Together, we can do more.

FORTE KITCHENS

BRITE-LITE

KERJAYA PROSPEK GROUP BERHAD (122592-U)

VISION

To be a profitable leader in providing value-added construction services and property related products with the aim to deliver quality projects and products in a timely manner through an efficient and integrated approach.

MISSION

- To create and develop critical path resources of the Group to achieve our objectives
- To maximise shareholders value
- To be a responsible corporate citizen

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Tee Eng Ho
(Executive Chairman)

Datin Toh Siew Chuon
(Executive Director)

Tee Eng Seng
(Executive Director)

Khoo Siong Kee
(Senior Independent
Non-Executive Director)

Professor Datuk Dr. Nik Mohd
Zain bin Nik Yusof
(Independent
Non-Executive Director)

Lim Kien Lai @ Lim Kean Lai
(Independent
Non-Executive Director)

AUDIT COMMITTEE

Khoo Siong Kee - Chairman
(Senior Independent
Non-Executive Director)

Professor Datuk Dr. Nik Mohd
Zain bin Nik Yusof - Member
(Independent
Non-Executive Director)

Lim Kien Lai @ Lim Kean Lai
- Member
(Independent
Non-Executive Director)

NOMINATING COMMITTEE

Khoo Siong Kee - Chairman
(Senior Independent
Non-Executive Director)

Professor Datuk Dr. Nik Mohd
Zain bin Nik Yusof - Member
(Independent
Non-Executive Director)

Lim Kien Lai @ Lim Kean Lai
- Member
(Independent
Non-Executive Director)

REMUNERATION COMMITTEE

Khoo Siong Kee - Chairman
(Senior Independent
Non-Executive Director)

Professor Datuk Dr. Nik Mohd
Zain bin Nik Yusof - Member
(Independent
Non-Executive Director)

Lim Kien Lai @ Lim Kean Lai
- Member
(Independent
Non-Executive Director)

COMPANY SECRETARIES

Seow Fei San (MAICSA 7009732)
Mok Mee Kee (MAICSA 7029343)

SHARE REGISTRAR

Securities Services (Holdings)
Sdn Bhd
Level 7, Menara Millenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : 603-2084 9000
Fax : 603-2094 9940

PRINCIPAL BANKERS

AmBank Islamic Berhad
AmBank (M) Berhad
Hong Leong Bank Berhad
Public Bank Berhad
CIMB Bank Berhad
RHB Bank Berhad

REGISTERED OFFICE

802, 8th Floor, Block C
Kelana Square
17 Jalan SS 7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : 603-7803 1126
Fax : 603-7806 1387

AUDITORS

Ong & Wong
Chartered Accountants Malaysia
Unit C-20-5, Block C
20th Floor, Megan Avenue 11
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia
Tel : 603-2161 1000
Fax : 603-2166 9131

CORPORATE OFFICE

No. 1, Jalan Wangsa Permai
2nd Floor, Bangunan One Wangsa
Taman Wangsa Permai
52200 Kuala Lumpur
Malaysia
Tel : 603-6277 2480
Fax : 603-6276 2482
Website : www.kerjayagroup.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock name : KERJAYA
Stock code : 7161

CORPORATE STRUCTURE

as at 31st March, 2017

KERJAYA PROSPEK GROUP BERHAD
(122592-U)

- 100% Acumen Industries Limited
- 100% Acumen Marketing Sdn. Bhd.
- 100% Advance Industries Sdn. Bhd.
  - 90% Kerjaya Machinery & Equipment Sdn. Bhd. (formerly known as Kerjaya Petroleum Sdn. Bhd.)
  - 100% Ace Equity Sdn. Bhd.
- 100% Aurizon Investments Limited
- 100% Bazarbayu Sdn. Bhd.
- 100% Futumeds Sdn. Bhd.
- 100% FutuProp Sdn. Bhd.
  - 100% Senandung Raya Sdn. Bhd.
- 100% Fututech (Labuan) Ltd.
  - 100% Acumen Design & Development Solutions Limited
- 100% Kerjaya Prospek (M) Sdn. Bhd.
  - 70% Future Rock Sdn. Bhd.
- 100% Lighting Louvres Manufacturing Sdn. Bhd.
- 100% Permatang Bakti Sdn. Bhd.

PROFILE OF BOARD OF DIRECTORS

DATUK TEE ENG HO
Executive Chairman, aged 52, Male, Malaysian

Datuk Tee Eng Ho was appointed as the Executive Chairman of Kerjaya Prospek Group Berhad on 31 March 2011. He graduated with a Diploma in Technology (Building) from Tunku Abdul Rahman College and has more than 20 years of experience in Civil & Building Construction.

Datuk Tee also privately owns a group of companies involved in property development and has undertaken various remarkable residential and mix development projects in Malaysia.

TEE ENG SENG
Executive Director, aged 47, Male, Malaysian

Tee Eng Seng was appointed as Non-Independent Non-Executive Director of Kerjaya Prospek Group Berhad on 31 March 2011 and was re-designated as Executive Director on 15 November 2011. He started his career working in construction related companies and has more than 20 years of experience in Civil and Building Construction.

Mr. Tee also privately owns a group of companies involved in property development and has undertaken various remarkable residential and mix development projects in Malaysia.

DATIN TOH SIEW CHUON
Executive Director, aged 50, Female, Malaysian

Datin Toh Siew Chuon was appointed as the Executive Director of Kerjaya Prospek Group Berhad on 15 November 2011.

Datin Toh is a fellow member of the Institute of Chartered Secretaries and Administrator and a member of the Malaysian Associate of Certified Chartered Accountants. She started her career as practice in audit firm focusing on auditing and taxation. She also has accumulated more than 20 years of experience in a construction company after audit and tax practice.

Datin Toh also privately owns a group of companies involved in property development and has undertaken various remarkable residential and mix development projects in Malaysia.

KHOO SIONG KEE
Senior Independent Non-Executive Director, aged 66, Male, Malaysian

Khoo Siong Kee, a Chartered Accountant trained in Australia, was appointed as the Independent Non-Executive Director of Kerjaya Prospek Group Berhad on 25 April 2011. Mr. Khoo is a fellow member of the Institute of Chartered Accountants in Australia and a member of the Malaysian Institute of Accountants. He is also a fellow member of Chartered Tax Institute of Malaysia.

Mr. Khoo is also the Chairman of the Audit Committee, Nominating Committee and Remuneration Committee of the Company.

PROFESSOR DATUK DR. NIK MOHD ZAIN BIN NIK YUSOF
Independent Non-Executive Director, aged 70, Male, Malaysian

Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof was appointed as Independent Non-Executive Director of Kerjaya Prospek Group Berhad on 21 April 2008. Professor Datuk Dr. Nik obtained a Bachelor of Arts (Honours) from Universiti Malaya, Malaysia and Master of Arts from University of Wisconsin, Madison, USA and later gained a PHD in Law from University of Kent, Canterbury, United Kingdom in 1989.

Professor Datuk Dr. Nik has vast local and international working experience through his years of involvement in various councils, committees and land settlement schemes. He was a past-Chairman of the Prime Ministers Quality Award committee for both the public sector and the socio-economy. He has also been the examiner for the Prime Ministers Quality Award and was the alternate chairman to the evaluation committee for public sector from 1996 to 1997. He was the Secretary General, Ministry of Land and Co-operative Development.

He was a professor of Land Law at Universiti Teknologi Malaysia until January 2005. He is currently the Chairman of Yayasan Peneroka Negara, Malaysia and also an Adjunct Professor for Universiti Putra Malaysia. He also does occasional lectures and provides training at national and international seminars on land and property matters.

Professor Datuk Dr. Nik Mohd Zain is also a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company.

LIM KIEN LAI @ LIM KEAN LAI
Independent Non-Executive Director, aged 65, Male, Malaysian

Lim Kien Lai @ Lim Kean Lai was appointed to the Board of Kerjaya Prospek Group Berhad on 15 November 2011 as Independent Non-Executive Director. He has a Diploma in Technology (Building) from Tuanku Abdul Rahman College and holds a Degree in Master of Science in Construction Management, Aston University, United Kingdom.

Mr. Lim served as a lecturer in Tuanku Abdul Rahman College before venturing into his own practice on Project Management and Construction Services in 1983. He was the Managing Director of Macro Resources Sdn Bhd, a subsidiary of Lien Hoe Corporation Bhd and had undertaken and completed many projects in Malaysia. Currently he is the Chief Executive Officer of Integrated Professional Services Sdn. Bhd., a company involved in the construction of medical centres.

Mr. Lim is also a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company.

Notes:

1. *Datuk Tee Eng Ho and Tee Eng Seng are brothers and substantial shareholders of the Company. Datin Toh Siew Chuon is the spouse of Datuk Tee Eng Ho and sister-in-law to Tee Eng Seng. None of the other directors has any family relationships with each other and with any substantial shareholders of the Company.*
2. *None of the directors has any conviction for offences other than traffic offences within the past 5 years and none of them has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*
3. *Other than the recurrent related party transactions disclosed in page 30 of the Annual Report, none of the directors has any conflict of interest with the Company.*
4. *The director's shareholdings and warrant holdings in the Company are disclosed in the Analysis of Shareholdings and Warrant holdings of the Annual Report.*

PROFILE OF KEY SENIOR MANAGEMENT

DR. TEE ENG HAN
Project Director, aged 42, Male, Malaysian

Dr. Tee graduated from University of Portsmouth, England with a Doctor of Philosophy in 2014. He is also a Bachelor of Engineering in Civil Engineering from University of Portsmouth, England.

He joined Kerjaya Prospek since 2004 as project engineer. Dr. Tee was appointed as Project Director of Kerjaya Prospek Group Berhad on July 2010 to oversee various construction projects.

TEE ENG TIONG
Project Director, aged 39, Male, Malaysian

Mr. Tee graduated from Universiti Teknologi Malaysia with a master in Civil Engineering for Construction and Management on 2003 and holds a degree in Bachelor of Civil Engineering for Construction Management from Universiti Teknologi Malaysia on 2001.

He joined Kerjaya Prospek as a Junior Site Engineer on 2002 and subsequently was appointed as Project Director to oversee the Group project development.

TAN AH HOI (RYAN)
Operations Manager, aged 46, Male, Malaysian

Ryan graduated with a Diploma in Mechanical Engineering from Federal Institute of Technology in 1995.

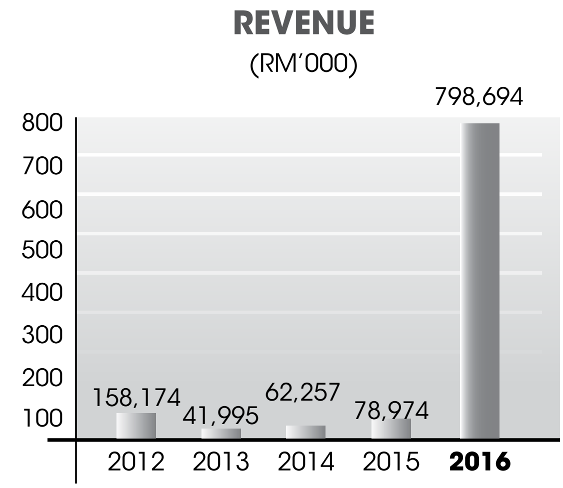
He started his career as a senior industry specialist on engineering adhesive application. He has more than 15 years of working experience in the manufacturing of engineering adhesive and copper wire application prior to joining the Group. Ryan was appointed as Operations Manager in 2012. He is mainly responsible for manufacturing division of the Group.

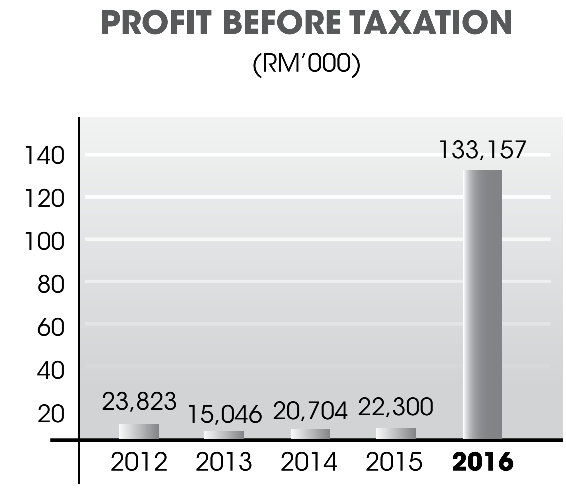
Notes:

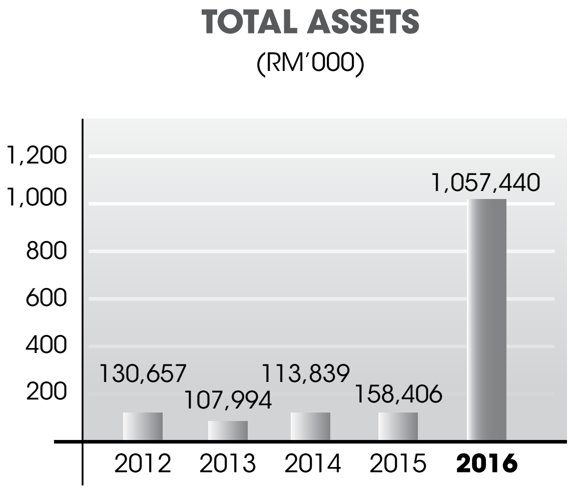
1. *None of the above key senior management personnel holds any directorship in public listed companies and the Company.*
2. *Datuk Tee Eng Ho, (the Executive Chairman of the Company), Dr. Tee Eng Han and Tee Eng Tiong are brothers. Datin Toh Siew Chuon is the sister-in-law to Dr. Tee Eng Han and Tee Eng Tiong. Saved as disclosed herein, the above key senior management personnel, does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company.*
3. *None of the above key senior management personnel has convicted of any offences within 5 years and* does not have any sanctions and/or penalties imposed by regulatory bodies during the financial year.

