1. UTILISATION OF PROCEEDS FROM RIGHT ISSUE

On 9 July 2015, the Board of Directors had announced to Bursa Securities on the variation to the utilisation of utilisation of the Proceeds raised from the Renounceable Rights Issue Together with Free Detachable Warrants exercise completed on 31 December 2017.

As at 31 December 2017, the proceeds raised from the above corporate exercise amounting to approximately RM25.2 million was partially utilised in the following manner.

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

2. UTILISATION OF PROCEEDS FROM PRIVATE PLACEMENT

On 4 May 2017, the Company had completed its Private Placement exercise following the listing and quotation of 15,167,700 new ordinary shares on the Main Market of Bursa Malaysia Securities Berhad.

The Private Placement has raised total proceeds of RM3,943,602.00 and has been fully utilised in the following manner:

Purpose	Estimated Timeframe	Proposed Utilisation	Adjustment	Actual Utilisation
		RM'000	RM'000	RM'000
Working Capital	Within 12 months from the listing of the shares	3,844	23	3,867
Estimated expenses in relation to the Proposed Private Placement	Within 12 months from the listing of the shares	100	(23)	77
Total		3,944	-	3,944

Additional Compliance Information
(Cont'd)

3. AUDIT AND NON AUDIT FEES PAID TO EXTERNAL AUDITORS

During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 December 2017 were as follows :

	Company (RM)	Group (RM)
Audit Services Rendered	30,000	130,272
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	5,000	5,000

4. REVALUATION POLICY

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

5. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

During the financial year under review, there was no other material contract and/or contracts relating to loan entered into by the Company and/or its subsidiary companies involving Directors and Major Shareholders' interests.

Audit Committee Report

The Board of Directors of Jiankun International Berhad ("Jiankun" or "the Company") is pleased to present the Audit Committee Report for the financial year ended 31 December 2017.

COMPOSITION OF AUDIT COMMITTEE

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

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

The current composition of the AC meets the requirements of Paragraph 15.09(1)(a) and (b) of Listing Requirements

TERMS OF REFERENCE

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

ATTENDENCE AT MEETINGS

The AC met five (5) times during the financial year ended 31 December 2017 and the details on the attendance of each member at the AC meeting are as follows:-

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

Other Board members, 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 OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The activities of the Audit Committee during the financial year ended 31 December 2017 include the following:

a) Reviewed the quarterly unaudited financial of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Group's results to Bursa Securities;

b) Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial year ended 31 December 2017;

c) Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;

d) Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;

Audit Committee Report
(Cont'd)

e) Evaluated the performance of the external auditors for the financial year ended 31 December 2017 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;

f) Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;

g) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;

h) Reviewed the effectiveness of the Group's system of internal control;

i) Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;

j) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;

k) Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;

l) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report; and

m) Report to the Board on its activities and significant findings and results.

Group Financial Highlights

	Financial Year Ended				
	31.12.2013*	31.12.2014*	31.12.2015	31.12.2016	31.12.2017
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	6,349	3,168	11,456	18,236	62,358
Earning Before Interest, Depreciation, Amortisation and Taxation	9,445	(652)	(1483)	(2,948)	(1,426)
Profit / (Loss) Before Taxation	8,851	(1,967)	(1,205)	(3,022)	(1,421)
Taxation	(4,210)	(25)	549	(382)	(2,056)
Profit / (Loss) After Taxation	4,975	(963)	(655)	(3,406)	(3,477)
Net Tangible Assets	20,544	44,805	48,108	45,598	43,762
Net Tangible Assets Per Share (sen)	40.36	29.54	31.72	30.06	27.05
Net Earning / (Loss) Per Share (sen)	9.12	(3.75)	(0.43)	(2.25)	(2.15)
Total Borrowings	1,089	-	15,750	32,550	15,408
Cash and Cash Equivalents	254	25,205	1,808	658	3,660
Shareholders' Fund	20,544	44,805	48,108	45,598	43,761
Gearing Ratio (%)	37.27	N/A	25.00	70.00	26.85
Paid Up Capital ('000 units)	50,895	151,678	151,678	151,678	166,845
Weighted Average Share Capital ('000 units)	50,895	151,678	151,678	151,678	161,789

*Inclusive of discontinued operation

Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

Principal Activities

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

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

Financial Results

	Group RM	Company RM
Net loss for the financial year	3,476,787	523,235
Attributable to:		
Owners of the parent	3,476,787	523,235

Reserves and Provisions

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

Dividends

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

Issue of Shares and Debentures

During the financial year, the company issued 15,167,700 new ordinary shares at RM0.26 each for a total consideration of RM3,943,602 for working capital purpose through private placement.

There was no issuance of debentures during the financial year.

Warrants

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

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

As at 31 December 2017, the total numbers of warrants that remained unexercised were 75,586,889.

The salient terms of the warrants are disclosed in Note 14(b) to the financial statements.

Options Granted Over Unissued Shares

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

Directors' Report (Cont'd)

Directors

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

Dato' Ir Lim Siang Chai *
Fathi Ridzuan Bin Ahmad Fauzi
Foong Kah Heng *
Lee Leong Kui *
Kamil Bin Abdul Rahman *
Chan Fook Mun
Datuk Lee Kian Seng * (Appointed on 1 November 2017)

** Director of the Company and its subsidiary companies*

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part thereof.

Directors' Interests

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

	Number of ordinary shares				
	At 01.01.2017	Bought	Sold	Ceased of interest @	At 31.12.2017
Interests in the Company					
Direct interests					
Dato' Ir Lim Siang Chai	15,500,000	-	(340,000)	-	15,160,000
Datuk Lee Kian Seng	-	10,001,500	-	-	10,001,500
Foong Kah Heng	7,530,000	5,120,000	-	-	12,650,000
Indirect interests					
Dato' Ir Lim Siang Chai #	6,979,400	1,350,600	-	(8,330,000)	-
Datuk Lee Kian Seng *	-	17,863,600	-	-	17,863,600
Foong Kah Heng	16,882,450	-	-	-	16,882,450

	Number of warrants 2014/2021				
	At 01.01.2017	Bought	Sold	Ceased of interest @	At 31.12.2017
Direct interest					
Dato' Ir Lim Siang Chai	2,750,000	-	-	-	2,750,000
Datuk Lee Kian Seng	-	3,525,000	-	-	3,525,000
Foong Kah Heng	3,765,000	2,640,000	-	-	6,405,000
Indirect interests					
Dato' Ir Lim Siang Chai #	300,000	1,028,400	-	(1,328,400)	-
Datuk Lee Kian Seng *	-	7,653,200	-	-	7,653,200
Foong Kah Heng	9,661,837	-	-	-	9,661,837

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

* Deemed interest for the shares held by his/her family members pursuant to Section 8, 59(11) and 197(1)(a) of the Companies Act, 2016
# Deemed interest pursuant to Section 8 of the Companies Act, 2016
@ Cessation of deemed interest pursuant to Section 8 of the Companies Act, 2016 on 28.12.2017.

Directors' Report (Cont'd)

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 27 to the financial statements.

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

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM5 million and RM15,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

  (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and no allowance for doubtful debts was required; and

  (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

  (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

  (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

  (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

  (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Directors' Report (Cont'd)

(c) At the date of this report, there does not exist:

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

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

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

Auditors' Remuneration

The details of auditors' remuneration are set out in Note 23 to the financial statements.

Auditors

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 25 April 2018.

DATO' IR LIM SIANG CHAI

LEE LEONG KUI

KUALA LUMPUR

Statement By Directors

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 52 to 113 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 25 April 2018.

DATO' IR LIM SIANG CHAI

LEE LEONG KUI

KUALA LUMPUR

Statutory Declaration

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

I, WONG KOK FONG (MIA Membership No: 28396), being the Officer primarily responsible for the financial management of JIANKUN INTERNATIONAL BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 52 to 113 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 25 April 2018)

WONG KOK FONG

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Jiankun International Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 113.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis of Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matter

Key audit matter is those matter that, in our professional judgement, was of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. This matter was addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter	**How we addressed the key audit matter**
Investment properties Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. The fair value of the investment properties were determined by the directors based on valuations advised by the independent valuers by reference to market evidence of transaction prices of similar properties or comparable available market data.	- Reviewed and discussed with management on the carrying amount of investment properties in accordance with FRS 140 *Investment Properties.* - Evaluated the independent valuer's competence, capabilities, independence and objectivity. - Assessed the methodologies used and the appropriateness of the key assumptions of the valuation report based on our knowledge and also considered the work done by component auditors.

Independent Auditors' Report

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

Key Audit Matter (Cont'd)	How we addressed the key audit matter (Cont'd)
Property development The Group recognises property development revenue and expenses in the statements of profit or loss and other comprehensive income by using the stage of completion method, that is determined by the proportion of the costs incurred, for the work performed to date bear to the estimated total costs and significant judgement is required in determining the above.	- Assessed the reasonableness of management's assumptions used in estimating costs to complete for each project to supporting evidence - Tested the calculation of stage of completion including testing the costs incurred and recorded for occurrence and accuracy, and re-performed the percentage of completion calculations - Agreed gross development revenue/budgeted costs to the original signed contracts, letter of awards and variation orders.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Independent Auditors' Report

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Independent Auditors' Report

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

OTHER MATTERS

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

UHY
Firm Number: AF 1411
Chartered Accountants

NG LEONG TECK
Approved Number: 03168/12/2019 J
Chartered Accountant

KUALA LUMPUR

Statements Of Financial Position
As At 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	237,017	224,415	42,548	56,885
Goodwill	5	-	-	-	-
Investment properties	6	26,558,154	28,092,297	-	-
Investment in subsidiary companies	7	-	-	18,392,161	18,392,161
		26,795,171	28,316,712	18,434,709	18,449,046
Current assets					
Land and property development costs	8	46,353,128	27,279,409	-	-
Amount due from a contract customer	9	887,688	-	-	-
Accrued billings		8,837,252	-	-	-
Trade receivables	10	4,552,504	7,273,644	-	-
Other receivables	11	6,496,367	31,194,633	117,132	60,221
Amount due from subsidiary companies	12	-	-	19,694,662	16,803,629
Tax recoverable		336,139	292,500	-	-
Cash and bank balances		3,659,842	657,641	208,116	50,653
		71,122,920	66,697,827	20,019,910	16,914,503
Total assets		97,918,091	95,014,539	38,454,619	35,363,549
EQUITY					
Share capital	13	44,655,645	37,919,380	44,655,645	37,919,380
Reserves	14	(894,069)	7,678,465	(6,429,796)	(3,113,898)
Total equity		43,761,576	45,597,845	38,225,849	34,805,482