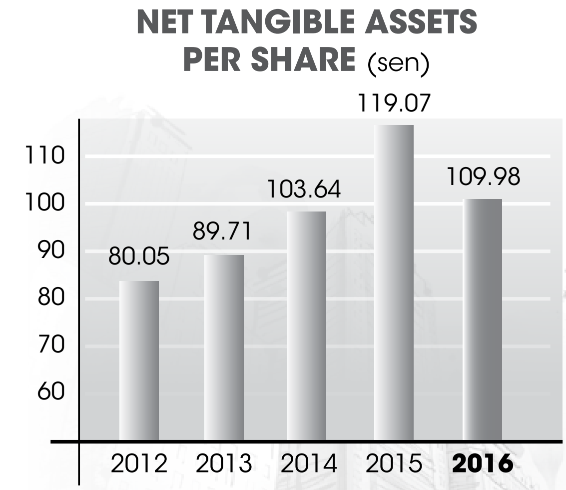
GROUP FINANCIAL HIGHLIGHTS

	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
Revenue	798,694	78,974	62,257	41,995	158,174
Profit Before Taxation	133,157	22,300	20,704	15,046	23,823
Profit after taxation and minority interest	99,624	16,138	15,372	11,495	23,422
Total Assets	1,057,440	158,406	113,839	107,994	130,657
Shareholder's Fund	761,834	108,319	94,040	81,400	72,631
Net Tangible Assets	409,143	108,319	94,040	81,400	72,631
	sen	**sen**	**sen**	**sen**	**sen**
Net Tangible Assets per share	109.98	119.07	103.64	89.71	80.05
Profit per share	26.78	17.74	16.94	12.67	25.81
Dividend per share (net of tax)	4.00	3.00	3.00	3.00	–









MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

On behalf of the Board of Directors ("Board") of Kerjaya Prospek Group Berhad ("Kerjaya Prospek" or "the Group"), I am pleased to present to you the annual report and audited financial statements of the Group for the financial year ended 31 December 2016 ("FY2016").

INTRODUCTION

2016 has been an eventful year for Kerjaya Prospek. We achieved a record result for the financial year with a profit-after-tax of RM99.83 million on a turnover of RM798.69 million. In addition thereto, we managed to secure contracts worth RM1.6 billion from several reputable developers despite the soft property market and at the same time expanded our client base. The market recognised our capabilities and strengths which were reflected in our market capitalisation of approximately RM1.3 billion as at 31 March 2017.

REVIEW OF ECONOMIC PERFORMANCE

The global economy experienced a moderate growth of 3.1% in 2016 while experiencing a year of policy uncertainties and slow investment growth. The drop in global trade was mainly brought on in-part by the US Federal Reserve rate decisions, uncertainty of full recovery of the Chinese economy, Brexit and an unexpected Trump Presidency.

However, the Malaysian economy still managed to register a moderate growth of 4.2% (2015: 5%) despite the prevailing uncertainties in the global economy. This was brought on by the resilient performance of the private sector spending and growth in the services sector.

As for the property development sector, our Malaysian property market continued to experience a slowdown in sales due to cautious sentiment amongst purchasers due largely to uncertainties in job security, difficulties in securing mortgages and high property prices which were beyond the means of most purchasers. Developers were therefore slow and cautious in initiating new projects while prospective purchasers and speculators adopted a "wait and see" stance. Given the slowdown in property launches, the delay in projects had created less building contract works in the market. Nevertheless, I am proud to say as aforementioned above, we were still able to secure approximately RM1.6 billion contract works.

REVIEW OF OPERATIONS

Despite the challenging economic environment plaguing the local private sector contractors, Kerjaya Prospek had performed well with a record profit. I would attribute our performance to our excellent management team and the business strategies which we had planned ahead in the previous years and implemented throughout 2016.

Our construction division continues to be the largest segment of the Group followed by property development and manufacturing divisions.

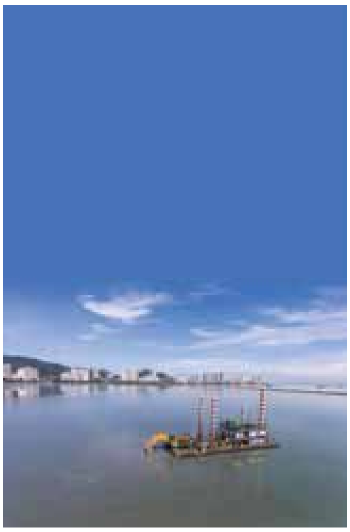
CONSTRUCTION DIVISION

The construction division is mainly involved in the building of high rise residential and commercial buildings for several of our premium developer clients in Malaysia.

The financial year 2016 has been a landmark and record year for the construction division as it recorded RM757.7 million in revenue and RM129.1 million in segmental profits. This division grew significantly from FY2015 due to the acquisition of Kerjaya Prospek (M) Sdn Bhd ("KPSB") and Permatang Bakti Sdn Bhd ("PBSB") ("the Acquisition") that came with an outstanding construction order book of RM2.6 billion as at January 2016. The construction division was involved in a total of 17 projects across the Klang Valley, Penang, Melaka and Johor for Eastern & Oriental Berhad, Eco World Development Berhad, SP Setia Berhad, BCB Berhad, Yong Tai Berhad, Nusmetro Sdn Bhd and other clients. Some notable projects include Vista Residences @ Genting Highland, Residency V @ Old Klang Road, Seri Tanjung Pinang Tamarind Apartment ("STP project"), Eco Sky Project, and others. Kerjaya Prospek will continue to tender and secure contract awards from various new and existing clients as we move into 2017.

This division employs a workforce of more than 300 staffs across a myriad of disciplines to ensure the smooth delivery and completion of projects. With prudent management strategies, a large pool of experienced and skilled workforce and ownership of various equipment and machineries, Kerjaya Prospek is able to leverage on its core competencies which had successfully delivered effective, timely and quality building solutions and products to our clients. Our professional team will continue to ensure that safety issues will be addressed appropriately, projects are carried out within budget and delivered within schedule.

With diversification and expansion in mind, Kerjaya Prospek has created yet another company history when it was awarded a substantial contract from one of China's largest construction group for dredging works; which is part of the land reclamation contract for Seri Tanjung Pinang.



PROPERTY DEVELOPMENT DIVISION

The property development division is mainly involved of the development of Kerjaya Prospek's landbanks in Genting Highland and Shah Alam.

The financial year 2016 saw a three (3) fold increase in contribution from the property development division due to the encouraging sales of the Group's maiden development Vista Residences @ Genting Highland launched in January 2016. As at 31 December 2016, Vista Residences has achieved a take-up rate of 50% and the work in progress is at the 33% stage of completion.

The gross development value of this project is on a 1.4 acres plot of land and is approximately RM300 million.The project comprises of 378 serviced apartments and 28 retail units. It is scheduled to be completed by 2018.

MANUFACTURING DIVISION

The manufacturing division located at Ijok Selangor, is mainly involved in the production of lighting products and kitchen solutions under the brand name FORTE and BRITE-LITE respectively for the premium property segment.

The manufacturing segment in 2016 saw a marginal decrease in revenue and profits due to the raw material price hikes because of the weak Malaysian Ringgit. Not with standing this, we have secured new projects which we believe will contribute positively to the Group moving forward.

This division employs a direct workforce of approximately 30 staffs involving in the manufacturing, assembly, installation and sales of light fittings, kitchen cabinetry, furniture and related products.

REVIEW OF FINANCIAL RESULTS

The financial year under review produced a record profit on the back of a record revenue for the Group.

Highlights of financial results for the financial year ended 31 December 2016 are as follows:

- Revenue of RM798.69 million
- Profit before tax of RM133.16 million
- Profit after tax ("PAT") of RM99.83 million
- Basic Earnings per share of 26.78 sen
- Net tangible assets per share of 110 sen

The construction division has contributed close to 95% of the Group's revenue and profit following the Acquisition and the injection of the acquired companies' RM2.6 billion construction orderbook in January 2016. The strong contribution from this division was mainly due to the progress billings from various on-going projects throughout the year.

Having soft launched the Group's maiden development, Vista Residences @ Genting Highland in January 2016, the property development division had contributed about 4% to the overall revenue and profit.

The manufacturing division reported a muted performance and contributed less than 2% of the overall revenue and profit due to material price hikes because of our weak ringgit and minimal contributions from newly secured projects that were at their initial stage. However, we expect this division will contribute more in 2017 when the new projects are produced in fullforce.

REVIEW OF FINANCIAL RESULTS (CONT'D)

Overall, the Group has delivered a much stronger result subsequent to the acquisition exercise where the revenue and PAT have increased significantly to RM798.69 million (2015: RM78.97 million) and RM99.83 million (2015: RM16.14 million) respectively. The significant leap in both revenue and PAT is mainly attributed to the consolidation of the result derived from KPSB and PBSB post corporate exercise.

Administrative expenses stood at about RM26.85 million which was approximately 3.4% of revenue comprising mainly of staff costs on consolidation of the newly acquired subsidiaries and corporate exercise related expenses.

The Group has a goodwill of RM353.13 million arising from the acquisition of KPSB and PBSB.

Trade receivables and other receivables had increased by approximately RM281.7 million from RM66.3 million to RM348.0 million due to the significant increase in orderbook subsequent to the acquisition exercise of KPSB and PBSB.

Cash and bank balances had increased from RM11.80 million to RM132.44 million which was primarily attributed to the issuance of a private share placement of 100 million ordinary shares as part of the corporate exercise that was completed in the financial year.

The Group's trade and other payables had increased by RM167.31 million from RM35.15 million to RM202.46 million mainly due to subcontract works and retention sum owing by the newly acquired subsidiaries.

CORPORATE ACTIVITIES

The acquisition of Kerjaya Prospek (M) Sdn Bhd ("KPSB") and Permatang Bakti Sdn Bhd ("PBSB") ("the Acquisition") was completed on 21 January 2016 and collectively added a total confirmed order book value of RM2.6 billion (as at 31st December 2015) to our enlarged Group.

The total purchase consideration for the Acquisition amounted to RM458 million which was satisfied in the following manner:

(1) RM42.8 million via the issuance of 36,896,552 of new Kerjaya Prospek ordinary shares;

(2) RM360.0 million via the issuance of 310,344,828 of redeemable convertible preference shares in Kerjaya Prospek; and

(3) RM55.2 million via cash.

In conjunction with the Acquisitions, Kerjaya Prospek had also proposed to undertake a private placement of 100 million new ordinary shares of Kerjaya Prospek post completion of the Acquisitions ("Private Placement").

CORPORATE ACTIVITIES (CONT'D)

On 22nd March, 2016, the Board announced the fixed issue price for its Private Placement comprising 40 million new ordinary shares of RM0.50 each in Kerjaya Prospek at RM1.65 per placement share.

On 20th May, 2016, the Board announced the fixed issue price for its Private Placement comprising 60 million new ordinary shares of RM0.50 each in Kerjaya Prospek at RM1.82 per placement share.

Following the completion of the Acquisitions and the issuance of the 100 million new private placement shares, the Group's paid-up share capital was increased to RM509 million with partial conversion of the redeemable convertible preference shares.

DIVIDEND

The Board believes in rewarding and sharing the fruits of our success with our shareholders, however, prudence dictates that we retain adequate funds for the Group's capital expenditure and working capital requirements.

On 19th July, 2016, the Board had approved a single-tier interim dividend of 4.0 sen per ordinary share in respect of the financial year 2016. A total amount of RM20.3 million was paid out to shareholders on 18th August, 2016.

ECONOMIC OUTLOOK

The International Monetary Fund ("IMF") forecasts the global economy to grow by 3.4% in 2017. This is on the back of no clear indication of the economic direction of key global markets. The US Federal Reserve rate decisions, uncertainty of a full recovery in Chinese economy, Brexit and a Trump Presidency continue to dampen global economic sentiment. The global markets also force rising inflation due to unprecedented spending in an attempt to spur the gobal economy.

The implications for the ASEAN region are clear. Markets are severely concerned that spending on this scale will be highly inflationary, thereby, prompting possible rate hikes by the US Federal Reserve. This inevitable rate hike has caused global bond markets to be depressed which is also affecting the value of ASEAN currencies on a prolonged tumble.

The IMF forecasts that Malaysia's economy will grow by 4.6% in 2017 driven by increased external demand and the hike in commodity prices. Domestically, the Malaysian Institute of Economic Research ("MIER") announced a range of forecast growth values, ranging from 4.5% to 5.5% for 2017. These forecasts echo the financial outlook for the global economy as Malaysia is also faced with uncertainty in external demand, fluctuation in commodity prices and the implications of various global events (Brexit, US Fed Rate Hike & Trump Presidency) on trade flows and economic growth. Despite the challenging market environment, domestic demand is expected to be the main growth driver as private sector spending is supplemented by public sector infrastructure spending on the ongoing mega projects as part of the 11th Malaysia Plan.