Statements Of Financial Position
As At 31 December 2017 (Cont'd)

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
LIABILITIES					
Non-current liabilities					
Finance lease payable	15	54,596	64,044	-	-
Deferred tax liabilites	16	5,905,176	5,812,932	-	-
		5,959,772	5,876,976	-	-
Current liabilities					
Progress Billings		2,450,706	-	-	-
Trade payables	17	9,004,026	9,130,125	-	-
Other payables	18	21,030,124	1,847,641	119,896	275,530
Finance lease payable	15	9,448	8,837	-	-
Bank borrowings	19	15,407,793	32,550,000	-	-
Amount due to Directors	20	-	3,115	-	3,115
Amount due to subsidiary companies	12	-	-	108,874	279,422
Provision for taxation		294,646	-	-	-
		48,196,743	43,539,718	228,770	558,067
Total liabilities		54,156,515	49,416,694	228,770	558,067
Total equity and liabilities		97,918,091	95,014,539	38,454,619	35,363,549

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

Statements Of Profit Or Loss And Other Comprehensive Income
For The Financial Year Ended 31 December 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Revenue	21	62,358,009	18,235,694	-	2,035,000
Costs of sales		(49,094,982)	(16,771,103)	-	-
Gross profit		13,263,027	1,464,591	-	2,035,000
Other income		1,625,600	803,906	38,937	28,239
Administrative expenses		(6,611,661)	(5,291,031)	(562,172)	(3,934,762)
Distribution costs		(9,680,886)	-	-	-
Other expenses		(11,947)	-	-	-
Loss from operations		(1415,867)	(3,022,534)	(523,235)	(1,871,523)
Finance costs	22	(4,614)	(1,244)	-	-
Loss before tax	23	(1,420,481)	(3,023,778)	(523,235)	(1,871,523)
Taxation	24	(2,056,306)	(382,088)	-	-
Net loss for the financial year		(3,476,787)	(3,405,866)	(523,235)	(1,871,523)
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		(2,303,084)	896,039	-	-
Total comprehensive income for the financial year		(5,779,871)	(2,509,827)	(523,235)	(1,871,523)
Loss for the financial year attributable to owners of the parent		(3,476,787)	(3,405,866)	(523,235)	(1,871,523)
Total comprehensive income attributable to owners of the parent		(5,779,871)	(2,509,827)	(523,235)	(1,871,523)
Loss per share (sen)					
Basic	25(a)	(2.15)	(2.25)	-	-
Diluted	25(b)	(1.46)	(1.50)	-	-

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

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2017

Group	Note	Share Capital RM	Foreign Currency Translation Reserve RM	Warrant Reserve RM	Capital Reserve RM	Accumulated Losses RM	Total Equity RM
		Attributable to the owners of the parent					
		Non-Distributable				Distributable	
At 1 January 2017		37,919,380	6,068,986	13,605,640	2,792,663	(14,788,824)	45,597,845
Loss for the financial year		-	-	-	-	(3,476,787)	(3,476,787)
Other comprehensive income for the financial year		-	(2,323,084)	-	-	-	(2,303,084)
Total comprehensive income for the financial year		-	(2,303,084)	-	-	(3,476,787)	(5,779,871)
Transactions with owners:							
Issuance of shares pursuant to private placement	13	3,943,602	-	-	-	-	3,943,602
Transition to no-par value regime on 31 December 2017	13	2,792,663	-	-	(2,792,663)	-	-
Total transactions with owners:		6,736,265	-	-	(2,792,663)	-	3,943,602
At 31 December 2017		44,655,645	3,765,902	13,605,640	-	(18,265,611)	43,761,576
At 1 January 2016		37,919,380	5,172,947	13,605,640	2,792,663	(11,382,958)	48,107,672
Loss for the financial year		-	-	-	-	(3,405,866)	(3,405,866)
Other comprehensive income for the financial year		-	896,039	-	-	-	896,039
Total comprehensive income for the financial year		-	896,039	-	-	(3,405,866)	(2,509,827)
At 31 December 2016		37,919,380	6,068,986	13,605,640	2,792,663	(14,788,824)	45,597,845

Statements Of Changes In Equity
For The Financial Year Ended 31 December 2017 (Cont'd)

		Attributable to the owners of the parent				
		Non-Distributable			Distributable	
Company	Note	Share Capital RM	Warrant Reserve RM	Capital Reserve RM	Accumulated Losses RM	Total Equity RM
At 1 January 2017		37,919,380	13,605,640	2,792,663	(19,512,201)	34,805,482
Net loss for the financial year, representing total comprehensive income for the financial year		-	-	-	(523,235)	(523,235)
Transactions with owners:						
Par value reduction						
Issuance of share capital pursuant to private placement	13	3,943,602	-	-	-	3,943,602
Transition to no-par value regime on 31 December 2017	13	2,792,663	-	(2,792,663)	-	-
Total transactions with owners		6,736,265	-	(2,792,663)	-	3,943,602
At 31 December 2017		44,655,645	13,605,640	-	(20,035,436)	38,225,849
At 1 January 2016		37,919,380	13,605,640	2,792,663	(17,640,678)	36,677,005
Net loss for the financial year, representing total comprehensive income for the financial year		-	-	-	(1,871,523)	(1,871,523)
At 31 December 2016		37,919,380	13,605,640	2,792,663	(19,512,201)	34,805,482

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash Flows From Operating Activities					
Loss before tax		(1,420,481)	(3,023,778)	(523,235)	(1,871,523)
Adjustments for:					
Depreciation of property, plant and equipment		62,686	30,839	19,337	15,767
Fair value gain on investment property		(1,488,794)	(764,176)	-	-
Impairment losses on:					
- Amounts due from subsidiary companies		-	-	-	493,745
- Other receivables		-	445,162	-	445,162
Interest expense		4,614	1,244	-	-
Interest income		(60,041)	(23,823)	(12,556)	(22,090)
Operating loss before working capital changes		(2,902,016)	(3,334,532)	(516,454)	(938,939)
Changes in working capital:					
Property development costs		(19,073,719)	(3,934,336)	-	-
Trade receivables		2,721,140	403,717	-	-
Other receivables		24,698,266	(18,501,083)	(56,911)	(7,819)
Trade payables		(126,099)	4,249,245	-	-
Other payables		19,182,483	1,536,824	(155,634)	142,529
Contract customers		(887,688)	-	-	-
Progress Billings		(6,386,546)	-	-	-
Directors		(3,115)	3,115	(3,115)	3,115
Subsidiary companies		-	-	(3,061,581)	4,268,412
		20,124,722	(16,242,518)	(3,277,241)	4,406,237
Cash generated from/(used in) operations		17,222,706	(19,577,050)	(3,793,695)	3,467,298

Statements Of Cash Flows
For The Financial Year Ended 31 December 2017 (Cont'd)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Interest received		60,041	23,823	12,556	22,090
Interest paid		(4,614)	(1,244)	-	-
Tax paid		251,007	(292,500)	-	-
		306,434	(269,921)	12,556	22,090
Net cash from/(used in) operating activities		17,529,140	(19,846,971)	(3,781,139)	3,489,388
Cash Flows From Investing Activities					
Acquisition of property, plant and equipment	4	(75,288)	(108,715)	(5,000)	(9,709)
Acquisition of subsidiary companies, net of cash acquired	7(b)	-	-	-	(4)
Additional investments in subsidiary companies	7(a)	-	-	-	(6,249,998)
Net cash used in investing activities		(75,288)	(108,715)	(5,000)	(6,259,711)
Cash Flows From Financing Activities					
Proceeds from borrowings		15,794,407	16,800,000	-	-
Proceeds from share issued		3,943,602	-	3,943,602	-
Proceeds from uplift of fixed deposit		-	2,057,768	-	2,057,768
Repayment of borrowings		(32,936,614)	-	-	-
Repayment of finance lease payable		(8,837)	(2,119)	-	-
Net cash (used in)/from financing activities		(13,207,442)	18,855,649	3,943,602	2,057,768

Statements Of Cash Flows

For The Financial Year Ended 31 December 2017 (Cont'd)

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Net increase/(decrease) in cash and cash equivalents		4,246,410	(1,100,037)	157,463	(712,555)
Cash and cash equivalents at the beginning of the financial year		657,641	1,808,132	50,653	763,208
Effect of exchange translation differences		(1,244,209)	(50,454)	-	-
Cash and cash equivalents at the end of the financial year		3,659,842	657,641	208,116	50,653
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		3,659,842	657,641	208,116	50,653

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

Notes To The Financial Statements
31 December 2017

1. Corporate Information

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

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

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

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

2. Basis of Preparation

(a) Statement of Compliance

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 2016 in Malaysia.

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

Adoption of new and amended standards

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

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to FRSs 2014 – 2016 Cycle	Amendments to FRS 12

The adoption of the Amendments to FRS 107 has required additional disclosure of changes in liabilities arising from financing activities in Note 28. Other than that, the adoption of above amendments to FRSs did not have any significant impact on the financial statements of the Group and of the Company.