FUTURE PROSPECTS, STRATEGIES AND DIRECTION

The outlook for the property sector is expected to be challenging in 2017 as developers may continue to delay launching of their projects. This is due to the soft demand for new properties brought on by stringent housing loan approvals, a large supply of existing property stock and cautious consumer spending due to the higher cost of living and uncertainty of employment. The local private construction sector is very much correlated with the property sector and is therefore expected to remain challenging with reduced job flows from developers as project launches are held back. That being said, we expect to see some big ticket jobs being awarded for mega development projects such as Iskandar Malaysia, Bandar Malaysia and the Tun Razak Exchange which will spur the private construction sector and improve job flows.

FUTURE PROSPECTS, STRATEGIES AND DIRECTION (CONT'D)

The local infrastructure construction sector is expected to remain robust as the Government continues to improve transportation infrastructure by spending on highways, rail and airports. Mega projects such as the Mass Rapid Transit ("MRT"), Light Rail Transit ("LRT") and Pan Borneo Highway in East Malaysia are among the biggest in the nation's history. Job flows from these three (3) projects has kept the local construction sector busy in 2016 and will continue to make progress going forward. In addition thereto, the signing of the MOU for the Kuala Lumpur – Singapore High-Speed Rail ("HSR") bodes well for future job flows for local and international contractors alike.

At the Company level, the Board and Management is confident of maintaining a positive growth supported by an outstanding order book of RM2.3 billion as at 31 December, 2016. Kerjaya Prospek has excellent earnings visibility as it possesses an orderbook cover ratio of 3x on the financial year 2016 construction revenue.

Post-acquisition, Kerjaya Prospek is strategically positioned to build on its high-rise specialist credentials and take on more jobs from other reputable developers, as evidenced by the contract secured throughout 2016. The Group's longstanding geographical presence in the resilient property market of Penang also bodes well for the development in the island state are expected to improve overtime.

From an operational perspective, Kerjaya Propek prides itself in being equipped with in-house technical expertise encompassing the construction, property development and manufacturing functions which enable it to deliver a one-stop integrated solution to our clients. This synergy enables us to achieve a high efficiency as evidenced by our sub 4% overhead cost.

Kerjaya Prospek is also constantly looking for ways to implement technological advancements into our processes to reduce our reliance on labour. Our experienced team will continue to focus on providing value to our clients by emphasizing on value engineering and design as a key component of our core competencies. This added advantage allows us to provide the best in first class solutions to our clients.

Moving forward, the Group intends to further expand our range and scope of services which now include piling and reclamation projects. The management believes that this will allow us to further add value to our clients and enhance the Group's competitive edge within the industry as we continue to grow and strive towards our mission as a top industry player.

APPRECIATION

On behalf of the Board of Directors, I would like to express our sincere gratitude to our clients, business partners, associates, bankers, shareholders and the respective regulatory authorities who have contributed to our success thus far. Your continued support and trust in Kerjaya Prospek is greatly appreciated.

I would also like to thank the Management and staff for their hard work, dedication and commitment to achieving this record set of results, despite the difficulties and various challenges on the domestic and international front over the past year.

And finally, I would like to thank my fellow Board members for their sound advice and able stewardship of the Company. I look forward to another remarkable year together with you on the Board.

Yours sincerely,

DATUK TEE ENG HO
Executive Chairman

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("**Board**") of Kerjaya Prospek Group Berhad ("**Kerjaya**" or "**Company**") is pleased to report that for the financial year ended 31 December 2016 ("**Financial Year**"), the Company has continued to apply good governance practices in managing and directing the business of the Company and its subsidiaries (" **the Group**") by adopting the principles and the best practices prescribed in the Malaysian Code on Corporate Governance ("**Code**") 2012, released by the Securities Commission Malaysia.

The Board has conducted a review of its current practices and proceedings against the principles and recommendations in the Code. The result of this review has been used as the basis for the Board in describing the application of the principles and the extent of compliance with the Best Practices advocated therein in compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("**Listing Requirements**") ("**Bursa Securities**").

A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

(i) Functions and Responsibilities of the Board and Management

The Board is entrusted for the oversight and overall management of the business affairs of the Group. The Board of Directors is responsible for determining all major policies, reviewing the system of internal control, ensuring that effective strategies and management are in place, for assessing the performance of the Group and its management team.

The Board Charter, which was adopted by the Board in 2012 and reviewed on 5 April 2016, sets out the roles, duties and responsibilities of the Board and various legislations and regulations affecting their conduct and the principles and practices of good corporate governance that are to be applied in all their dealings in respect, and on behalf of, the Company. The Board Charter is available for reference at the Company's website www.kerjayagroup.com

The principal responsibilities of the Board outlined in the Company's Board Charter include the following:-

- reviewing, approving and monitoring the overall strategies and direction of the Group;
- overseeing and evaluating the conduct and performance of the Group's businesses, including its control and accountability systems;
- identifying and managing principal risks affecting the Group;
- reviewing the adequacy and integrity of the Group's internal control systems, including systems for compliance with applicable laws, regulations, rules and guidelines;
- approving major capital expenditure, capital management and acquisitions/divestitures;
- ensuring that the statutory accounts of the Company are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;
- ensuring high standards of ethics and corporate behaviour in the conduct of business;
- approving policies relating to investors relations programme and shareholder communication and overseeing stakeholders communications; and
- commitment in governing management and providing oversight of the Company, including the appointment of senior management, the implementation of appropriate policies and procedures that govern the management conduct, ensure sustainability of the Company, the monitoring of performance and succession planning.

The Board is also ultimately responsible for the adequacy and integrity of the Group's internal control system. Details pertaining to the Group's internal control system and its effectiveness are available in the Statement on Internal Control and Risk Management contained in this Annual Report.

A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(i) Functions and Responsibilities of the Board and Management (Cont'd)

The Board is mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary and leadership functions as recommended by the Code including those reserved for the Board's approval and those which the Board may delegate to the Board Committees and the Management. There is a clear division of responsibilities between the Chairman and the Executive Directors.

Key matters reserved for the Board's approval include business plan, annual budget, dividend policy, business continuity plan, new issues of securities, business restructuring and disposal and acquisition of assets/investments.

The Board Committees, namely Audit Committee, Nominating Committee and Remuneration Committee are entrusted with specific responsibilities to oversee the Group's affairs with authority to act on behalf of the Board and operate within their respective Terms of Reference. Although specific powers are delegated to the Board Committees, the Board Committees would report to the Board on matters considered and their recommendation thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board. Also, the Board is informed of the key issues and recommendation/decision made by each Board Committees through the tabling of minutes of the Board Committees meetings at Board Meetings.

As regards the duties delegated to the Chairman, Executive Directors and Independent Directors, their responsibilities are set out in the Board Charter.

The Chairman provides leadership at Board level, chairing the meetings of the Company and the Board, represents the Board to shareholders and together with the Board, reviews and approves the strategic objectives and policies of the Group. The Board Chairman is an Executive Director and remains so after due assessment and reviewed by the Nomination Committee which had taken into consideration of the following justifications:-

(a) The Chairman's vast experience in managing the Group's main business in the property and construction areas which would enable him to provide the Board with a diverse set of experience, expertise and skills to better manage and run the Group;

(b) The Chairman has demonstrated his objectivity in deliberating and making decision aligning with the shareholders' interest at large during his tenure as Executive Chairman of the Company.

The Chairman also ensures that management proposals are deliberated by the Board and examined taking into account the interests of shareholders and other stakeholders.

The Executive Directors provide executive leadership and are accountable to the Board for the business direction and operational decisions of the Group and ensuring the policies and corporate strategies set by the Board are effectively implemented. The Independent Non-Executive Directors of calibre and experience provide the necessary balance of power and authority to the Board and provide unbiased and independent views to safeguard the interest of minority shareholders.

A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(ii) Succession Planning

The Board reckoned the importance of succession planning to ensure the sustainability and continuity of the Group. The Board ensuring that all candidates appointed to senior management positions are of sufficient calibre and that there are programmes to provide for the orderly succession of senior management. Succession planning also includes appointing, assessing, training, fixing the compensation of and where appropriate, replacing senior management when necessary.

(iii) Code of Conduct and Ethics

The Board commits itself and its Directors to ethical, business like and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. The Company's Code of Conduct and Ethics for Directors are clearly spelled out and is available for reference at the Company's website at www.kerjayagroup.com.

(iv) Corporate Social Responsibility and Sustainability

The Board places great importance on corporate social responsibility ("CSR") and business sustainability and embraces CSR as an integral part of the Group's business philosophy and corporate culture.The strategies to promote sustainability and its implementation can be found in the Company's website at www.kerjayagroup.com.

The CSR activities of the Group during the Financial Year are set out on page 39 of this Annual Report.

(v) Whistleblowing Policy and Procedure

The Board encourages employees within the Group to report suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving resources of the Company. The Whistleblowing Policy and Procedure adopted by the Company provides and facilitates a mechanism for any individual to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse.

(vi) Corporate Disclosure Policy & Procedure

The Board places importance in ensuring disclosures made to shareholders and investors are accurate, clear, timely and comprehensive as they are critical towards building and maintaining corporate credibility and investor confidence. As such, the Board has adopted a Corporate Disclosure Policy & Procedures setting out the policies and procedures for disclosure of material information of the Group. The said Policy applies to all Directors, management, officers and employees of the Group.

(vii) Access to Information and Advice

The Board has unrestricted access to timely and accurate information in furtherance of its duties.

All Directors have full access to the advice and services of the Company Secretaries and the management within their respective jurisdictions to ensure effective functioning of the Board and may seek independent professional advice when necessary in discharging its various duties, at the Company's expense.The Directors may also interact directly with, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from the management.

A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(viii) Qualified and Competent Company Secretaries

The Company Secretaries of the Group are experienced, competent and knowledgeable, play an important role in advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries. The Board is regularly kept up to date on and apprised of any regulations and guidelines.

The Company Secretaries are responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

The Company Secretaries also safeguard all statutory books and records of the Company and maintain the statutory registers of the Company. Company Secretaries also ensure all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded. In addition, the Company Secretaries also ensure that any change in the Group's statutory information should be duly completed in the relevant prescribed forms and lodged with the Registrar of Companies within the required period of time.

B. STRENGTHEN COMPOSITION

(i) Audit Committee

The Audit Committee comprises solely Independent Non-Executive Directors. The role of the Audit Committee is to support the Board in overseeing the processes for production of the financial data, review the financial reports and the internal control of the Group. The composition and Terms of Reference of the Audit Committee together with its reports are presented in Audit Committee Report in this Annual Report.

(ii) Nomination Committee

(a) Composition of Nomination Committee

The Nomination Committee comprises three (3) Non-Executive Directors, all of whom are Independent Directors and is chaired by a Senior Independent Director, Mr. Khoo Siong Kee. The members are:

Chairman	:	Mr. Khoo Siong Kee *Senior Independent Non-Executive Director*
Member	:	Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof *Independent Non-Executive Director*
	:	Mr. Lim Kien Lai @ Lim Kean Lai *Independent Non-Executive Director*

B. STRENGTHEN COMPOSITION (CONT'D)

(ii) Nomination Committee (Cont'd)

(b) Functions of the Nomination Committee

The functions of Nomination Committee are:-

(a) recommend to the Board the nomination of a person or persons to be Board member(s) by shareholder(s) or Director(s);

(b) recommend to the Board, Directors to fill the seats on Board Committees;

(c) assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each existing individual Director and thereafter, recommend its findings to the Board;

(d) review the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and thereafter, recommend its findings to the Board; and

(e) assess annually the terms of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and members have carried out their duties in accordance with their Terms of reference and report its findings to the Board.

(c) Activities of the Nomination Committee

The summary of the activities of the Nominating Committee during the Financial Year up to the date of issuance of this Annual Report comprising the following:-

(a) Reviewed of the Board's composition having regards to mix of skill and experience and other qualities of the Board; and

(b) Assessed the effectiveness of the Board as a whole, the Board Committees and the Directors; and

(c) Discussed the Directors' retirement by rotation.

B. STRENGTHEN COMPOSITION (CONT'D)

(ii) Nomination Committee (Cont'd)

(d) Appointment to the Board and Gender Diversity Policy

The Board does not set specific criteria for assessment and selection of director candidate. However, consideration would be taken on the need to meet the regulatory requirements such as Companies Act, 2016, the Listing Requirements and other criteria discussed in the following paragraphs.

The Nomination Committee is empowered to identify and recommend new appointments to the Board. The potential candidates may be proposed by existing directors, senior management staff, shareholders or third party referral. Under normal circumstances, the Nomination Committee would review new board candidates proposed by the Executive Directors to fill vacancy arises from resignation, retirement or any other reasons and make the recommendation to the Board thereon for decision. Based on the recommendation of the Nomination Committee, the Board would evaluate and decide on the appointment of the proposed candidate.

Upon receipt of the proposal, the Nomination Committee is responsible to conduct an assessment and evaluation on the proposed candidate. The assessment/evaluation process may include, at the Nomination Committee's discretion, reviewing the candidate's resume, curriculum vitae, biographical information, candidate's qualifications and conducting background searches as well as formal or informal interview at the Nomination Committee's discretion.