Standards issued but not yet effective

		Effective dates for financial periods beginning on or after
FRS 9	Financial Instruments (IFRS 9 issued by the IASB in July 2014)	1 January 2018
Amendments to FRS 140	Transfers of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018

Notes To The Financial Statements
31 December 2017 (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

Standards issued but not yet effective

		Effective dates for financial periods beginning on or after
Amendments to FRS 4	Applying FRS 9 *Financial Instruments* with FRS 4 *Insurance Contracts*	1 January 2018*
Annual Improvements to FRSs 2014 – 2016 Cycle:		
• Amendments to FRS 1		1 January 2018
• Amendments to FRS 128		1 January 2018
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments toFRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint	Deferred until further notice

Note:

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

The Group's and the Company's financial statements for annual period beginning 1 January 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards issued by the MASB. As a result, the Group and the Company will not be adopting the above FRSs, Interpretations and amendments.

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective for annual period beginning on or after 1 January 2018

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

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018. The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2018. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

Notes To The Financial Statements
31 December 2017 (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective for annual period beginning on or after 1 January 2018 (Cont'd)

The Group and the Company consider that they are achieving their schedule milestone and expect to be in the position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

Certain subsidiary companies, associates and joint ventures of the Group which do not fall within the scope of Transition Entities have adopted the MFRS Framework. Accordingly, reconciliations have been performed for the different financial reporting frameworks. However, the difference did not have significant impact to these consolidated financial statements.

The Directors expect the adoption of MFRS Framework will have no material impacts on the financial statements of the Group and Company except as mentioned below:

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

(a) Classification of financial assets

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

MFRS 9 contains three (3) principal classification categories for financial assets:

- Amortised Cost ("AC");
- Fair Value through Other Comprehensive Income ("FVOCI"); and
- Fair Value through Profit or Loss ("FVTPL").

The standard eliminates the existing MFRS 139 categories of Held-to-Maturity ("HTM"), Loans and Receivables ("L&R") and Available-for-Sale ("AFS").

Based on its assessment, the financial assets held by the Group and the Company as at 31 December 2017 will be reclassified to the following classifications:

Notes To The Financial Statements
31 December 2017 (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective for annual period beginning on or after 1 January 2018 (Cont'd)

(i) MFRS 9 *Financial Instruments (IFRS 9 issued by IASB in July 2014)* (Cont'd)

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

	2017 RM	Existing classification under MFRS 139	New classification under MFRS 9
Group			
Financial Assets			
Trade receivables	4,552,504	L&R	AC
Other receivables	6,322,222	L&R	AC
Cash and bank balances	3,659,842	L&R	AC
	14,534,568		
Company			
Financial Assets			
Other receivables	102,446	L&R	AC
Amount due from subsidiary companies	19,694,662	L&R	AC
Cash and bank balances	208,116	L&R	AC
	20,005,224		

(b) Impairment of financial assets

MFRS 9 replaces the "incurred loss" model in MFRS 139 with a forward-looking "expected credit loss" ("ECL") model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at AC or FVOCI, except for investments in equity instruments.

Under MFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Notes To The Financial Statements
31 December 2017 (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective for annual period beginning on or after 1 January 2018 (Cont'd)

(i) MFRS 9 *Financial Instruments (IFRS 9 issued by IASB in July 2014)* (Cont'd)

(b) Impairment of financial assets (Cont'd)

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not increased significantly. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, the Group has adopted lifetime ECL measurements for insurance receivables due to the expected lifetime period of insurance receivables are generally less than 12 months.

The calculation of ECL requires the modelling of three parameters that define:

- Exposure at Default ("EAD"): The Group's gross credit exposure to the counterparty at the time of default;
- Probability of Default ("PD"): The likelihood of the counterparty defaulting on its contractual obligation to the Group; and
- Loss Given Default ("LGD"): The amount or the percentage of an outstanding claim on the counterparty that is not likely to be recovered in the event of a default.

The Group has estimated that the application of MFRS 9's impairment requirements at 1 January 2018 will result in additional impairment losses as follows:

	2017 **RM**
Group	
Financial Assets	
Gross additional impairment losses on other receivables	328,148

(c) Classification of financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group and the Company has not designated any financial liabilities at FVTPL and it has no current intention to do so. The Group's and the Company's assessment did not indicate any material impact regarding the classification of financial liabilities as at 1 January 2018.

Notes To The Financial Statements
31 December 2017 (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective for annual period beginning on or after 1 January 2018 (Cont'd)

(i) MFRS 9 *Financial Instruments (IFRS 9 issued by IASB in July 2014)* (Cont'd)

(d) Disclosure

MFRS 9 will require extensive new disclosures, in particular about credit risk and ECLs. The Group and the Company will implement a process and controls changes that it believes will be necessary to capture the required data.

(e) Transition upon the adoption of MFRS 9

Changes in accounting policies resulting from the adoption of MFRS 9 will generally be applied retrospectively, except as described below:

(i) The Group and the Company will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 will generally be recognised in retained earnings and reserves as at 1 January 2018.

(ii) The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application:

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

(ii) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Notes To The Financial Statements
31 December 2017 (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective for annual period beginning on or after 1 January 2018 (Cont'd)

(ii) MFRS 15 *Revenue from Contracts with Customers (Cont'd)*

An entity recognises revenue in accordance with the core principle by applying the following steps:

(1) Identify the contracts with a customer;
(2) Identify the performance obligation in the contract;
(3) Determine the transaction price;
(4) Allocate the transaction price to the performance obligations in the contract;
(5) Recognise revenue when the entity satisfies a performance obligation.

The Group and the Company intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

Based on the assessment, the Group and the Company do not expect the application of MFRS 15 to have a significant impact on its consolidated financial statements. However, there will be reclassification of certain items in the statements of financial position as at 31 December 2017 as disclosed below.

	As currently stated RM	**Expected restatement RM**
Group		
Property development costs	46,353,128	-
Inventories	-	46,353,128

The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company in 2018 when the Group and the Company adopt MFRS 15 and the Group and the Company have not finalised the testing and assessment of controls over its new accounting system.

2. Basis of Preparation (Cont'd)

(a) Statement of Compliance (Cont'd)

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective for annual period beginning on or after 1 January 2018 (Cont'd)

(iii) MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

(iv) MFRS 17 *Insurance Contracts*

MFRS 17 which will supersede MFRS 4 Insurance Contracts is effective for annual reporting periods beginning on or after 1 January 2021 with earlier application permitted as long as MFRS 9 and MFRS 15 are also applied. An entity identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. MFRS 17 requires to separate specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts, as well as to divide the contracts into groups that an entity will recognise and measure. MFRS 17 also include an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

(b) Functional and Presentation Currency

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

Notes To The Financial Statements

31 December 2017 (Cont'd)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions

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

Judgements

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

Key sources of estimation uncertainty

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

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

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

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2017 for investment properties. For investment properties, a valuation methodology based on market comparison approach was used. In addition, it measures the investment properties at revalued amounts with changes in fair value being recognised in other comprehensive income. The investment properties was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property

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

Construction Contracts

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

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

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Property development

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

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

Impairment of loans and receivables

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

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

Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2017, the Group has tax recoverable and payable of RM336,139 (2016: RM292,500) and RM294,646 (2016: Nil) respectively.

Notes To The Financial Statements

31 December 2017 (Cont'd)

3. Significant Accounting Policies

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

(a) Basic of consolidation

(i) Subsidiary companies

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

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

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

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

If the initial accounting for a business combination is incomplete by the end to the reporting period in which the combinations occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

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

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

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

3. Significant Accounting Policies (Cont'd)

(a) Basic of consolidation (Cont'd)

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

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

(iii) Disposal of subsidiary companies

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

(iv) Goodwill on consolidation

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

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

(b) Foreign currency translation

(i) Foreign currency transactions and balances

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

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

Notes To The Financial Statements

31 December 2017 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(b) Foreign currency translation (Cont'd)

(i) Foreign currency transactions and balances (Cont'd)

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

(ii) Foreign operations

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

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

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

(c) Property, plant and equipment

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

(i) Recognition and measurement

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

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

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

(d) Property development activities

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

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

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

Notes To The Financial Statements
31 December 2017 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(d) Property development activities (Cont'd)

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

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

(e) Land held for property development

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

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

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

(f) Leases

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

<u>As lessee</u>

(i) Finance lease

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

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

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

(ii) Operating lease

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

Notes To The Financial Statements
31 December 2017 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(f) Leases (Cont'd)

(ii) Operating lease (Cont'd)

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

<u>As lessor</u>

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

(g) Investment properties

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

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

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

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes

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

Notes To The Financial Statements
31 December 2017 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(g) 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, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(h) Financial assets

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

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

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

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

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

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

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

(i) Financial liabilities

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

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

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

3. Significant Accounting Policies (Cont'd)

(i) Financial liabilities (Cont'd)

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

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

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

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

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

(j) Offsetting the financial instruments

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

(k) Construction contracts

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

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

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

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

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

Notes To The Financial Statements
31 December 2017 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(k) Construction contracts (cont'd)

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

(l) Cash and cash equivalents

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

(m) Impairment of assets

(i) Non-financial assets

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

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

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

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

Notes To The Financial Statements
31 December 2017 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

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

(ii) Financial assets

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

Financial assets carried at amortised cost

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

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

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

Notes To The Financial Statements
31 December 2017 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(n) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

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

(o) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

(p) Revenue

(i) Rental income

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

(ii) Rendering of services

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

(iii) Construction contracts

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

Notes To The Financial Statements

31 December 2017 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(p) Revenue (Cont'd)

(iv) Interest income

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

(v) Management fee

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

(q) Borrowing costs

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

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

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

(r) Income taxes

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

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

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

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

Notes To The Financial Statements

31 December 2017 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(r) Income taxes (Cont'd)

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

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

(s) Segments reporting

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

4. Property, Plant and Equipment

	Computer and software RM	Moter vehicle RM	Office equipment and fixtures RM	Renovation RM	Total RM
Group					
2017					
At Cost					
At 1 January 2017	166,549	87,200	55,316	41,431	350,496
Additions	11,898	6,302	57,088	-	75,288
At 31 December 2017	178,447	93,502	112,404	41,431	425,784
Accumulated depreciation					
At 1 January 2017	110,988	5,813	4,788	4,492	126,081
Charge for the financial year	23,221	17,650	14,557	7,258	62,686
At 31 December 2017	134,209	23,463	19,345	11,750	188,767
Carrying amount					
At 31 December 2017	44,238	70,039	93,059	29,681	237,017
2016					
At Cost					
At 1 January 2016	160,504	-	6,277	-	166,781
Additions	6,045	87,200	49,039	41,431	183,715
At 31 December 2016	166,549	87,200	55,316	41,431	350,496