In discharging its duty, the Nomination Committee will assess the suitability of an individual to be appointed to the Board by taking into consideration the individual's skills, knowledge, expertise, experience, strength of qualities and competency and understanding of the business environment.

For appointment of Independent Directors, the Nomination Committee would also assess whether the candidate meets the requirements for independence based on criteria prescribed in the Listing Requirements.

At present, the Company does not have a formal gender diversity policy but is supportive of gender diversity policy. Presently, the Board has a female Executive Director. The Board acknowledges the recommendation of the Code on gender diversity. The Board is of the opinion that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age with priority of the Group's need to maximise the effectiveness of the Board, taking into account the balance of skills, experience, knowledge and independence, and based on the Group's needs and circumstances.

Nevertheless, the Company shall provide a suitable working environment that is free from harassment and discrimination in order to attract/retain women participation in the Board. The Group is committed to provide fair and equal opportunities and nurturing diversity with the Group. Also, the Group had zero tolerance of workplace harassment, age, religious, ethnicity, race or gender discrimination.

B. STRENGTHEN COMPOSITION (CONT'D)

(ii) Nomination Committee (Cont'd)

(e) Review of Directors Proposed for Re-election

In accordance with the Company's Constitution, all newly appointed Directors are subject to retirement by rotation and are entitled for re-election at the first annual general meeting after their appointment.

Pursuant to Article 93 of the Company's Constitution, at each annual general meeting one-third (1/3) of the Directors for the time being or if the number is not a multiple of three (3), the number nearest to one-third (1/3) with a minimum of one (1) shall retire from office by rotation and an election of Directors shall take place provided always that each Director shall retire at least once in every (3) years but shall be eligible for re-election. An election of Directors shall take place every year. The election of each Director is voted on separately.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next annual general meeting and shall be eligible for re-election.

In recommending the Directors for re-election to the Board, the Nominating Committee would also refer to the individual Directors' annual assessment result to ensure that feedback given and scoring achieved by the relevant directors who are retiring by rotation are satisfactory.

(f) Annual Assessment on the Performance of Individual Directors and Effectiveness of the Board and Board Committees

The Nomination Committee undertakes annual assessment to evaluate the performance of each individual Directors, the effectiveness of the Board and the Board Committees.

The effectiveness of the Board and Board Committees are assessed in the areas of board structure/mix, decision making and boardroom participation and activities, meeting administration and conducts, skill and competencies and role and responsibilities whilst the performance of the individual Directors are assessed in the areas of contribution and interaction with peer, quality of the input of the Director, understanding of role, etc.

During the annual assessment exercise, the Directors are given a performance evaluation sheets for Individual Director Self/Peer Evaluation and Board Evaluation to complete. In addition, Directors who are members of the Board Committees are given additional performance evaluation sheets for the respective Board Committees to complete. Sufficient time is given to the Directors to complete the forms and upon completion, the forms are submitted to the Company Secretary for compilation of rating and scores which summary would then be presented to the Nominating Committee for further review and assessment.

For good corporate governance, the Nomination Committee would not review its own effectiveness and the performances of the Nomination Committee members. Instead, such review would be carried out by the Board as a whole with the members of the Nomination Committee abstained from deliberation.

B. STRENGTHEN COMPOSITION (CONT'D)

(ii) Nomination Committee (Cont'd)

(f) Annual Assessment on the Performance of Individual Directors and Effectiveness of the Board and Board Committees (Cont'd)

In view that the Nomination Committee members are also members of the Remuneration Committee and the Audit Committee, the assessment of the effectiveness and performances of the Remuneration Committee and the Audit Committee are also carried out by the Board.

The Director who is subject to re-election and/or re-appointment at next Annual General Meeting are assessed by the Nomination Committee (with the relevant Nomination Committee member abstaining on his own re-election) before recommendation is made to the Board and shareholders for the re-election and/or re-appointment.

Outcome of the assessment and recommendation would be reported to the Board for information and decision on areas for improvement. All the results of the annual assessment on Board, the Board Committees and individual Directors for the Financial Year were satisfactory.

(g) Assessment of Independent Directors

On an annual basis, the Nomination Committee would also review the independence of the Independent Directors. More details are set out in section C(ii) of this statement.

(iii) Remuneration Committee

(a) Composition of Remuneration Committee

The Remuneration Committee comprises mainly of non-executive directors. The members of the Remuneration Committee are:

Chairman	:	Mr. Khoo Siong Kee *Senior Independent Non-Executive Director*
Member	:	Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof *Independent Non-Executive Director*
	:	Mr. Lim Kien Lai @ Lim Kean Lai *Independent Non-Executive Director*

(b) Functions of the Remuneration Committee

The main function of the Remuneration Committee is to recommend to the Board, the remuneration packages of Executive Directors and/or other persons of the Group as the Remuneration Committee is designated to consider as and when necessary.

B. STRENGTHEN COMPOSITION (CONT'D)

(iii) Remuneration Committee (Cont'd)

(c) Remuneration Policies and Procedures

Remuneration of Executive Directors

The remuneration of the Executive Directors shall be reviewed and determined by the Remuneration Committee, who make recommendation to the Board for approval. On the recommendation of the Remuneration Committee, the Board reviews and approves the remuneration of the Executive Directors with the respective Executive Director abstained from discussions and decisions on their own remuneration. Under normal circumstances, the respective Director(s) would be excused from the relevant meetings before the deliberation on their remuneration take place.

Executive Director is remunerated based on the individual performance and Group's Performance. The remuneration of the Executive Directors is structured to attract, retain and motivate them in order to drive the Group successfully.

Annual Bonus of Executive Directors

The Executive Directors shall be entitled to participate in the Company's annual cash bonus. The amount of bonus shall be reviewed and determined by the Remuneration Committee, who make recommendation to the Board for approval.

Other benefits of Executive Directors

Executive Directors shall also be entitled to other benefits provided to employee of the Company and other additional benefits, if so, recommended by the Remuneration Committee to the Board for approval.

Remuneration for Non-Executive Directors

The remuneration of non-executive directors, which made up of Directors' fee, meeting allowance and other benefits, if any, proposed by the Remuneration Committee is determined by the Board. The remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed.

Others Remuneration

The Directors may be remunerated by a fixed sum (for non-executive director) or by a percentage of profits (for executive directors) or otherwise as may be determined by the Board for the performance of extra services or to make any special exertions in going or residing away from his usual place of business or residence for any purpose of the Company or giving special attention to the business of the Company. Such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the directors. Such remuneration would be proposed by the Remuneration Committee to the Board for decision.

B. STRENGTHEN COMPOSITION (CONT'D)

(iii) Remuneration Committee (Cont'd)

(d) Directors' Fee and Remuneration

All Non-Executive Directors are paid fixed director fees as a member of the Board. The Chairman of the Board Committee also receive a fixed fee for their chairmanship in the committee.

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

The amount of Directors' fee for the FY proposed for the shareholders' approval at the forthcoming Annual General Meeting is RM156,000. In addition, shareholder's approval will also be sought at the forthcoming Annual General Meeting for the payment of Directors' benefit (excluding Directors' fees) to the non-executive directors up to an amount of RM60,000 from 1 January 2017 until the next annual general meeting of the Company.

The aggregate remuneration paid or payable to the Directors for the Financial Year are as follow:

Received from Kerjaya Prospek Group Berhad

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
< RM100,000	–	3

Received on Group Basis

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
< RM900,000	–	–
RM900,001- RM950,000	1	–
RM950,001- RM1,000,000	1	–
RM1,000,001- RM1,050,000	–	–
RM1,050,001- RM1,100,000	–	–
RM1,100,001- RM1,150,000	–	–
RM1,150,001- RM1,200,000	–	–
RM1,200,001- RM1,250,000	–	–
RM1,250,001- RM1,300,000	–	–
RM1,300,001- RM1,350,000	–	–
RM1,350,001- RM1,400,000	–	–
RM1,400,001- RM1,450,000	–	–
RM1,450,001- RM1,500,000	1	–
Total	3	–

B. STRENGTHEN COMPOSITION (CONT'D)

(iii) Remuneration Committee (Cont'd)

(d) Directors' Fee and Remuneration (Cont'd)

The aggregated annual remuneration paid or payable to the Directors are further categorized into the following components:-

Company	Executive (RM'000)	Non-Executive (RM'000)
Directors' Fee *	–	156
Meeting Allowances **	–	31
Salaries and Other Emoluments	–	–
Benefits-in-Kind	–	–
Total	–	174

Group	Executive (RM'000)	Non-Executive (RM'000)
Directors' Fee	–	–
Meeting Allowances	–	–
Salaries and Other Emoluments	3,759	–
Benefits-in-Kind	47	–
Total	3,806	–

* subject to shareholders' approval at the AGM.
** include meeting allowances of RM13,000 paid in respect of the financial year 2015.

C. REINFORCE INDEPENDENCE

(i) Board Composition

As of the date of this Statement, the Board consists of six (6) members, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. This is in compliance with Paragraph 15.02 of the Listing Requirements which requires at least two (2) or one third of the Board, whichever is the higher, are Independent Directors.

The present size and composition of the Board is appropriate for the complexity and scale of operations of the Company and the Group. As presently constituted, the Board is well balanced and has the stability, continuity and commitment as well as the capacity to discharge its responsibility effectively.

The Chairman is an Executive Director and remains so after due assessment by the Nomination Committee.

C. REINFORCE INDEPENDENCE (CONT'D)

(i) Board Composition (Cont'd)

The current diversity in the race/ethnicity and age distribution of the existing Board is as follows:-

	Race/Ethnicity				Nationality	
Number of Directors	Malay	Chinese	Indian	Others	Malaysian	Foreign
	1	5	0	0	6	0

Age Group	40-49 years	50-59 years	60-69 years	70-79 years
Number of Directors	1	2	2	1

(ii) Assessment of Independent Directors

On an annual basis, the Nominating Committee would review the independence of the Independent Directors. Criteria for assessment of independence are very much based on the requirements and definition of "independent director" as set out in the Listing Requirements.

Each Independent Directors is required to confirm their independence by giving the Board a written confirmation of their independence.

In addition, consideration would also be given to assess whether the independent directors are able to act independently of management and free from any business or other relationship.

(iii) Tenure of Independent Directors

Recommendation 3.2 of the Code recommends that the tenure of an independent Director should not exceed a 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 re-designation of the Independent Director as a Non-Independent Director.

Recommendation 3.3 of the Code also recommends that the Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years.

The Board does not have term limit for its Independent Directors and is of the view that the independence of the Independent Directors should not be determined solely or arbitrary by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years. The caliber, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his responsibilities in the best interest of the Company predominantly determines the ability of a Director to serve effectively as an Independent Director.

The Board is also confident that the Independent Directors themselves, after having provided all the relevant confirmations on their independence, will be able to determine if they can continue to bring independent and objective judgement on Board deliberations and decision making.

The Independent Director of the Company who will served for a cumulative term of more than nine (9) years is Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof ("Professor Datuk Dr. Nik").

The Board has decided to retain Professor Datuk Dr. Nik as Independent Director notwithstanding his service for a cumulative term of more than nine (9) year as Independent Director after assessment and recommendation by the Nominating Committee.

C. REINFORCE INDEPENDENCE (CONT'D)

(iii) Tenure of Independent Directors (Cont'd)

Nevertheless, in line with the Recommendation 3.3 of the Code, the Board will seek approval from the shareholders of the Company at the forthcoming Annual General Meeting to support the Board's decision to retain Professor Datuk Dr. Nik as Independent Director based on the following justifications:-

- He has fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements and thus he would be able to bring an element of objectivity to the Board;
- He has vast and diverse range of experiences in property development and therefore would be able to provide constructive opinion, independent judgment and to act in the best interest of the Company and shareholders;
- He has continued to exercise his independence and due care during his tenure of service; and
- He has shown great integrity and independence, and had not entered into any related party transactions with the Group.

D. FOSTER COMMITMENT

(i) Time Commitment

The underlying factors of directors' commitment to the Company are devotion of time and continuous improvement of knowledge and skill sets.

Save for Mr. Khoo Siong Kee, none of the other Directors held directorship in other listed company. Adequate time and attention has been contributed to the Company's business affairs.

Most the Directors have full attendance at Board and Board Committee meetings held during the Financial Year. Details of the attendance are set out in the relevant sections of this Statement.

To facilitate the Directors' planning, Board and Board Committee meetings are usually fixed three (3) months in ahead.

(ii) Board Meetings and Attendance

The Board meets at least once every quarter and additional meetings are convened as and when necessary. All proceedings, deliberations and conclusions of the Board meetings are duly minuted and signed by the Chairman of the meetings.

The Chairman ensures that each Director is provided with timely notices for each Board meeting and Board papers are issued prior to the Board meetings to enable the Directors to review and consider the agenda items to be discussed in the Board meeting and where necessary, to obtain further explanations in order to be fully briefed before the meeting.

D. FOSTER COMMITMENT (CONT'D)

(ii) Board Meetings and Attendance (Cont'd)

During the Financial Year, six (6) Board meetings were held. The record of attendance is as follows:

Directors	Number of Meetings Attended by Directors
Datuk Tee Eng Ho	6/6
Tee Eng Seng	6/6
Datin Toh Siew Chuon	5/6
Khoo Siong Kee	6/6
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof	6/6
Lim Kien Lai @ Lim Kean Lai	6/6

All the Directors have complied with the minimum 50% attendance requirement as stipulated by the Listing Requirements.