Notes To The Financial Statements
31 December 2017 (Cont'd)

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

	Computer and software RM	Moter vehicle RM	Office equipment and fixtures RM	Renovation RM	Total RM
Accumulated depreciation					
At 1 January 2016	94,869	-	373	-	95,242
Charge for the financial year	16,119	5,813	4,415	4,492	30,839
At 31 December 2016	110,988	5,813	4,788	4,492	126,081
Carrying amount					
At 31 December 2016	55,561	81,387	50,528	36,939	224,415

	Computer and software RM	Office equipment and fixtures RM	Total RM
Company			
2017			
At Cost			
At 1 January 2017	160,980	6,064	167,044
Additions	5,000	-	5,000
At 31 December 2017	165,980	6,064	172,044
Accumulated depreciation			
At 1 January 2017	109,734	425	110,159
Charge for the financial year	18,730	607	19,337
At 31 December 2017	128,464	1,032	129,496
Carrying amount			
At 31 December 2017	37,516	5,032	42,548
2016			
At Cost			
At 1 January 2016	157,335	-	157,335
Additions	3,645	6,064	9,709
At 31 December 2016	160,980	6,064	167,044
Accumulated depreciation			
At 1 January 2016	94,392	-	94,392
Charge for the financial year	15,342	425	15,767
At 31 December 2016	109,734	425	110,159
Carrying amount			
At 31 December 2016	51,246	5,639	56,885

Notes To The Financial Statements
31 December 2017 (Cont'd)

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

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Aggregate costs	75,288	183,715	5,000	9,709
Less: Finance lease arrangement	-	(75,000)	-	-
Cash payments	75,288	108,715	5,000	9,709

(b) (b) Included in the property, plant and equipment of the Group is motor vehicles acquired under finance lease arrangement with carrying amount of RM63,947 (2016: RM81,387).

5. Goodwill

	Group	
	2017 RM	2016 RM
Cost		
At 1 January/31 December	68,195	68,195
Accumulated Impairment loss		
At 1 January/31 December	68,195	68,195
Carrying Amounts		
At 1 January/31 December	-	-

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

Notes To The Financial Statements
31 December 2017 (Cont'd)

6. Investment Properties

	Group 2017 RM	Group 2016 RM
At fair value		
At 1 January	28,092,297	26,123,727
Change in fair value recognised in profit or loss	1,488,794	764,176
Foreign currency translation differences	(3,022,937)	1,204,394
At 31 December	26,558,154	28,092,297

(a) Fair value basis of investment properties

The investment properties are valued annually at fair value based on market values determined by independent qualified valuer amounting to RMB42,994,500 (2016: RMB42,994,500). The fair values are within level 3 of the fair value hierarchy. The fair values have been derived using the market comparison approach. Sales prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size.

The increase in the fair values of RM1,488,794 (2016: RM764,176) has been recognised in the profit or loss during the financial year.

(b) Income and expenses recognised in profit or loss

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

	Group 2017 RM	Group 2016 RM
Rental income	136,762	98,886

7. Investment in Subsidiary Companies

	Company 2017 RM	Company 2016 RM
In Malaysia		
At cost		
Unquoted shares	11,780,002	11,780,002
Less: Impairment loss	(1,950,841)	(1,950,841)
	9,829,161	9,829,161
Outside Malaysia		
At cost		
Unquoted shares	8,997,800	8,997,800
Less: Impairment loss	(434,800)	(434,800)
	8,563,000	8,563,000
	18,392,161	18,392,161

Notes To The Financial Statements
31 December 2017 (Cont'd)

7. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows:

Name of company	Country of Incorporation	Equity interest 2017 %	Equity interest 2016 %	Principal activities
Mas-Be Travel Services Sdn. Bhd.	Malaysia	100	100	Provision of travel, cargo handling and aviation -related business services
Nagamas Aviation Services Sdn. Bhd.	Malaysia	100	100	Provision of management services for air cargo transportation and travel ticketing business
Nagamas Venture Sdn. Bhd.	Malaysia	100	100	Project management and consultation
Nagamas Bizworks Sdn. Bhd.	Malaysia	100	100	Property development and construction
JKI Construction Sdn. Bhd.	Malaysia	100	100	General contractor of and for all buildings
JKI Development Sdn. Bhd	Malaysia	100	100	Property development and construction
Nadi Pancar Sdn. Bhd.	Malaysia	100	100	General trading, real property holding and investment holding
Key Success Development Sdn. Bhd.	Malaysia	100	100	Property development and investment
Nagamas Enterprise (HK) Ltd*	Hong Kong	100	100	Agency for air cargo transportation
Nagamas International (HK) Ltd*	Hong Kong	100	100	Property development and investment

** Subsidiary companies not audited by UHY*

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

(i) On 1 September 2016, the Company acquired additional 4,000,000 new ordinary shares of RM1.00 each in JKI Development Sdn. Bhd., a wholly owned subsidiary company of the Company for a total consideration of RM4,000,000.

(ii) On 14 October 2016, the Company acquired additional 749,998 new ordinary shares of RM1.00 each in JKI Construction Sdn. Bhd., a wholly owned subsidiary company of the Company for a total cash consideration of RM749,998.

(iii) On 21 December 2016, the Company acquired additional 1,500,000 and 500,000 new ordinary shares of RM1.00 each in Nagamas Bizworks Sdn. Bhd. and Nagamas Venture Sdn. Bhd., wholly-owned subsidiary companies of the Company for a total consideration of RM1,500,000 and RM500,000 respectively.

7. Investment in Subsidiary Companies (Cont'd)

(b) Acquisition of subsidiary companies in the previous financial year

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

(ii) On 14 July 2016, the Company acquired a 100% owned subsidiary company, Nadi Pancar Sdn. Bhd. ("NPSB"), with cash subscription of RM2.

Net cash outflow arising from acquisition of subsidiary companies

	2016 RM
Purchase consideration settled in cash	4
Cash and cash equivalents acquired	(4)
	-

8. Land and Property Development Costs

	Group 2017 RM	Group 2016 RM
Freehold land, at cost		
At 1 January	22,500,000	22,500,000
Add: Additions	38,563,055	-
At 31 December	61,063,055	22,500,000
Development costs		
At 1 January	4,779,409	845,073
Add: Additions	28,843,450	3,934,336
At 31 December	33,622,859	4,779,409
Less: Cost recognised as an expense in profit or loss		
At 1 January	-	-
Recognised during the financial year	(48,332,786)	-
At 31 December	(48,332,786)	-
	46,353,128	27,279,409

The freehold land is pledged to licensed banks as security for credit facilities granted to a subsidiary company as disclosed in Note 19.

Included in the property development costs are finance costs for term loan and bridging loan of RM1,560,707 and RM280,756 respectively (2016: RM1,080,485 and Nil).

The additions freehold land at cost is the land owner entitlement been crystallised during the year as in respect of the Supplementary Joint Venture Development Agreement ("SJVA") entered between a subsidiary of the Company and Fivestar Development (Puchong) Sdn Bhd on 5 October 2016 which the subsidiary of the Company had enter into an Sale and Purchase Agreement with purchasers as disclosed in Note 11.

Notes To The Financial Statements
31 December 2017 (Cont'd)

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

	Group 2017 RM	Group 2016 RM
Contract costs incurred to date	25,425,044	25,383,295
Attributable profits	4,798,961	4,513,470
	30,224,005	29,896,765
Less: Progress billings	(29,336,317)	(29,896,765)
	887,688	-
Presented as:		
Amount due from a contract customer	887,688	-
Retention sums on contract (included in trade receivables)	740,958	823,050

10. Trade Receivables

	Group 2017 RM	Group 2016 RM
Trade receivables	4,844,565	7,565,705
Less: Accumulated impairment losses	(292,061)	(292,061)
	4,552,504	7,273,644

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2016: 21 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Group 2017 RM	Group 2016 RM
At 1 January/31 December	292,061	292,061

Notes To The Financial Statements
31 December 2017 (Cont'd)

10. Trade Receivables (Cont'd)

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

	Group 2017 RM	Group 2016 RM
Neither past due nor impaired	2,201,852	878,888
Past due not impaired:		
Less than 30 days	632,116	3,362,243
31 to 60 days	877,718	1,446,159
61 to 90 days	141,760	964,610
More than 90 days	699,058	621,744
	2,350,652	6,394,756
	4,552,504	7,273,644
Impaired	292,061	292,061
	4,844,565	7,565,705

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

As at 31 December 2017, trade receivables of RM2,350,652 (2016: RM6,394,756) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM292,061 (2016: RM292,061) respectively, related to customers that are in financial difficulties, have defaulted on payments and/or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

11. Other Receivables

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Other receivables	5,765,164	30,398,506	499,108	4 45,162
Less: Accumulated impairment losses	(465,162)	(465,162)	(445,162)	(445,162)
	5,300,002	29,933,344	53,946	-
Deposits	1,022,220	733,299	48,500	38,500
Prepayments	174,145	527,990	14,686	21,721
	6,496,367	31,194,633	117,132	60,221

Notes To The Financial Statements
31 December 2017 (Cont'd)

11. Other Receivables (Cont'd)

Included in other receivables are as follows:

	Group 2017 RM	Group 2016 RM
Advances paid for a joint venture project	-	7,200,000
Amount paid of behalf for the joint venture partner (Note 8)		
- Term loan	-	16,800,000
- Term loan interests	-	776,420
	-	24,776,420

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

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

During the financial year, the SJVA has been crystallised and disclosed in Notes 8 and 18.