(iii) Directors' Training

All members of the Board have attended the Mandatory Accreditation Programme, prescribed by Bursa Securities. Directors are encouraged to attend seminars and/or conferences organised by relevant regulatory authorities and professional bodies to keep abreast with latest developments in the market place and new statutory and regulatory requirements. The training needs of each Director would be assessed and proposed by the individual Director. Each Director determines the areas of training that he may require for personal development as a Director or as a member of the Board Committees.

Details of trainings attended by the Directors during the Financial Year are as follows:

Name of Directors	Training Programmes
Datuk Tee Eng Ho	• CIMB Malaysia Construction & Infrastructure Day • The Busy Weekly 2016 Investment Seminar* • Fraud Risk Management Workshop
Mr. Tee Eng Seng	• Fraud Risk Management Workshop
Datin Toh Siew Chuon	• Financial Analysis: A Critical Approach • Corporate Finance: IPOs, Instruments and Dividend Policy
Mr. Khoo Siong Kee	• National Tax Conference 2016 • Forum on Key Audit Matters • Seminar Percukaian Kebangsaan 2016 • MIA Conference 2016 • I am ready to Manage Risk
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof	• The international forum on world economic outlook: challenges and opportunities for Malaysian Companies
Mr. Lim Kien Lai @ Lim Kean Lai	• I am ready to Manage Risk • A Director's guide to fraud and corruption risks • Fraud Risk Management Workshop

** Attended as speaker*

The Board is also regularly updated by the Company Secretaries on the latest update and amendments to the Listing Requirements and other relevant regulatory requirements.

E. UPHOLD INTEGRITY IN FINANCIAL REPORTING

(i) Financial Reporting

The Board is responsible for presenting a balanced, clear and meaningful assessment of the Group's financial position and prospect to the Company's shareholders through the annual financial statements and quarterly announcements. The quarterly results and annual financial statements are reviewed by the Audit Committee and recommended to the Board for approval before its release to Bursa Securities.

(ii) Relationship with Auditors

The Board has established formal and transparent relationships with both the external and internal auditors through the Audit Committee. The relationship between the Audit Committee and both the external and internal auditors are described in the terms of reference of the Audit Committee Report.

(iii) Assessment of Suitability and Independence of External Auditors

The Audit Committee at its meeting held on 14 April 2017 undertook annual assessment of the suitability and independence of external auditors before recommendation is made to the Board for re-appointment of the external auditors at the annual general meeting of the Company. In its assessment, the Audit Committee considered several factors, which included adequacy of resources of the firm, quality of service and competency of the staff assigned to the audit, the external auditors' independence and the costing. Being satisfied with Messrs Ong & Wong's performance and audit independence, the Audit Committee recommended the appointment of Messrs Ong & Wong as external auditors for the financial year ending 31 December 2017. The Board at its meeting held on 14 April 2017 approved the Audit Committee's recommendation and was satisfied with Messrs Ong & Wong's suitability and audit independence thus agreed to put forward a resolution on the appointment of Messrs Ong & Wong to the shareholders for approval at the forthcoming AGM.

Also, the Audit Committee has obtained written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement for the Financial Year in accordance with the terms of all relevant professional and regulatory requirements.

F. RECOGNISE AND MANAGE RISKS

Internal Control

The Board has the overall responsibility in maintaining a sound and effective system of internal controls for the Group which covers not only financial controls but also operational and compliance controls as well as risk management.

The Group outsourced its internal audit function to an external professional firm, as part of its efforts in ensuring that the Group systems of internal controls are adequate and effective.

F. RECOGNISE AND MANAGE RISKS (CONT'D)

Internal Control (Cont'd)

The internal audit function adopts a risk-based approach and prepares its audit plans based on significant risks identified. The internal audit provides an assessment of the adequacy, efficiency and effectiveness of the Group's existing internal control policies and procedures and provides recommendations, if any, for the improvement of the control policies and procedures. The results of the audit reviews are presented and discussed during the Audit Committee meetings. Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are taken within the required time frame. The action plans are reviewed and followed up by the internal audit function on a periodical basis to ensure the recommendations are effectively implemented.

The Statement on Risk Management and Internal Control is furnished on pages 32 to 34 of this Annual Report, and this provides an overview of the state of internal controls within the Group.

G. RELATION WITH SHAREHOLDERS AND INVESTORS

The Company recognises the importance of keeping shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via the Company's annual reports, various disclosures to Bursa Securities including quarterly financial results and various announcements made from time to time.

The Group maintains a website at www.kerjayagroup.com where shareholders or investors may access information on the Group under "Investor Relation" link encompassing corporate information, latest financial results, latest annual reports, announcements to Bursa Securities, Board Charter and code of conduct of the Board. Shareholders and investors are always encouraged to interact and feedback to the Chairman or any Executive Director for opinions or concerns. The Board had also identified Mr. Koo Siong Kee to act as the Senior Independent Director to provide shareholders and investors with an alternative to convey their concerns and seek independent view.

The following personnel have been identified as the investor contact persons of the Group:

Contact Person: (a) Datuk Tee Eng Ho (Executive Chairman)
(b) Ms. Hun Chew Yong (Finance Manager)

Tel : 603-6277 2480
Email : ir@kerjayagroup.com.my

The AGM remains the principal forum for dialogue with shareholders where they are provided with an opportunity to raise questions pertaining to issues in the Annual Report, Audited Financial Statements and corporate developments in the Group, the resolutions being proposed and/or on the business of the Group. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board as well as Auditors of the Company are present to answer questions raised at the meeting.

H. COMPLIANCE WITH THE CODE

This Statement is made in compliance with relevant provisions in the Listing Requirements.

The Board strives to ensure that the Company complies with the Principles and Best Practices of the Code. The Board will endeavor to improve and enhance the procedures from time to time.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES

The amount of audit fees incurred for statutory audit services rendered to the Group by the external auditors for the financial year ended 31 December 2016 amounted to RM199,902 of which RM32,000 was incurred by Kerjaya Prospek Group Berhad.

The amount of the non-audit fees incurred for services rendered for Kerjaya Prospek Group Berhad by the external auditors for the financial year ended 31 December 2016 was RM1,920.

2. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The recurrent related party transactions of a revenue or trading nature of the Group conducted pursuant to the shareholders' mandate during the financial year ended 31 December 2016 are as follow:

Transacting Parties	Interested Related Parties	Nature of Transactions	Aggregate value (RM'000)
Kerjaya Prospek (M) Sdn Bhd Permatang Bakti Sdn Bhd Kerjaya Prospek Group Berhad and its subsidiaries Kerjaya Prospek Property Sdn Bhd and its subsidiaries Desanda Development Sdn Bhd	Datuk Tee Eng Ho Tee Eng Seng Datin Toh Siew Chuon Egovision Sdn Bhd Amazing Parade Sdn Bhd Kerjaya Prospek Property Sdn Bhd and its subsidiaries Desanda Development Sdn Bhd	Supply of light fittings, kitchen cabinetry, provision of interior design works and masonry works, provision of general building and construction works and other related services, which including but not limited to secondment of staffs and renting of machineries.	107,729
Ace Equity Sdn Bhd ("AESB") Dekad Intelek Sdn Bhd ("DISB")	Datuk Tee Eng Ho Tee Eng Seng Datin Toh Siew Chuon Dekad Intelek Sdn Bhd Egovision Sdn Bhd Amazing Parade Sdn Bhd	Renting of the 2nd Floor of No. 1, Jalan Wangsa Permai, Bangunan One Wangsa, Taman Wangsa Permai, 52200 Kuala Lumpur from DISB by AESB for 3 years with rental of RM10,000 per month commencing from 1 July 2015 to 30 June 2018.	120
Kerjaya Prospek (M) Sdn Bhd ("KPSB") Dekad Intelek Sdn Bhd ("DISB")	Datuk Tee Eng Ho Tee Eng Seng Datin Toh Siew Chuon Dekad Intelek Sdn Bhd Egovision Sdn Bhd Amazing Parade Sdn Bhd	Renting of the 3rd Floor of No. 1, Jalan Wangsa Permai, Bangunan One Wangsa, Taman Wangsa Permai, 52200 Kuala Lumpur from DISB by KPSB for 3 years with rental of RM10,000 per month commencing from 1 July 2015 to 30 June 2018.	120

3. MATERIAL CONTRACTS

There is no material contract entered into by the Company or its subsidiaries involving directors' and major shareholders' interest which was entered into since the end of the previous financial year and/or still subsisting at the end of the financial year.

4. UTILISATION OF PROCEEDS

The Company had successfully placed out 40,000,000 and 60,000,000 new ordinary shares on 30 March 2016 and 30 May 2016 respectively, pursuant to the private placement exercise. The total gross proceeds raised amouned to RM175.20 million. The utilisation of proceeds as at 31 December 2016 was as follows:

Purpose	**Proposed utilisation (RM'000)**	**Actual utilisation (RM'000)**	**Balance (RM'000)**
Repayment of borrowings	55,200	55,200	–
Defray the expenses in relation to proposals * *Proposal, amongst others, refer to the Acquisition and proposed private placement*	9,980	9,980	–
Working Capital	110,020	86,020	24,000
	175,200	151,200	24,000

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of Kerjaya Prospek Group Berhad ("the Board") is committed to nurture and maintain throughout the Group a sound system of risk management and internal controls and good corporate governance practices to safeguard shareholder's investment and the Group's assets. The Board is pleased to present the following Statement on Risk Management and Internal Control ("Statement") for the financial year ended 31 December 2016. This Statement is prepared pursuant to paragraph 15.26(b) of the MMLR of Bursa Securities and guided by the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" ("Guideline") endorsed by the Bursa Securities.

THE BOARD'S RESPONSIBILITIES

As the Group operates in a dynamic business environment, a sound risk management and internal control systems must be in place to help the Group to achieve its business objectives.

The Board acknowledges its responsibility for the Group's risk management and internal control which includes identifying principal risks, implementing appropriate control measures to manage risks and reviewing the adequacy and integrity of the risk management and internal control systems on continuous basis.

The Board affirms that there is an ongoing process for identifying, evaluating, monitoring and managing significant risks that may impede the achievement of the Group's business and corporate objectives. The Board regularly reviews the internal control functions and processes to enable proper management of risks and that measures are taken to mitigate weaknesses in the control environment.

RISK MANAGEMENT AND INTERNAL CONTROL

It is always the intention of the Board to implement a structured risk management program over the years. The Group has established its risk policy and risk appetite statement. Subsequent to the year end and prior to finalization of this annual report, the Group engaged the professional consultants to conduct a risk awareness workshop to raise awareness among the Board, Senior Management and line management on the importance processes and their responsibilities in managing risk. Thereafter, risk assessment sessions have carried out with the respective Heads of Department to identify, analyse, evaluate and prioritise risks. All identified risks were documented in a risk register and presented to the Board for review and deliberation. This is to ensure that adequate actions are taken to address the risks reasonably.

In order to ensure the objectivity of the review of the risk management and systems of internal control in the Group, Audit Committee ("AC") is entrusted by the Board to undertake this oversight role. However, the Board as a whole remains responsible for the overall risk management in the Group while Executive Director together with the senior management team are primary responsible for managing risks in the Group.

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Presently, the key internal control systems in the Group are:

(1) Documented policies and procedures are in place for key operating units.

(2) Structured organisation chart and clear lines of reporting and responsibilities is maintained to enforce accountability. Line of authority is clearly defined and communicated to all staffs.

(3) Quarterly meetings are held between AC and Management to review the financial results and to discuss new updates on regulatory, accounting and tax, if any.

(4) Regular meetings between ED and Management to understand the productivity, progression of projects, quality control, defects and complains and to decide on necessary action plan.

(5) Budgeted project costing and cash flow are prepared to monitor the cost and to prevent any significant mismatch of cash inflows and outflows.

The Board acknowledges the importance of the internal control function and has engaged a professional internal audit service company to assist the Board in reviewing and strengthening the Group systems of internal control. The Internal Audit Function of the Group conducts assessment of the systems of internal control review at least once a year. This includes assessing the adequacy of the control environment, control activities, risk assessment, information and communication as well as monitoring activities. Key risk areas identified from the assessment will constitute as part of the key audit areas reflected in the internal audit plan.

The Internal Audit Function has organised its work in accordance to the principles of the internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns.

AC will approve the internal audit plan and review the progress of audit periodically. The results of the audit reviews are reported to AC quarterly and AC will subsequently report to Board for further review.

Periodic follow-up audit reviews will also be conducted to ensure that recommendations for improvement are implemented by Management accordingly.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa Securities' Guidelines, Management is responsible to highlight risks relevant to the business of the Group's objectives and strategies; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objectives and performance.

For the financial year under review, the Board has received assurance from Executive Chairman that, to the best of his knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(Cont'd)

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for inclusion in the annual report for the financial year ended 31 December 2016. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require external auditor to form an opinion on the effectiveness of the Group's risk management and internal control system.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes the Board has adopted in reviewing the adequacy and effectiveness of the risk management and internal control systems of the Group.

THE BOARD'S CONCLUSION

For the financial year under review, there was no material loss resulted from significant control weaknesses that would require disclosure in the annual report. The Board is satisfied that the existing level of systems of internal control and risk management are effective to enable the Group to achieve its business objectives.

Nevertheless, the Board wishes to advise that system of risk management and internal control is designed to manage risks to a reasonable level rather than to eliminate the risk of failure to achieve the Group's business objectives. It can therefore only provide reasonable and not absolute assurance against material misstatement or financial losses or fraud.

AUDIT COMMITTEE REPORT

The Audit Committee of Kerjaya Prospek Group Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2016 ("**Financial Year**").

The primary objective of the audit committee is to assist the board of directors in discharging its statutory duties and responsibilities relating to the corporate accounting and practices for the Company and all its subsidiaries ("**Group**") and to ensure the adequacy and effectiveness of the Group's internal control measures.

1. COMPOSITION AND MEETINGS

The Audit Committee ("**AC**") is established by the Board of Directors ("**Board**") and comprises three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the AC is appointed by the Board and is an Independent Non-Executive Director. This meets the requirements of paragraph 15.09 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("**MMLR**").

The members of the AC and their attendance at meetings during the Financial Year are shown in the table below:-

Name of the AC Member	**Attendance**
Khoo Siong Kee - Chairman *Senior Independent Non-Executive Director*	5/5
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof - Member *Independent Non-Executive Director*	5/5
Lim Kien Lai @ Lim Kean Lai - Member *Independent Non-Executive Director*	5/5

The representatives from the Management attended the meetings by invitation for the purposes of briefing the AC on reports presented at the meeting and to clarify on issues that the AC may have with regard to the activities involving their areas of responsibilities.

The External Auditors were present at three (3) AC meetings held during the Financial Year whereas the Internal Auditors were present at four (4) meetings held during the Financial Year.

Minutes of each AC meeting were recorded and tabled for confirmation at the next following AC meeting and subsequently presented to the Board at Board meeting for information. The Company Secretary is the Secretary to the AC.

3. TERMS OF REFERENCE

The AC had discharged its function and carried out its duties as set out in its Terms of Reference. During the Financial Year, the Terms of Reference of the AC was enhanced to be in line with the changes to the MMLR on strengthening the role of the AC when reviewing financial statements.

The Terms of Reference of the AC is accessible through the Company's website at www.kerjayagroup.com.

4. WORK DONE BY THE AUDIT COMMITTEE DURING THE YEAR

The works were carried out by the Audit Committee during the Financial Year up to the date of issuance of this Annual Report comprising the following:-

(1) Reviewed the Company's quarterly financial report through discussions with Management before recommending to the Board's consideration and approval, focusing particularly on financial reporting issues, significant judgement made by management and unusual events and compliance with accounting standards and other legal requirements.

(2) Reviewed with the External Auditors:

(i) the audit planning memorandum, audit strategy and scope of work for the year;

(ii) the results of the annual audit and accounting issues arising from the audit, their audit report and management letter together with management's responses to the findings of the external auditors; and

(iii) the impact of any changes to the accounting standards, the impact and adoption of new accounting standards on the Company's financial statements.

(3) Reviewed the provision of non-audit services by the External Auditors, the performance of the External Auditors and evaluated their suitability and independence before making recommendations to the Board on their re-appointment and recommendation.

(4) Reviewed the annual audited financial statements of the Company prior to submission to the Board for consideration and approval. The review focused particularly on changes of accounting policy, significant matters highlighted including financial reporting issues, significant and unusual events/transactions and how these matters are addressed and compliance with applicable approved accounting standards in Malaysia.

(5) Reviewed the related party transactions and any conflict of interest situation that may arise within the Group and to ensure that they are not more favourable to the related parties than those generally available to the public and complies with the MMLR.

(6) Reviewed the AC Report and Statement on Risk Management & Internal Control prior to submission to the Board for consideration and approval for inclusion in the annual report of the Company.

(7) Reported to the Board on matters discussed and addressed at the AC meetings.

(8) Reviewed with the Internal Auditor:-

(i) the annual internal audit plan for adequacy of scope and coverage on the activities of the Group. Audit areas were discussed and annual internal audit plan was approved for adoption; and

(ii) the internal audit reports presented by the Internal Auditor on their findings and recommendations with respect to system and control weaknesses and management's responses to these recommendations and actions taken to improve the system of internal control and procedures.

(9) Reviewed the status of compliance of the Company with the Malaysian Code of Corporate Governance 2012, which are within the scope and function of the AC, for the purposes of disclosure in the Statement of Corporate Governance pursuant to the requirement of paragraph 15.25 of MMLR.

5. INTERNAL AUDIT FUNCTION AND ITS ACTIVITIES

The internal audit function, which is outsourced to a professional services firm is an integral part of the assurance mechanism in ensuring the Group's system of internal control are adequate and effective. The Internal Auditors report directly to the AC and assist the AC to discharge its duties and responsibilities.

The Internal Auditors prepare and table the Internal Audit Plan for the consideration and approval of the AC. It conducts independent reviews of the key activities with the Group's operations based on the audit plan approved by the AC. The Internal Auditors report to the AC four (4) times a year and provide the AC with independent views on the adequacy, integrity and effectiveness of the systems of internal control.

Prior to the presentation of report to the AC, comments from the Management are obtained and incorporated into the internal audit findings and reports. The assignments carried out by the Internal Auditors during the Financial Year are as follows:-

- Formalising the Enterprise Risk Management Framework
- Reviewing the Project Development in EkoSky 975, a proposed residential development by EkoSky Development Sdn. Bhd. located at Jalan Ipoh, Kuala Lumpur (where a subsidiary of the Company is appointed as contractor for the main building works) on the following areas:-
    - Monitoring of site progress;
    - Variation order and the approval procedures;
    - Progress claims, Statement of sub-contractor work done, payment and approval procedures (for both developer and sub-contractors);
    - Security controls at site;
    - Health and safety controls; and
    - Monitoring of quality issues.

The costs incurred in maintaining the outsourced the internal audit function for the financial year ended 31 December 2016 is RM40,000.

6. OTHER INFORMATION

The Nominating Committee had at its meeting held in April 2017 reviewed the term of office of the AC Members and assessed the performance of the AC and its Members through an annual Board Committee effectiveness assessment. The Nominating Committee is satisfied that the AC and its members discharged their functions, duties and responsibilities in accordance to with the AC's Terms of Reference. The result of the assessment was reported to the Board and the Board is in concurrence with the Nominating Committee with regard to the performance of the AC and its members.

STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 2016 to ensure that financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year is in accordance with the applicable approved accounting standards.

In preparing those financial statements, the Directors of the Company are required to:

- Adopt a suitable accounting policies and then applied them consistently;
- Make judgment and estimates that are prudent and reasonable;
- Ensure applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and that the financial statements comply with the Companies Act, 2016.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, the Group reckons the fact that maximizing the return for its shareholders is not the only measure of value. The Group strikes its best afford and at all times to reward and motivate the employees, giving back to the society and protect the environment and mother earth.

To the employees, the Group is committed in providing a safe and conducive working environment and strived to be a sustainable employer of choice. Various activities have been carried out throughout the year with the aim to promote teamwork and communication among staffs and to foster a caring, family-like company culture. The activities include the following:

- Organised technical in-house training or sent selected staffs for external training course in order to continuously enhance and retain talent pool;
- Create health and safety awareness through a series of seminars and trainings which inclusive of fire drills exercise, chemical handling procedures, construction site safety measures;
- Departmental gathering, annual dinner, company trip and sponsor of regular badminton session are other ways in which staffs are encouraged to further their camaraderie beyond the work setting and maintain a work-life balance.

Apart from the welfare and development of the employees, the Group is not forgetting its role and responsibilities toward the society. As an effort to support and grow local talent, the Group collaborates with various local university and college to provide internship opportunity to deserving individuals from vast specialty such as Quantity Surveying, Accountancy, Business Administration and others. The Group will also offer potential candidate to join as permanent staff straight after graduation.

The Group recognises the importance of environmental health and encourages employees to take a proactive approach towards the care of the environment. Recycle and reuse resources and practice energy saving are always the objectives of the Group in helping the environment.

FINANCIAL STATEMENTS

DIRECTORS' REPORT
for the year ended 31st December, 2016

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st December, 2016.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the activities during the financial year.

RESULTS

	Group RM	Company RM
Profit before taxation	133,157,359	22,444,695
Taxation	(33,330,433)	(16,621)
	99,826,926	22,428,074
Attributable to:		
Owners of the parent	99,624,364	22,428,074
Non-controlling interests	202,562	–
	99,826,926	22,428,074

DIVIDEND

Since the end of the previous financial year, the Company has paid an single tier interim dividend of 4.00 sen per ordinary share totalling to RM20,278,928 in respect of the financial year ended 31st December, 2016 on 18th August, 2016.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its authorised share capital from RM150,000,000 comprising 300,000,000 ordinary shares of RM0.50 each ("Kerjaya Shares") to RM800,000,000 comprising 1,200,000,000 Kerjaya Shares and 400,000,000 redeemable convertible preference shares of RM0.50 each ("Kerjaya RCPS"), by the creation of an additional 900,000,000 Kerjaya Shares and 400,000,000 Kerjaya RCPS as the new class of shares of the Company.

During the financial year, the issued and paid-up share capital of the Company increased by RM208,671,476 from RM45,861,306 to RM254,532,782 by way of issuance of 417,342,952 new Kerjaya Shares and 310,344,828 new Kerjaya RCPS with a remaining balance of 33,344,828 Kerjaya RCPS unconverted as at the end of the financial year detailed as follows:

(a) Issuance and listing of 36,896,552 new Kerjaya Shares as consideration shares for the acquisition of the entire equity interest in Kerjaya Prospek (M) Sdn. Bhd;
(b) Issuance and listing of 310,344,828 new Kerjaya RCPS as consideration shares for the acquisition of the entire equity interest of Kerjaya Prospek (M) Sdn. Bhd;
(c) Issuance and listing of 277,000,000 new Kerjaya Shares pursuant to the conversion of Kerjaya RCPS;
(d) Issuance and listing of 3,446,400 new Kerjaya Shares pursuant to the exercise of Warrants 2007/2017; and
(e) Issuance and listing of 100,000,000 new Kerjaya Shares pursuant to a private placement.

The newly issued Kerjaya Shares rank pari passu in all respects with the existing ordinary shares of the Company.

SHARE OPTION

The Company did not grant any option to any person to take up the unissued shares of the Company during the financial year.

DIRECTORS

The directors who served since the date of the last report and at the date of this report are:

Datuk Tee Eng Ho
Tee Eng Seng
Datin Toh Siew Chuon
Khoo Siong Kee
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof
Lim Kien Lai @ Lim Kean Lai

DIRECTORS' INTEREST

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and warrants in the Company during the financial year were as follows:

	Number of Ordinary shares of RM0.50 each			
	Balance at 1.1.2016	**Bought**	**Sold**	**Balance at 31.12.2016**
Direct interest:				
Datin Toh Siew Chuon	2,322,700	–	–	2,322,700
Lim Kien Lai @ Lim Kean Lai	68,900	–	(18,900)	50,000
Khoo Siong Kee	10,100	–	–	10,100
Indirect interest:				
Datuk Tee Eng Ho *	63,173,790	313,896,552	(10,000,000)	367,070,342
Tee Eng Seng *	63,173,790	313,896,552	(10,000,000)	367,070,342
Datin Toh Siew Chuon *	63,173,790	313,896,552	(10,000,000)	367,070,342

* Deemed interested by virtue of their interest in Egovision Sdn. Bhd., Amazing Parade Sdn. Bhd. and One Permatang Sdn. Bhd. pursuant to 6A(4) of the Companies Act, 1965.

	Number of warrants 2007/2017			
	Balance at 1.1.2016	**Bought**	**Sold**	**Balance at 31.12.2016**
Direct interest:				
Datin Toh Siew Chuon	372,443	–	–	372,443
Indirect interest:				
Datuk Tee Eng Ho *	11,247,442	–	–	11,247,442
Tee Eng Seng *	11,247,442	–	–	11,247,442
Datin Toh Siew Chuon *	11,247,442	–	–	11,247,442

* Deemed interested by virtue of their interest in Egovision Sdn. Bhd. pursuant to 6A(4) of the Companies Act, 1965.

	Number of Redeemable Convertible Preference Shares held			
	Balance at 1.1.2016	**Bought**	**Sold/ Converted**	**Balance at 31.12.2016**
Indirect interest:				
Datuk Tee Eng Ho *	–	310,344,828	(277,000,000)	33,344,828
Tee Eng Seng *	–	310,344,828	(277,000,000)	33,344,828
Datin Toh Siew Chuon *	–	310,344,828	(277,000,000)	33,344,828

* Deemed interested by virtue of their interest in Egovision Sdn. Bhd. and Amazing Parade Sdn. Bhd. pursuant to 6A(4) of the Companies Act, 1965.

Datuk Tee Eng Ho, Datin Toh Siew Chuon and Tee Eng Seng by virtue of their interest in ordinary shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares, warrants and RCPS in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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.

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

WARRANTS 2007/2017

The movement and salient terms of Warrants 2007/2017 are disclosed in Note 16 to the financial statements.

REDEEMABLE CONVERTIBLE PREFERENCE SHARES

The movement and salient terms of RCPS are disclosed in Note 17 to the financial statements.

HOLDING COMPANY

The holding company of the Company is Egovision Sdn. Bhd., a company incorporated in Malaysia, and owns 52.80% of the Company's equity shareholdings as at 7th April, 2017.