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 January	465,162	20,000	445,162	-
Impairment loss recognised	-	445,162	-	445,162
At 31 December	465,162	465,162	445,162	445,162

The impairment loss of Nil (2016: RM445,162) is in respect of a dispute arisen from the disposal of a subsidiary company in previous financial year. These balances are expected to be recovered through the debt recovery process.

Notes To The Financial Statements
31 December 2017 (Cont'd)

12. Amount Due from/(to) Subsidiary Companies

	Company	
	2017	**2016**
	RM	**RM**
Amount due from subsidiary companies		
Amount due from subsidiary companies	21,028,338	18,137,305
Less: Accumulated impairment losses	(1,333,676)	(1,333,676)
	19,694,662	16,803,629
Amount due to subsidiary companies	(108,874)	(279,422)

Movements in the allowance for impairment losses are as follows:

	Company	
	2017	**2016**
	RM	**RM**
At 1 January	1,333,676	839,931
Impairment losses recognised	-	493,745
At 31 December	1,333,676	1,333,676

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

13. Share Capital

	Group and Company			
	Number of shares		**Amount**	
	2017	**2016**	**2017**	**2016**
	Units	**Units**	**RM**	**RM**
Authorised:				
At 1 January	100,000,000	100,000,000	100,000,000	100,000,000
Abolishment of the concept of authorised share capital on 31 January 2017	(100,000,000)	-	(100,000,000)	-
At 31 December	-	100,000,000	-	100,000,000
Issued and fully paid:				
At 1 January	151,677,519	151,677,519	37,919,380	37,919,380
Transition to non-par value regime on 31 January 2017 Note 14(a) - Capital reserve	-	-	2,792,663	-
Issued during the financial yer	15,167,700	-	3,943,602	-
At 31 December	166,845,219	151,677,519	44,655,645	37,919,380

Notes To The Financial Statements
31 December 2017 (Cont'd)

13. Share Capital (Cont'd)

During the financial year, the company issued 15,167,700 new ordinary shares at RM0.26 each for a total consideration of RM3,943,602 for working capital purpose through private placement.

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There is no impact on the numbers of ordinary shares in issues to the relative entitlement of any of the members as a result of this transition.

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

14. Reserves

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Capital reserve	(a)	-	2,792,663	-	2,792,663
Warrant reserve	(b)	13,605,640	13,605,640	13,605,640	13,605,640
Foreign currency translation reserve	(c)	3,765,902	6,068,986	-	-
Accumulated losses		(18,265,611)	(14,788,824)	(20,035,436)	(19,512,201)
		(894,069)	7,678,465	(6,429,796)	(3,113,898)

(a) Capital reserve

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

Prior to 31 December 2017, the application of the capital reserve was governed by Section 60 and 61 of the Companies Act 2016. In accordance with the transitional provisions set out in Section 618(2) of the new Companies Act 2016 (the "Act"), on 31 December 2017, the amounts standing to the credit of the capital reserve become part of the Company's share capital (Note 13).

(b) Warrant reserve

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

Salient features of the warrants are as follows:

(i) Each warrant entitles the registered holder at any time during the exercise period to subscribe for one (1) new ordinary share of RM0.25 in the Company at the exercise price of RM0.32 per ordinary share.

(ii) The exercise price and the number of warrants are subject to adjustment in the event of alteration to the share capital by the Company in accordance with the conditions provided in the deed poll.

Notes To The Financial Statements
31 December 2017 (Cont'd)

14. Reserves (Cont'd)

(b) Warrant reserve (Cont'd)

(iii) The warrants shall be exercisable at any time within the period commencing on and including the date of issue on 24 December 2014 of the warrants and ending on the date preceding the seventh anniversary of the date of issue of the warrants.

(iv) Upon exercise of the warrants into new ordinary shares, such shall rank pari passu in all respects with the existing shares of the Company in issue at the time of exercise except that they shall not be entitled to any dividend or other distributions declared in respect of a financial period prior to the financial period in which the warrants are exercised or any interim dividend declared prior to the date of exercise of the warrants.

(v) At the expiry of the exercise period, any warrants which have not been exercised will lapse and cease to be valid for any purpose.

(c) Foreign currency translation reserve

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

15. Finance Lease Payable

	Group	
	2017 RM	2016 RM
Minimum lease payments:		
Within one year	13,452	13,452
Later than one year and not later than two years	13,452	13,452
Later than two years and not later than five years	40,356	40,356
Later than five year	10,088	23,539
	77,348	90,799
Less: Future finance charges	(13,304)	(17,918)
Present value of minimum lease payments	64,044	72,881
Present value of minimum lease payments:		
Within one year	9,448	8,837
Later than one year and not later than two years	10,100	9,447
Later than two years and not later than five years	34,685	32,443
Later than five year	9,811	22,154
	64,044	72,881
Analysed as:		
Repayable within twelve months	9,448	8,837
Repayable after twelve months	54,596	64,044
	64,044	72,881

The finance lease payable bears interest rate at 3.65% (2016: 3.65%) per annum.

Notes To The Financial Statements

31 December 2017 (Cont'd)

16. Deferred Tax Liabilities

	Group	
	2017 RM	2016 RM
At 1 January	5,812,932	5,172,943
Recognised in profit or loss (Note 24)	744,397	382,088
Translation difference	(652,153)	257,901
At 31 December	5,905,176	5,812,932

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deferred tax liabilities	5,930,537	5,844,651	8,661	12,810
Deferred tax assets	(25,361)	(31,719)	(8,661)	(12,810)
	5,905,176	5,812,932	-	-

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

	Accelerated capital allowances RM
Group	
Deferred tax liabilities	
At 1 January 2017	5,844,651
Recognised in profit or loss	85,886
At 31 December 2017	5,930,537
At 1 January 2016	5,189,675
Recognised in profit or loss	654,976
At 31 December 2016	5,844,651
Company	
Deferred tax liabilities	
At 1 January 2017	12,810
Recognised in profit or loss	(4,149)
At 31 December 2017	8,661
At 1 January 2016	15,110
Recognised in profit or loss	(2,300)
At 31 December 2016	12,810

Notes To The Financial Statements
31 December 2017 (Cont'd)

16. Deferred Tax Liabilities (Cont'd)

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

	Unabsorbed capital allowances RM
Group	
Deferred tax assets	
At 1 January 2017	(31,719)
Recognised in profit or loss	6,358
At 31 December 2017	(25,361)
At 1 January 2016	(16,732)
Recognised in profit or loss	(14,987)
At 31 December 2016	(31,719)
Company	
Deferred tax assets	
At 1 January 2017	(12,810)
Recognised in profit or loss	4,149
At 31 December 2017	(8,661)
At 1 January 2016	(15,110)
Recognised in profit or loss	2,300
At 31 December 2016	(12,810)

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unabsorbed capital allowances	115,624	489,360	92,294	63,000
Unutilised tax losses	12,523,154	6,982,380	3,760,918	3,638,400
	12,638,778	7,471,740	3,853,212	3,701,400

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

Notes To The Financial Statements
31 December 2017 (Cont'd)

17. Trade Payables

	Group 2017 RM	Group 2016 RM
Current		
Trade payables	6,378,324	7,759,751
Retention sum	2,625,702	1,370,374
	9,004,026	9,130,125

Credit terms of trade payables of the Group ranged from 30 to 90 days (2016: 30 to 45 days) depending on the terms of the contracts.

18. Other Payables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other payables	20,056,683	1,413,425	73,596	245,913
Accruals	973,441	434,216	46,300	29,617
	21,030,124	1,847,641	119,896	275,530

Included in other payables are RM13,288,055 (2016: Nil) being the balance of land owner entitlement payable to Fivestar Development (Puchong) Sdn Bhd.

19. Bank Borrowings

	Group 2017 RM	Group 2016 RM
Secured		
Floating rate		
Term loans	6,527,514	32,550,000
Bridging loans	8,880,279	-
	15,407,793	32,550,000

Notes To The Financial Statements
31 December 2017 (Cont'd)

19. Bank Borrowings (Cont'd)

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

On 5 October 2016, the Company had signed a Supplementary Joint Venture Development Agreement ("SJVA") with JVP. The SJVA mentioned that the Company agreed to obtain new banking facilities to redeem JVP's current term loan facilities.

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

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

(b) The facilities are secured by the following:

(i) Third party legal charge over the freehold commercial land held under title HS(D) 298325 PT81833, Mukim Petaling, Daerah Petaling, Negeri Selangor Darul Ehsan (note a) ;
(ii) Corporate guarantee by the Company;
(iii) Jointly and several guaranteed by directors of the Company; and
(iv) Individual guarantee by a director of the Company.

(c) The term loans bear interests rates ranging from 6.85% to 7.9% (2016: 6.85% to 7.9%) per annum.

20. Amount Due to Directors

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

21. Revenue

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Project management and advisory	-	175,103	-	-
Construction contracts	62,221,247	17,936,112	-	-
Property management and investment holding	-	-	-	2,035,000
Rendering of services		25,593	-	-
Rental income	136,762	98,886	-	-
	62,358,009	18,235,694	-	2,035,000

Notes To The Financial Statements
31 December 2017 (Cont'd)

22. Finance Costs

	Group	
	2017 RM	2016 RM
Interest expenses on:		
Bridging loan	280,756	-
Finance lease payables	4,614	1,244
Term loan	1,560,707	1,080,485
	1,846,077	1,081,729
Less: Finance costs capitalised in land and property development costs (Note 8)	(1,841,463)	(1,080,485)
	4,614	1,244

23. Loss before tax

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Auditors' remuneration				
- Statutory audit				
- Current year provision	130,272	92,262	22,000	23,000
- (Over)/Under provision in prior year	-	(4,500)	8,000	(3,500)
- Non-audit services	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	62,686	30,839	19,337	15,767
Fair value adjustment on investment properties	(1,488,794)	(764,176)	-	-
Impairment losses on				
- Amounts due from subsidiary companies	-	-	-	493,745
- Other receivables	-	445,162	-	445,162
Interest expenses	4,614	1,244	-	-
Interest income	(60,041)	(23,823)	(12,556)	(22,090)
Non-executive Directors' remuneration				
- Fees	114,000	125,000	114,000	125,000
- Other emoluments	5,500	6,000	5,500	6,000
Rental income	(136,762)	(98,886)	-	-
Rental expenses				
- Premises	309,400	244,400	-	180,000
- Sales gallery	156,000	-	-	-

Notes To The Financial Statements
31 December 2017 (Cont'd)

24. Taxation

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Tax expenses recognised in profit or loss				
Current tax - continuing operations				
Current tax provision	1,272,499	-	-	-
Underprovision in prior years	39,410	-	-	-
	1,311,909	-	-	-
Deferred tax (Note 16) Origination and reversal of temporary differences	744,397	382,873	-	-
Overprovision in prior year	-	(785)	-	-
	744,397	382,088	-	-
	2,056,306	382,088	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Loss before tax	(1,420,481)	(3,023,778)	(523,235)	(1,871,523)
At Malaysian statutory tax rate of 24% (2016: 24%)	(340,915)	(725,707)	(125,576)	(449,166)
Effects of different tax rates in other jurisdictions	321,510	(164,343)	-	-
	(19,405)	(890,050)	(125,576)	(449,166)
Expenses not deductible for tax purposes	45,596	216,153	12,334	241,460
Income not subject to tax	(276,899)	-	-	-
Fair value adjustment on investment properties	744,397	382,088	-	-
Deferred tax assets not recognised during the financial year	1,682,122	768,837	113,242	207,706
Overprovision of deferred tax in prior years	-	(785)	-	-
Utilisation of previously unrecognised tax losses	(155,059)	(94,155)	-	-
Utilisation of previously unrecognised deferred tax assets	(3,856)	-	-	-
Underprovision in prior years	39,410	-	-	-
	2,056,306	382,088	-	-

Notes To The Financial Statements

31 December 2017 (Cont'd)

24. Taxation (Cont'd)

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unutilised tax losses	12,524,212	7,009,840	3,760,918	3,638,360
Unabsorbed capital allowances	207,243	594,580	128,380	116,420
	12,731,455	7,604,420	3,889,298	3,754,780

25. Loss Per Share

(a) Basic loss per share

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

	Group	
	2017 RM	2016 RM
Loss attributable to owners of the parent	(3,476,787)	(3,405,866)
Weighted average number of ordinary shares in issue	161,789,319	151,677,519
Basic loss per shares (in sen)	(2.15)	(2.25)

(b) Diluted loss per share

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

	Group	
	2017 RM	2016 RM
Loss attributable to owners of the parent	(3,476,787)	(3,405,866)
Weighted average number of ordinary shares in issue:	161,789,319	151,677,519
Effect of potential exercise of warrants	75,586,889	75,586,889
Weighted average number of ordinary shares at 31 December	237,376,208	227,264,408
Basic earnings per ordinary shares (in sen)		
- from continuing operations	(1.46)	(1.50)

Notes To The Financial Statements
31 December 2017 (Cont'd)

26. Staff costs

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries and other emoluments	2,702,516	2,105,438	120,938	1,680,327
Social security contribution	15,115	12,396	-	9,620
Defined contribution plan	242,671	222,022	-	178,650
Other employee benefits	56,946	253,388	8,084	232,785
	3,017,248	2,593,244	129,022	2,101,382

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive Directors				
Existing Directors of the Company				
Salaries and other emoluments	855,000	830,000	-	700,000
Social contribution plan	1,796	3,314	-	2,762
Defined contribution plan	48,325	46,800	-	39,600
	905,121	880,114	-	742,362

27. Related Party Disclosures

(a) Identifying related parties

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

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

Notes To The Financial Statements
31 December 2017 (Cont'd)

27. Related Party Disclosures (Cont'd)

(b) Significant related party transactions

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Transactions with subsidiary companies				
- Management fees income	-	-	-	2,035,000
Transactions with companies in which the Directors of the Company have substantial financial interest				
- Project management services income	13,459	175,103	-	-
- Construction revenue	27,210,395	17,936,112	-	-

(c) Compensation of key management personnel

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries and other emoluments	855,000	830,000	-	700,000
Fees	-	125,000	-	125,000
Defined contribution plan	48,325	46,800	-	39,600
	903,325	1,001,800	-	864,600

28. Reconciliation of liabilities arising from financing activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January 2017 RM	Financing cash flows (i) RM	Non-cash changes (Note 13) RM	At 31 December 2017 RM
Group				
Share capital	37,919,380	3,943,602	2,792,663	44,655,645
Finance lease payable	72,881	(8,837)	-	64,044
Bank borrowings	32,550,000	(17,142,207)	-	15,407,793
	70,542,261	(13,207,442)	2,792,663	60,127,482
Company				
Share capital	37,919,380	3,943,602	2,792,663	44,655,645

(i) The net amount of the financing cash flows were make up from the followings:
* proceeds from shares issued
* proceeds and repayment of borrowings
* repayment of finance lease payable

29. Segment Information

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

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

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

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

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

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

Notes To The Financial Statements
31 December 2017 (Cont'd)

29. Segment Information (Cont'd)

Group	Property development and construction RM	Property management and investment holding RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
2017					
Revenue					
External customers	62,221,247	136,762	62,358,009	-	62,358,009
Inter-segment	27,210,395	13,459	27,223,854	(27,223,854)	-
Total revenue	89,431,642	150,221	89,581,863	(27,223,854)	63,358,009
Results					
Interest income	47,485	12,556	60,041	-	60,041
Fair value gain on investment property	-	1,488,794	1,488,794	-	1,488,794
Loss before tax	(579,957)	978,462	398,505	(1,818,986)	(1,420,481)
Taxation	(1,311,902)	(744,404)	(2,056,306)	-	(2,056,306)
Segment loss	(1,891,859)	234,058	(1,657,801)	(1,818,986)	(3,476,787)
Segment assets					
Capital expenditure	47,240,816	-	47,240,816	(1,787,410)	45,453,406
Segment assets	25,226,794	27,237,891	52,464,685	-	52,464,685
Total assets	72,487,610	27,237,891	99,705,501	(1,787,410)	97,918,091
Liabilities					
Segment liabilities	47,797,268	6,359,247	54,156,515	-	54,156,515
Other non-cash item					
Depreciation of property, plant and equipment	-	(62,686)	(62,686)	-	(62,686)

29. Segment Information (Cont'd)

Group	Project management and advisory RM	Property development and construction RM	Property management and investment holding RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
2016						
Revenue						
External customers	200,696	17,936,112	98,886	18,235,694	-	18,235,694
Inter-segment	-	832,916	2,035,000	2,867,916	(2,867,916)	-
Total revenue	200,696	18,769,028	2,133,886	21,103,610	(2,867,916)	18,235,694
Results						
Interest income	-	-	22,090	22,090	-	22,090
Fair value gain on investment property	-	-	764,176	764,176	-	764,176
Loss before tax	(133,135)	(1,227,548)	(1,304,957)	(2,665,640)	(358,138)	(3,023,778)
Taxation	-	-	(382,088)	(382,088)	-	(382,088)
Segment loss	(133,135)	(1,227,548)	(1,687,045)	(3,047,728)	(358,138)	(3,405,866)
Assets						
Capital expenditure	-	27,279,409	-	27,279,409	-	27,279,409
Segment assets	115,110	39,614,616	28,005,404	67,735,130	-	67,735,130
Total assets	115,110	66,894,025	28,005,404	95,014,539	-	95,014,539
Liabilities						
Segment liabilities	81,334	43,429,791	5,905,569	49,416,694	-	49,416,694
Other non-cash items						
Depreciation of property, plant and equipment	-	-	(30,839)	(30,839)	-	(30,839)

Notes To The Financial Statements
31 December 2017 (Cont'd)

29. Segment Information (Cont'd)

Geographic information

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

	Revenue		Non-current assets	
	2017 RM	2016 RM	2017 RM	2016 RM
Malaysia	62,362,664	18,235,694	237,017	224,415
People's Republic of China	-	-	26,558,154	28,092,297
	62,362,664	18,235,694	26,795,171	28,316,712

30. Financial Instruments

(a) Classification of financial instruments

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

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

Group	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
2017			
Financial Assets			
Trade receivables	4,552,504	-	4,552,504
Other receivables	6,322,222	-	6,322,222
Cash and bank balances	3,659,842	-	3,659,842
	14,534,568	-	14,534,568
Financial liabilities			
Bank borrowings	-	15,407,793	15,407,793
Finance lease payables	-	64,044	64,044
Trade payables	-	9,004,026	9,004,026
Other payables	-	21,030,124	21,030,124
	-	45,505,987	45,505,987
2016			
Financial Assets			
Trade receivables	7,273,644	-	7,273,644
Other receivables	30,666,643	-	30,666,643
Cash and bank balances	657,641	-	657,641
	38,597,928	-	38,597,928

Notes To The Financial Statements
31 December 2017 (Cont'd)

30. Financial Instruments (Cont'd)

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

Group	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
2016			
Financial liabilities			
Bank borrowings	-	32,550,000	32,550,000
Finance lease payable	-	72,881	72,881
Trade payables	-	9,130,125	9,130,125
Other payables	-	1,847,641	1,847,641
Amount due to directors	-	3,115	3,115
	-	43,603,762	43,603,762
Company			
2017			
Financial Assets			
Other receivables	102,446	-	102,446
Amount due from subsidiary companies	19,694,662	-	19,694,662
Cash and bank balances	208,116	-	208,116
	20,005,224	-	20,005,224
Financial liabilities			
Other payables	-	119,896	119,896
Amount due to a subsidiary company	-	108,874	108,874
	-	228,770	228,770
2016			
Financial Assets			
Other receivables	38,500	-	38,500
Amount due from subsidiary companies	16,803,629	-	16,803,629
Cash and bank balances	50,653	-	50,653
	16,892,782	-	16,892,782
2016			
Financial liabilities			
Other payables	-	275,530	275,530
Amount due to a subsidiary company	-	279,422	279,422
Amount due to directors	-	3,115	3,115
	-	558,067	558,067