OTHER STATUTORY INFORMATION

Before the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts, the making of allowance for doubtful debts and have satisfied themselves that there were no known bad or doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(i) which would require any amount to be written off as bad debts or provided for as doubtful debts;

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

(iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Group and of the Company misleading or inappropriate; and

(iv) not otherwise dealt with in this report or in the financial statements of the Group and of the Company, that would render any amount stated in the respective financial statements misleading.

OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

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

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 39 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

Details of significant event subsequent to the financial year end is disclosed in Note 40 to the financial statements.

AUDITORS

The Auditors, ONG & WONG, have indicated their willingness to continue in the office.

Signed on behalf of the Board in accordance with a resolution of the directors.

DATUK TEE ENG HO
Director

TEE ENG SENG
Director

Dated: 14th April, 2017
Kuala Lumpur

STATEMENT BY DIRECTORS
(Pursuant to Section 169[15] of the Companies Act, 1965)

We, **DATUK TEE ENG HO** and **TEE ENG SENG**, being two of the directors of **KERJAYA PROSPEK GROUP BERHAD**, state that, in our opinion, the financial statements set out on pages 51 to 121 are drawn up in accordance with Malaysian Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st December, 2016 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Further to the Statement by directors pursuant to Section 169[15] of the Companies Act, 1965, the information set out in Note 38 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors.

DATUK TEE ENG HO
Director

TEE ENG SENG
Director

Dated: 14th April, 2017
Kuala Lumpur

STATUTORY DECLARATION
(Pursuant to Section 169[16] of the Companies Act, 1965)

I, **DATUK TEE ENG HO**, being the director primarily responsible for the financial management of **KERJAYA PROSPEK GROUP BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 51 to 121 are drawn up, to the best of my knowledge and belief, 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 Wilayah Persekutuan on 14th April, 2017) **DATUK TEE ENG HO**
)

Before me,

SAMUEL JOHN A/L PONNIAH
License No. B437
Commissioner of Oaths
Kuala Lumpur

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kerjaya Prospek Group Berhad, which comprise the statements of financial position as at 31st December, 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 121.

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 31st December, 2016, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Basis for 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 Auditor's 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 IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company of the current year. These matters were 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 these matters.

In arriving at our audit opinion above on the financial statements, the key audit matter that had the greatest effect on our audit was as follows:

Construction Revenue Recognition

The Group recognises construction revenue based on the stage of completion. This is assessed by reference to the proportion of contract costs incurred for the work performed relative to the estimated total costs of the contract at completion.

The process to measure the construction revenue recognised includes the estimation of total contract costs. In making the estimation, the management considers past experience and relies on the work of experts.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Construction Revenue Recognition (Cont'd)

How our audit addressed this matter:

- We evaluated the design and implementation of controls over revenue and cost recognition, amounts due from and to customers for contract works and related receivables and liabilities;

- We selected a sample of major contracts to critically assess their estimated costs to complete, the reasonableness of their percentage of completion recognised, variations within contract revenue and contract costs and the recoverability of amounts due from customers for contract works;

- The assessment included reviewing contract terms and conditions, comparing contract valuations issued by independent consultants against the claim from management. We challenged the assumptions in deriving at the estimated costs to complete by agreeing cost estimates to sub-contracts and making reference to the Group's historical experience of costs on similar contracts and industry norms; and

- We tested the recoverability of amounts due from customers for contract works and related receivables by agreeing to certifications and cash receipts.

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 information included in the annual report and directors' 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 annual report and directors' report 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 annual report and directors' report and, in doing so, consider whether the annual report and directors' report 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 the annual report and directors' report, we are required to report that fact. We have nothing to report in this regard.

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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 auditor's 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. Misstatement 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 theses financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 of the Company's internal control.

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

- Conclude on the appropriateness of 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 consolidated financial statements. 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 in the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 38 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

ONG & WONG
AF 0241
Chartered Accountants

Dated: 14th April 2017
Kuala Lumpur

ONG KOON LIANG
2909/02/19(J)
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION
as at 31st December, 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	**118,056,449**	6,892,694	**33,300**	–
Investment properties	5	**7,475,456**	3,725,246	**–**	–
Investment in subsidiaries	6	**–**	–	**462,864,481**	4,864,481
Other investments	7	**43,000**	43,000	**–**	–
Intangible assets	8	**353,223,766**	31,281	**–**	–
Trade and other receivables	10	**82,340,730**	7,656,463	**–**	–
		561,139,401	18,348,684	**462,897,781**	4,864,481
Current assets					
Inventories	11	**70,447,050**	45,915,460	**–**	–
Trade and other receivables	10	**265,655,347**	58,665,538	**128,738,138**	31,878,033
Accrued billings in respect of property development	12	**6,885,579**	9,141,077	**–**	–
Tax recoverable		**1,123,982**	72,514	**156,976**	71,877
Other current assets	13(a)	**19,749,991**	14,466,340	**–**	–
Cash and bank balances	15	**132,438,613**	11,795,910	**24,364,317**	108,485
		496,300,562	140,056,839	**153,259,431**	32,058,395
TOTAL ASSETS		**1,057,439,963**	158,405,523	**616,157,212**	36,922,876
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	16	**254,532,782**	45,861,306	**254,532,782**	45,861,306
RCPS - equity component	17	**36,523,318**	–	**36,523,318**	–
Reserves	18	**330,333,440**	670,878	**330,009,168**	374,528
Retained profit/(accumulated losses)		**140,444,288**	61,787,292	**(8,039,092)**	(9,499,798)
		761,833,828	108,319,476	**613,026,176**	36,736,036
Non-controlling interests		**532,562**	–	**–**	–
TOTAL EQUITY		**762,366,390**	108,319,476	**613,026,176**	36,736,036
Non-current liabilities					
Deferred tax liabilities	9	**6,601,713**	509,235	**51,857**	–
Trade and other payables	19	**39,012,283**	3,218,109	**–**	–
		45,613,996	3,727,344	**51,857**	–

STATEMENTS OF FINANCIAL POSITION
(Cont'd)

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Current liabilities					
Trade and other payables	19	**163,450,135**	31,934,648	**974,354**	186,840
Other current liabilities	13(b)	**73,280,680**	1,587,514	**–**	–
RCPS - liability component	17	**2,104,825**	–	**2,104,825**	–
Income tax payable		**5,787,816**	1,641,939	**–**	–
Short term borrowing	20	**4,836,121**	11,194,602	**–**	–
		249,459,577	46,358,703	**3,079,179**	186,840
TOTAL LIABILITIES		**295,073,573**	50,086,047	**3,131,036**	186,840
TOTAL EQUITY AND LIABILITIES		**1,057,439,963**	158,405,523	**616,157,212**	36,922,876

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31st December, 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Revenue	21	**798,694,405**	78,973,723	**–**	**–**
Cost of sales	22	**(650,465,843)**	(55,324,323)	**–**	**–**
Gross profit		**148,228,562**	23,649,400	**–**	–
Other operating income	23	**15,161,678**	3,021,010	**25,715,536**	4,070,955
		163,390,240	26,670,410	**25,715,536**	4,070,955
Administrative expenses		**(26,848,736)**	(3,818,669)	**(2,689,904)**	(1,303,411)
Other operating expenses		**(124,880)**	(124,880)	**–**	–
Profit from operations		**136,416,624**	22,726,861	**23,025,632**	2,767,544
Finance costs	24	**(3,259,265)**	(426,557)	**(580,937)**	–
Profit before taxation	25	**133,157,359**	22,300,304	**22,444,695**	2,767,544
Taxation	28	**(33,330,433)**	(6,161,934)	**(16,621)**	–
Profit after taxation		**99,826,926**	16,138,370	**22,428,074**	2,767,544
Other comprehensive expenses:					
Item that is or may be reclassified subsequently to profit or loss					
- Foreign currency translation	18	**27,922**	(981)	**–**	–
Total comprehensive income for the year		**99,854,848**	16,137,389	**22,428,074**	2,767,544
Profit for the financial year attributable to:					
Owners of the Company		**99,624,364**	16,138,370		
Non-controlling interest		**202,562**	–		
		99,826,926	16,138,370		
Total comprehensive income attributable to:					
Owners of the Company		**99,652,286**	16,137,389		
Non-controlling interest		**202,562**	–		
		99,854,848	16,137,389		
Earnings per share attributable to owners of the Company (sen)	29	**26.78**	17.74		
Diluted earnings per share (sen)	29	**23.74**	15.77		

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the year ended 31st December, 2016

	Note	← Non-distributable		→	← Distributable	→	
		Share capital RM	Reserves RM (Note 18)	RCPS equity component RM (Note 17)	Retained profit RM	Non-controlling interest RM	Total RM
Group							
At 1st January, 2015		45,368,506	297,331	–	48,374,275	–	94,040,112
Issuance of shares		492,800	374,528	–	–	–	867,328
Total comprehensive income for the year		–	(981)	–	16,138,370	–	16,137,389
Dividend paid	30	–	–	–	(2,725,353)	–	(2,725,353)
At 31st December, 2015		45,861,306	670,878	–	61,787,292	–	108,319,476
Issuance of shares pursuant to:							
- Acquisition of subsidiaries		18,448,276	24,351,724	357,843,318	–	330,000	400,973,318
- Exercise of warrant 2007/2017		1,723,200	1,309,632	–	–	–	3,032,832
- Conversion of RCPS		138,500,000	182,820,000	(321,320,000)	–	–	–
- Private placement		50,000,000	125,200,000	–	–	–	175,200,000
Share issuance expenses		–	(4,046,716)	–	–	–	(4,046,716)
Total comprehensive income for the year		–	27,922	–	99,624,364	202,562	99,854,848
RCPS dividend		–	–	–	(688,440)	–	(688,440)
Dividend paid	30	–	–	–	(20,278,928)	–	(20,278,928)
At 31st December, 2016		**254,532,782**	**330,333,440**	**36,523,318**	**140,444,288**	**532,562**	**762,366,390**

	Note	← Non-distributable		→	← Distributable →		
		Share capital RM	Reserves RM (Note 18)	RCPS equity component RM (Note 17)	Accumulated losses RM	Non-controlling interest RM	Total RM
Company							
At 1st January, 2015		45,368,506	–	–	(9,541,989)	–	35,826,517
Issuance of share		492,800	374,528	–	–	–	867,328
Total comprehensive income for the year		–	–	–	2,767,544	–	2,767,544
Dividend paid	30	–	–	–	(2,725,353)	–	(2,725,353)
At 31st December, 2015		45,861,306	374,528	–	(9,499,798)	–	36,736,036
Issuance of shares pursuant to:							
- Acquisition of subsidiaries		18,448,276	24,351,724	357,843,318	–	–	400,643,318
- Exercise of warrant 2007/2017		1,723,200	1,309,632	–	–	–	3,032,832
- Conversion of RCPS		138,500,000	182,820,000	(321,320,000)	–	–	–
- Private placement		50,000,000	125,200,000	–	–	–	175,200,000
Share issuance expenses		–	(4,046,716)	–	–	–	(4,046,716)
Total comprehensive income for the year		–	–	–	22,428,074	–	22,428,074
RCPS dividend		–	–	–	(688,440)	–	(688,440)
Dividend paid	30	–	–	–	(20,278,928)	–	(20,278,928)
At 31st December, 2016		**254,532,782**	**330,009,168**	**36,523,318**	**(8,039,092)**	**–**	**613,026,176**

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

STATEMENTS OF CASH FLOWS

for the year ended 31st December, 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**133,157,359**	22,300,304	**22,444,695**	2,767,544
Adjustments for:					
Amortisation of intangible asset		**25,004**	15,915	**–**	–
Allowance for impairment losses on					
- trade receivables		**124,880**	124,880	**–**	–
Bad debt written off		**360,216**	–	**–**	–
Bad debt recovery		**(2,093,380)**	–	**–**	–
Depreciation of property, plant and equipment		**12,916,063**	1,144,835	**2,700**	–
Dividend income		**–**	–	**(25,000,000)**	(4,000,000)
Interest income		**(3,323,539)**	(322,165)	**(715,536)**	(70,955)
Interest expenses		**876,274**	104,420	**540,285**	–
Gain on disposal of property, plant and equipment		**(511)**	–	**–**	–
Net fair value adjustments		**(1,800,316)**	(1,545,894)	**–**	–
Unrealised gain on foreign exchange		**(44,954)**	(119)	**–**	–
Operating profit/(loss) before working capital changes		**140,197,096**	21,822,176	**(2,727,856)**	(1,303,411)
(Increase)/decrease in inventories:					
- property under development		**(9,639,308)**	(8,787,753)	**–**	–
- others		**321,854**	(85,361)	**–**	–
- investment properties		**(15,214,136)**	–	**–**	–
Increase in trade and other receivables		**(6,555,388)**	(38,422,580)	**(96,860,105)**	(7,331,777)
Increase in other current assets		**(5,271,666)**	(11,010,023)	**–**	–
Increase in trade and other payables		**38,557,223**	16,851,975	**99,074**	13,563
(Decrease)/increase in other current liabilities		**(47,191,427)**	1,312,804	**–**	–
Cash generated from/(used in) operations		**95,204,248**	(18,318,762)	**(99,488,887)**	(8,621,625)
Interest received		**3,323,539**	322,165	**715,536**	70,955
Interest paid		**(876,274)**	(104,420)	**(540,285)**	–
Income taxes refund		**8,759**	–	**–**	–
Income taxes paid		**(30,325,864)**	(5,207,990)	**(101,720)**	(7,741)
Net cash generated from/(used in) operating activities		**67,334,408**	(23,309,007)	**(99,415,356)**	(8,558,411)