Notes To The Financial Statements
31 December 2017 (Cont'd)

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

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

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

(i) Credit risk

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

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

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

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and non-financial institutions for banking facilities. The Company's maximum exposure in this respect is RM24,288,072 (2016: RM32,550,000), representing the outstanding banking facilities as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

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

(ii) Liquidity risk

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

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

30. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

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

	On demand or within 1 years RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2017						
Non-derivative Financial liabilities						
Trade payables	9,004,026	-	-	-	9,004,026	9,004,026
Other payables	21,030,124	-	-	-	21,030,124	21,030,124
Finance lease payables	13,452	13,452	40,356	10,088	77,348	64,044
Bank borrowings	15,407,793	-	-	-	15,407,793	15,407,793
	45,455,395	13,452	40,356	10,088	45,519,291	45,505,987
2016						
Non-derivative Financial liabilities						
Trade payables	9,130,125	-	-	-	9,130,125	9,130,125
Other payables	1,847,641	-	-	-	1,847,641	1,847,641
Finance lease payables	13,452	13,452	40,356	23,539	90,799	72,881
Bank borrowing	2,827,320	12,438,252	11,095,393	19,693,055	46,054,020	32,550,000
Amount due to Directors	3,115	-	-	-	3,115	3,115
	13,821,653	12,451,704	11,135,749	19,716,594	57,125,700	43,603,762

Notes To The Financial Statements
31 December 2017 (Cont'd)

30. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

	On demand or within 1 years RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company						
2017						
Non-derivative Financial liabilities						
Other payables	119,896	-	-	-	119,896	119,896
Amount due to subsidiary companies	108,874	-	-	-	108,874	108,874
	228,770	-	-	-	228,770	228,770
2016						
Non-derivative Financial liabilities						
Other payables	275,530	-	-	-	275,530	275,530
Amount due to a subsidiary company	279,422	-	-	-	279,422	279,422
Amount due to directors	3,115	-	-	-	3,115	3,115
	558,067	-	-	-	558,067	558,067

30. Financial Instruments (Cont'd)

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

(iii) Market risks

a) Foreign currency risk

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

b) Interest rate risks

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

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

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

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Floating rate instrument				
Term loans	6,527,514	32,550,000	-	-
Bridging loan	8,880,279	-	-	-
	15,407,793	32,550,000	-	-
Fixed rate instrument				
Hire purchase	64,044	72,881	-	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/ (decreased) the Group' profit before tax by RM154,078 (2016: RM325,500) respectively, arising mainly as a result of lower/ higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Notes To The Financial Statements
31 December 2017 (Cont'd)

30. Financial Instruments (Cont'd)

(c) Fair value of financial instruments

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

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

	Fair value of financial instruments not carried at fair value				
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Carrying amount RM**
Group					
2017					
Financial liability					
Finance lease payables	-	77,348	-	77,348	64,044
Bank borrowings	-	15,407,793	-	15,407,793	15,407,793
Group					
2016					
Financial liability					
Finance lease payables	-	75,702	-	75,702	72,881
Bank borrowings	-	32,550,000	-	32,550,000	32,550,000

(i) Policy on transfer between levels

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

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

(ii) Level 1 fair value

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

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

<u>Non-derivative financial instruments</u>
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

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

31. Capital Management

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

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

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

	Group	
	2017 RM	2016 RM
Total loans and borrowings	15,471,837	32,550,000
Less: Cash and cash equivalents	(3,659,842)	(657,641)
Net debts	11,811,995	31,892,359
Total equity	43,761,576	45,597,845
Gearing ratio	0.27	0.70

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

The Group is not subject to any externally imposed capital requirements.

32. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 April 2018.

List Of Properties

Properties of the Group as at 31 December 2017

Location	Description, Built-Up Area & Usage	Age of Building	Tenure	Net Book Value (RM)	Date of Revaluation (Acquisition Date)
Unit No. 3, 4, 5 & 6 on Level 1 and Unit No. 2, 3, 4, 5, 6 & 7 on Level 2 of Block 1 (Long Xian Ge) and Unit No. 2 & 3 on Level 1 and Unit No. 3 & 4 on Level 2 of Block 2 (Long He Ge), Dragon Mall, Danshui, Bai Yun 2nd Road, Huiyang District, Huizhou City, Guangdong Province, the People's Republic of China	The properties comprise 14 shops in two buildings completed in 2010 The properties have a total gross floor area of approximately 1,467.39 m2 The properties are partial rented	6 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	26,558,154	8 January 2018/ 29 December 2009
H.S. (D) 153315 to 153407 PT No. 71831 to 71923 Mukim Kajang, Daerach Ulu Langat, Negeri Selangor	Proposed residential development	N/A	Freehold	22,500,000	6 April 2015

Analysis Of Shareholdings
As At 30 March 2018

SHARE CAPITAL

Total Number of Issued Shares	:	166,845,219
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 MARCH 2018

Size of Holdings	Number of shareholders	% of shareholders	Number of Shares	% of Shares
1 - 99	85	3.851	3,305	0.001
100 - 1,000	1,166	52.831	626,930	0.375
1,001 - 10,000	578	26.189	2,340,380	1.402
10,001 - 100,000	282	12.777	9,605,325	5.757
100,001 to less than 5% of issued shares	92	4.168	95,855,729	57.451
5% and above of issued shares	4	0.181	58,413,550	35.010
Total	**2,207**	**100.000**	**166,845,219**	**100.000**

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company are as follows: -

		No. of Shares held		No. of Shares held	
No.	Name of Director	Direct	%	Indirect	%
1	Dato' Ir Lim Siang Chai	15,160,000	9.09	-	-
2	Datuk Lee Kian Seng	10,001,500	6.00	17,863,600@	10.71@
3	Foong Kah Heng	12,650,000	7.58	16,882,450#	10.12#
4	Lee Leong Kui	-	-	-	-
5	Fathi Ridzuan Bin Ahmad Fauzi	-	-	-	-
6	Kamil Bin Abdul Rahman	-	-	-	-
7	Chan Fook Mun	-	-	-	-

Remark:-

@ Deemed interest for the shares held by his family members pursuant to Section 8, 59(11) and 197(1)(a) of the Companies Act, 2016 ("the Act")

 # Deemed interest through FS Motorsports Sdn. Bhd. by virtue of Section 8 of the Act.

Analysis Of Shareholdings

As At 30 March 2018 (Cont'd)

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders (holding 5% or more of the issued capital) based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows: -

No.	Name of Substantial Shareholder	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	FS Motorsports Sdn. Bhd.	16,882,450	10.12	-	-
2	Foong Kah Heng	12,650,000	7.58	16,882,450#	10.12#
3	Advance Information Marketing Berhad	16,369,600	9.81	-	-
4	Dato' Ir Lim Siang Chai	15,160,000	9.09	-	-
5	Datuk Lee Kian Seng	10,001,500	6.00	17,863,600@	10.71@
6	Lee Sue Wen	3,375,800	2.02	24,489,300@	14.68@
7	Lee Cheng Yee	249,900	0.15	27,615,200@	16.55@
8	Lee Tzy Yang	327,000	0.20	27,538,100@	16.51@
9	Lee Ynh Tyng	249,600	0.15	27,615,500@	16.55@
10	Chuah Lee Hong	5,602,500	3.36	22,262,600@	13.34@
11	Chua Lee Huat	4,537,800	2.72	23,327,300@	13.98@
12	Chuah Lee Yong @Betty Chua	1,770,000	1.06	26,095,100@	15.64@
13	Chua Hee Hoey	885,000	0.53	26,980,100@	16.17@
14	Kee Lang Huan	866,000	0.52	26,999,100@	16.18@

Remark:-

 # Deemed interest through FS Motorsports Sdn. Bhd. by virtue of Section 8 of the Companies Act, 2016 ("the Act")

@ Deemed interest for the shares held by his family members pursuant to Section 8, 59(11) and 197(1)(a) of the Act

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS
(According to the Record of Depository As At 30 March 2018)

No.	Name of Shareholders	No. of Shares	%
1	FS Motorsports Sdn. Bhd.	16,882,450	10.118
2	Advance Information Marketing Berhad	16,369,600	9.811
3	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Siang Chai (Margin)	15,160,000	9.086
4	Lee Kian Seng	10,001,500	5.994
5	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Foong Kah Heng (001)	7,530,000	4.513
6	Yip Kum Fook	6,938,100	4.158
7	Che Abdullah @ Rashidi Bin Che Omar	6,667,700	3.996
8	Ang Huat Keat	6,298,600	3.775
9	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chuah Lee Hong (CEB)	5,602,500	3.357
10	Chan Siut Har	5,280,000	3.164
11	Foong Kah Heng	5,120,000	3.068
12	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chua Lee Huat (CEB)	4,537,800	2.719
13	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Swee Pei (6000078)	3,439,800	2.061
14	Su Kim Ding	2,973,900	1.782
15	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Sue Wen (6000052)	2,812,500	1.685
16	Teng Bee Ling	2,226,500	1.334

Analysis Of Shareholdings
As At 30 March 2018 (Cont'd)

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)
(According to the Record of Depository As At 30 March 2018)

No.	Name of Shareholders	No. of Shares	%
17	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank For Sham Chew Foong (MY0398)	2,041,000	1.223
18	Ong Shiow Yee	2,000,000	1.198
19	Chua Lee Yong @ Betty Chua	1,520,000	0.911
20	Lai Ming Chun @ Lai Poh Lin	1,500,000	0.899
21	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Peng Lam	1,413,400	0.847
22	Chiam Yeong Hock	1,249,800	0.749
23	Chan Wan Soon	1,237,000	0.741
24	Lee Yee Thian	1,177,700	0.705
25	Wong Kichin	1,031,400	0.618
26	Tan Ban Leong	1,000,000	0.599
27	Wong Thiew Wah	920,000	0.551
28	Sharifah Asiah Binti Syed Aziz Baftim	910,050	0.545
29	Lim Lee Took	909,000	0.544
30	Chua Hee Hoey	885,000	0.530

Analysis Of Warrants Holdings
As At 30 March 2018 (Cont'd)

Issued Sise	:	75,586,889 detachable warrants issued pursuant to the Rights Issue
Number of Warrants Holders	:	407

DISTRIBUTION OF WARRANTS HOLDINGS AS AT 30 MARCH 2018

Size of Holding Warrants	No of warrants	% of Warrants Holders	No of holders	% of Warrants
1 – 99	14	3.439	665	0.000
100 - 1,000	49	12.039	31,174	0.041
1,001 - 10,000	139	34.152	531,510	0.703
10,001 - 100,000	126	30.958	5,527,541	7.312
100,001 - Less than 5% of Issued Warrants	78	19.164	59,834,162	79.159
5% and above of Issued Warrants	1	0.245	9,661,837	12.782
Total	**407**	**100.000**	**75,586,889**	**100.000**

DIRECTORS' INTERESTS IN WARRANTS AS AT 30 MARCH 2018

		No. of Warrants held		No. of Warrants held	
No.	Name of Director	Direct	%	Indirect	%
1	Dato' Ir Lim Siang Chai	2,750,000	3.64	-	-
2	Datuk Lee Kian Seng	3,525,000	4.66	7,653,200@	10.13@
3	Foong Kah Heng	6,405,000	8.47	9,661,837*	12.78*
4	Lee Leong Kui	-	-	-	-
5	Kamil Bin Abdul Rahman	-	-	-	-
6	Fathi Ridzuan Bin Ahmad Fauzi	-	-	-	-
7	Chan Fook Mun	-	-	-	-

Remark:

@ *Deemed interest for the shares held by his family members pursuant to Section 8, 59(11) and 197(1)(a) of the Companies Act, 2016 ("the Act")*

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

LIST OF TOP 30 LARGEST WARRANTS HOLDERS AS AT 30 MARCH 2018
(According to the Record of Depository As At 30 March 2018)

No.	Name of Shareholders	No. of Warrants Held	%
1	FS Motorsports Sdn. Bhd.	9,661,837	12.782
2	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Foong Kah Heng (001)	3,765,000	4.981
3	Lee Kian Seng	3,525,000	4.663
4	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chuah Lee Hong (CEB)	2,801,250	3.705
5	Wong Thiew Wah	2,759,900	3.651
6	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lim Siang Chai (Margin)	2,750,000	3.638
7	Foong Kah Heng	2,640,000	3.492
8	Su Kim Ding	2,508,700	3.318
9	Lee Boon Koon	2,498,200	3.305
10	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chua Lee Huat (CEB)	2,268,900	3.001

Analysis Of Warrants Holdings

As At 30 March 2018 (Cont'd)

LIST OF TOP 30 LARGEST WARRANTS HOLDERS AS AT 30 MARCH 2018 (CONT'D)
(According to the Record of Depository As At 30 March 2018)

No.	Name of Shareholders	No. of Warrants Held	%
11	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ng Swee Pei (6000078)	1,719,900	2.275
12	Kwaan Wei Wei	1,553,000	2.054
13	Ang Eng Chuan	1,500,000	1.984
14	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chang Ai Ling (CCTS)	1,411,000	1.866
15	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lee Sue Wen (6000052)	1,406,250	1.860
16	Advance Information Marketing Berhad	1,328,400	1.757
17	Siak Wen Cheng	1,259,800	1.666
18	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Ann Gee	1,242,100	1.643
19	Chai Koon Khow	1,217,600	1.610
20	Soo Hong Lin	1,200,000	1.587
21	Lee Leong	1,156,300	1.529
22	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank For Sham Chew Foong (MY0398)	1,033,000	1.366
23	Ng Weei Keong	1,000,000	1.322
24	Goh Chwee Lan	900,000	1.190
25	Lai Ming Chun @ Lai Poh Lin	750,000	0.992
26	Saw Guat Ngoh	710,000	0.939
27	Yow Chit Wai	700,000	0.926
28	Ang Huat Keat	561,900	0.743
29	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ang He Yam	555,000	0.734
30	Pe Tin Fat	550,000	0.727

Notice Of Thirty-Fourth Annual General Meeting

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

NOTICE OF THIRTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Fourth (34th) 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 Tuesday, 19 June 2018 at 11.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon. ***Please refer to Explanatory Note 1***

2. To approve the payment of Directors' fees up to RM169,000.00 to be divided amongst the Directors in such manner as the Directors may determine and other benefits payable of up to RM20,000.00 for the period commencing from 1 January 2018 up to the next AGM of the Company. ***Ordinary Resolution 1***

3. To re-elect the following Directors who retire by rotation in accordance with Article 88 of the Company's Constitution and who being eligible offer themselves for re-election:-

   i) Dato' Ir Lim Siang Chai ***Ordinary Resolution 2***
   ii) Kamil Bin Abdul Rahman ***Ordinary Resolution 3***

4. To re-elect Datuk Lee Kian Seng who retires in accordance with Article 95 of the Company's Constitution and who being eligible offers himself for re-election. ***Ordinary Resolution 4***

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

6. **AS SPECIAL BUSINESS**

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

   ORDINARY RESOLUTION
   AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 ***Ordinary Resolution 6***

   "**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016 ("the Act") and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time 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 issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

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

7. **SPECIAL RESOLUTION**
PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY *Special Resolution*

"**THAT** approval be and is hereby given to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution of the Company as set out in the Circular to Shareholders dated 30 April 2018 with immediate effect AND THAT the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

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

Kuala Lumpur
Dated: 30 April 2018

Notes:

1. *In respect of deposited securities, only members whose names appear in the record of depositors on 13 June 2018 shall be eligible to attend the meeting.*

2. *A proxy may but need not be a shareholder of the Company and a shareholder may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the shareholder to speak at the Meeting.*

3. *A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*

5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

6. *The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Share Registrar of the Company, Share Registrar's Customer Service Centre Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding this meeting or any adjournment thereof.*

7. *Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of 34th AGM will be put to vote on a poll.*

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

Explanatory Notes:

1. **Audited Financial Statements for the financial year ended 31 December 2017**

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

2. **Ordinary Resolution 1 – Directors' Fees and Benefits**

   The amount of Directors' fees payable includes fees payable to Directors as member of Board and Board Committees and Directors' benefits payable to Directors comprise of meeting allowances. The Directors' Fees and Benefits payable is from 1 January 2018 until the conclusion of the next AGM of the Company pursuant to the Act which shareholders' approval will be sought in accordance with Section 230 of the Act.

3. **Ordinary Resolution 6 - Authority to Allot Shares Pursuant to Sections 75 and 76 of the Act**

   The Ordinary Resolution 6, proposed under item 6 of this Agenda seeks the shareholders' approval for the renewal of the general mandate for issuance of shares by the Company under Section 76 of the Companies Act, 2016. This mandate, if passed will empower the Company's Directors to allot and issue up to a maximum of 10% of the Company's total number of issued shares at the time of issue (other than bonus or rights issue) for such purposes as the Directors consider would be in the best interest of the Company.

   This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority will unless revoked or varied by the Company at a general meeting, expire at the next AGM of the Company.

   The general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions at any time without convening a general meeting as it would be both costs and time consuming to organise a general meeting.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the Thirty-Third (33rd) AGM held on 15 May 2017 and which will lapse at the conclusion of the Thirty-Fourth (34th) AGM.

4. **Special Resolution : Proposed Adoption of the New Constitution of the Company**

   The proposed alteration of the existing Memorandum and Articles of Association of the Company in its entirety and to substitute the same with a new Constitution of the Company are made mainly for the purpose to streamline and be aligned with the Companies Act, 2016 which came into force on 31 January 2017. It is also to provide clarity to certain provisions of the new Constitution, ensure consistency in cross references as well as use of defined terms and to correct typographical error, if any.

Statement Accompanying Notice of Annual General Meeting

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

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

The profiles of the Directors who are standing for re-appointment and re-election at the Thirty-Fourth (34th) AGM are set out in the Board of Directors' Profile on page 6 to page 9 of the Annual Report.

No individual other than the retiring Directors are seeking appointment and election as a Director at the Thirty-Fourth (34th) AGM.

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

FORM OF PROXY

I/We, ________________________________ NRIC/Company No. ________________________

of ____
(Full address)

being a member(s) of JIANKUN INTERNATIONAL BERHAD hereby appoint (Proxy 1) ____________

____ (*NRIC No./Passport No. ______________) of

____and* failing him/her * (Proxy 2)

__________________________________ (*NRIC No./Passport No. ______________________)

of ____ and* failing him/her *, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Fourth (34th) 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 Tuesday , 19 June 2018 at 11.00 a.m. and at any adjournment thereof.

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

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

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

Resolutions	Ordinary Resolutions	*For	*Against
1	To approve the payment of Directors' fees up to RM169,000.00 to be divided amongst the Directors in such manner as the Directors may determine and other benefits payable of up to RM20,000.00 for the period commencing from 1 January 2018 up to the next AGM of the Company.		
2	Re-election of Dato' Ir Lim Siang Chai as Director.		
3	Re-election of Kamil Bin Abdul Rahman as Director.		
4	Re-election of Datuk Lee Kian Seng as Director.		
5	To re-appoint Messrs. UHY as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.		
6	**As Special Business** Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
7	Proposed Adoption of the New Constitution of The Company		

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 ____________________ 2018

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

____
Signature of shareholder(s)
or Common Seal

Notes

1. *In respect of deposited securities, only members whose names appear in the record of depositors on 13 June 2018 shall be eligible to attend the meeting.*
2. *A proxy may but need not be a shareholder of the Company and a shareholder may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the shareholder to speak at the Meeting.*
3. *A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
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5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Share Registrar of the Company, Share Registrar's Customer Service Centre Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding this meeting or any adjournment thereof.*
7. *Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of 34th AGM will be put to vote on a poll.*

Place Stamp Here

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

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