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(71,255,954)**	(663,103)	**(36,000)**	–
Purchase of investment properties		**(3,750,210)**	(2,170,586)	**–**	–
Purchase of intangible assets		**(83,220)**	(23,598)	**–**	–
Acquisition of subsidiary company	A	**(19,087,418)**	–	**(458,000,000)**	–
Dividend received, net		**–**	–	**25,000,000**	4,000,000
Net cash (used in)/generated from investing activities		**(94,176,802)**	(2,857,287)	**(433,036,000)**	4,000,000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		**(20,278,928)**	(2,725,353)	**(20,278,928)**	(2,725,353)
Repayment of bank borrowing		**(421,532)**	–	**–**	–
Payment of share issuance expenses		**(4,046,716)**	–	**(4,046,716)**	–
Proceeds from issuance of RCPS		**38,680,000**	–	**38,680,000**	–
Proceeds from issuance of share capital		**138,243,200**	492,800	**358,223,200**	492,800
Proceeds from issuance of share capital to NCI		**330,000**	–	**–**	–
Proceeds from conversion of RCPS		**–**	–	**182,820,000**	–
Proceeds from exercise of warrant		**1,309,632**	374,528	**1,309,632**	374,528
Net cash generated from/(used in) financing activities		**153,815,656**	(1,858,025)	**556,707,188**	(1,858,025)
Net increase/(decrease) in cash and cash equivalents		**126,973,262**	(28,024,319)	**24,255,832**	(6,416,436)
Effect of foreign exchange rate changes		**27,922**	(981)	**–**	–
Cash and cash equivalents at beginning of year		**601,308**	28,626,608	**108,485**	6,524,921
Cash and cash equivalents at end of year	B	**127,602,492**	601,308	**24,364,317**	108,485

STATEMENTS OF CASH FLOWS
(Cont'd)

NOTE

A. ACQUISITION OF SUBSIDIARY COMPANY

	Group	
	2016	**2015**
	RM	**RM**
Total cost of acquisition	**458,000,000**	–
Less: Non-cash consideration	**(402,800,000)**	–
Consideration settled in cash	**55,200,000**	–
Cash and cash equivalents of subsidiaries acquired	**(36,112,582)**	–
Net cash outflow of the Group on acquisition	**19,087,418**	–

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following statements of financial position amounts:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	**132,438,613**	11,795,910	**24,364,317**	108,485
Less: Short term borrowing	**(4,836,121)**	(11,194,602)	**-**	–
	127,602,492	601,308	**24,364,317**	108,485

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

1. GENERAL INFORMATION

The Company is principally an investment holding company. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

The registered office is located at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at No. 1, 2nd Floor, Bangunan One Wangsa, Jalan Wangsa Permai, Taman Wangsa Permai, 52200 Kuala Lumpur.

2. BASIS OF PREPARATION

The financial statements for the financial year ended 31st December, 2016 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and the requirements of the Companies Act, 1965 in Malaysia.

(a) Changes in Accounting Policies and Effects Arising from Adoption of New and Revised Standards and Amendments

The accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial year except for the adoption of the following new, revised MFRSs and amendments which are effective for annual period beginning on or after 1st January, 2016.

Description	**Effective for annual period beginning on or after**
Amendments to MFRSs contained in the document entitled Annual Improvements 2012 - 2014 Cycle	1st January, 2016
MFRS 14, Regulatory Deferral Accounts	1st January, 2016
Amendments to MFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operation	1st January, 2016
Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation	1st January, 2016
Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture; Bearer Plants	1st January, 2016
Amendments to MFRS 101, Presentation of Financial Statements - Disclosure initiative	1st January, 2016
Amendments to MFRS 10, 12, 127 and 128	1st January, 2016

The adoption of the above Standards and Amendments has no material impact to the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (CONT'D)

(b) Standards and Amendments Issued But Not Yet Effective

At the date of authorisation for issue of the financial statements, the new and revised Standards and Amendments issued but not yet effective and not early adopted by the Group and the Company are as listed below:

Description	Effective for annual period beginning on or after
Amendments to MFRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses	1st January, 2017
Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative	1st January, 2017
Amendments to MFRS 12, Disclosure of Interest in Other Entities (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)	1st January, 2017
Amendments to MFRS 2, Classification and Measurement of Share Based Payment Transactions	1st January, 2018
MFRS 15, Revenue from Contracts with Customers and clarifications to MFRS 15	1st January, 2018
Amendments to MFRS 4, Applying MFRS 9 Financial Instruments with MFRS 4, Insurance Contracts	1st January, 2018
Amendments to MFRS 140, Investment Property – Transfers of Investment Property	1st January, 2018
IC Interpretation 22, Foreign Currency Transactions and Advance Consideration	1st January, 2018
MFRS 9, Financial Instruments	1st January, 2018
Amendments to MFRS: Annual Improvements to MFRS Standards 2014 – 2016 Cycle	1st January, 2018
Amendments to MFRS 7, Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosure	1st January, 2018
MFRS 16, Lease	1st January, 2019
Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	to be announced

2. BASIS OF PREPARATION (CONT'D)

(b) Standards and Amendments Issued But Not Yet Effective (Cont'd)

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial year. The Group and the Company do not expect any material impact to the financial statements of the above pronouncements other than the Standards described below, for which the effects of adoption are still being assessed.

(i) Amendments to MFRSs: Annual Improvements to MFRS Standards 2014 - 2016 Cycle

The Annual Improvements to MFRS Standards 2014 - 2016 Cycle include a number of amendments to various MFRSs. The amendments to MFRSs include:
- Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards;
- Amendments to MFRS 12 Disclosure of Interests in Other Entities; and
- Amendments to MFRS 128 Investments in Associates and Joint Ventures.

(ii) MFRS 15 Revenue from Contracts with Customers

MFRS 15, *Revenue from Contracts with Customers* was issued in September, 2014 and established a five-step model that will apply to recognition of revenue arising from contracts with customers. Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principle of this Standard is to provide a more structured approach to measuring and recognizing revenue.

This Standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1st January, 2018 with early adoption permitted.

(iii) MFRS 9, Financial Instruments

MFRS 9, Financial Instruments, will replace MFRS 139, Financial Instruments: Recognition and Measurement.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flow and the cash flow represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than to profit or loss, unless this creates an accounting mismatch.

2. BASIS OF PREPARATION (CONT'D)

(b) Standards and Amendments Issued But Not Yet Effective (Cont'd)

(iii) MFRS 9, Financial Instruments (Cont'd)

MFRS 9 introduces an expected credit loss model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

This Standard will come into effect on or after 1st January, 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory.

(iv) MFRS 16, Leases

MFRS 16 specifies how an MFRS reporter will recognise, measure, present and disclose leases. The Standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

Either a full or modified retrospective application is required for annual periods beginning on or after 1st January, 2019 with early adoption permitted.

(v) Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from both cash flows and non-cash changes.

The amendments should be applied prospectively and comparative information is not required for earlier periods presented.

The impact of MFRS 9 and MFRS 15 are still being assessed. Aside from MFRS 9 and MFRS 15, the adoption of amendments to published standards are not expected to have a material impact to the financial statements of the Group and the Company.

2. BASIS OF PREPARATION (CONT'D)

(c) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the significant accounting policies as disclosed in Note 3 below.

The financial statements are presented in Ringgit Malaysia ("RM").

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

(i) Business Combinations

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 Financial Instrument: Recognition and Measurement, either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (Cont'd)

(i) Business Combinations (Cont'd)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for the goodwill is set out in Note 3(d)(i) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

(ii) Transactions with Non-Controlling Interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, if any, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(b) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign Currencies (Cont'd)

(ii) Foreign Currency Transactions (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

(iii) Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

(c) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment except for freehold land, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, Plant and Equipment and Depreciation (Cont'd)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2% - 3%
Plant and machinery	7.5% - 10%
Office equipment, furniture, fittings, motor vehicles, and renovations	10% - 20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(d) Intangible Assets

(i) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1st January, 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 3(b) to the financial statements.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1st January, 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Intangible Assets (Cont'd)

(ii) Computer Software

Computer software is measured initially at cost. Following initial acquisition, computer software is measured at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful life of computer software is assessed to be finite. Computer software is amortised on a straight-line basis over the estimated economic useful lives at an annual rate of 20% and assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method for computer software with finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on computer software with finite lives is recognised in profit or loss.

Gain or losses arising from derecognition of computer software is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

(e) Investment Properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not subject to depreciation. Leasehold land and building are depreciated over the remaining period of their leases of 99 years.

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

Investment property under construction (IPUC) is measured at fair value (when the fair value is reliably determinable). When assessing whether the fair value of IPUC can be determined reliably the Company considers, among other things:

(a) Is the asset being constructed in a developed liquid market?
(b) Has a construction contract with the contractor been signed?
(c) Have the required building and letting permits been obtained?
(d) What percentage of rentable area has been pre-leased to tenants?

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

IPUC are not depreciated as these assets are not yet available for use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(g) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses, if any.

(h) Financial Assets

Financial assets are recognised in 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.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial Assets (Cont'd)

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group and the Company have not designated any financial assets as at fair value through profit or loss.

(ii) Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial Assets (Cont'd)

(iii) Held-to-Maturity Investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

(iv) Available-for-Sale Financial Assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss.

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

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

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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 and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and Other Receivables and Other 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 and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor 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 and the Company'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 default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Available-for-Sale Financial Assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(k) Construction Contract

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

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

When it is probable that total 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 probable that they will result in revenue and they are capable of being reliably measured.

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

(l) Inventories

Inventories are stated at lower of cost and net realisable value.

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any impairment losses.

Land held for property development is reclassified as inventories – properties under development at the point when development activities have been commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Inventories (Cont'd)

(ii) Property under development

Property under development comprise all costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

Where 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.

Any foreseeable loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately in the profit or loss.

Cost of properties under development not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings under current assets and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings under current liabilities.

(iii) Others

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.These costs are assigned on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Financial Liabilities

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

Financial liabilities, within the scope of MFRS 139, are recognised in 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 liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other Financial Liabilities

The Group's and the Company's other financial liabilities include trade payables, 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.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial Liabilities (Cont'd)

A financial liability is derecognised when the obligation under the liability is extinguished. 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.

(o) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(p) Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period 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.

(q) Employee Benefits

Defined Contribution Plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Leases

As Lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the 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 charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(s) Revenue

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

(i) Sale of Goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion methods as described in Note 3(k) to the financial statements.

(iii) Interest Income

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

(iv) Property Development

Revenue from property development projects is recognised progressively as the project activity progresses and is in respect of sales when the agreements have been finalised. The recognition of revenue is based on the percentage of completion method, net of discount, and is consistent with the method adopted for profit recognition.

Provision for foreseeable losses is made when estimated future revenue realisable is lower than the carrying amount of the project, is recognised as an expense immediately in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Income Taxes

(i) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Income Taxes (Cont'd)

(ii) Deferred Tax (Cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(u) Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

(v) Share Capital and Share Issuance Expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and 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. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(w) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(x) Compound Financial Instruments

Compound financial instruments issued by the Group comprise of redeemable convertible preference shares ("RCPS") that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Compound Financial Instruments (Cont'd)

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option.The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are recognised directly in equity.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method until extinguished on conversion or maturity of the compound instrument. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except when the compound instrument is redeemed or repurchased before maturity. Upon conversion of the convertible instrument into equity shares, the amount credited to share capital and share premium is the aggregate of the carrying amounts of the liability components classified within liability and equity at the time of conversion. No gain or loss is recognised.

(y) Significant Accounting Judgements and Estimates

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.

(i) <u>Judgements Made in Applying Accounting Policies</u>

In the process of preparing the financial statements, there were no significant judgements made in applying the accounting policies of the Group which may have significant effects on the amounts recognised in the financial statements.

(ii) <u>Key Sources of Estimation Uncertainty</u>

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) <u>Impairment of Investment in Subsidiaries</u>

The management determines whether the carrying amounts of its investments are impaired at reporting date.This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include amongst others, discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation or based on total shareholders' equity of the subsidiaries.

The carrying amount of investment in subsidiaries as at 31st December, 2016 were RM462,864,481 (2015: RM4,864,481). Further details are disclosed in Note 6 to the financial statements. Based on management's review, no further adjustment for impairment is required for the investment in subsidiaries by the Company during the current year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Significant Accounting Judgements and Estimates (Cont'd)

(ii) Key Sources of Estimation Uncertainty (Cont'd)

(b) Impairment of Loans and Receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset 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 debtor 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 amount of the Group's loans and receivables' at the reporting date is disclosed in Note 10 to the financial statements.

(c) Useful Lives of Property, Plant and Equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 10 to 15 years. These are common life expectancies applied in the manufacturing industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 4 to the financial statements.

(d) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and provisions can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The total carrying value of recognised tax losses, capital allowances and other deductible temporary differences of the Group were approximately RM1,300,000 (2015: RM1,479,000). The unrecognised tax losses, capital allowances and provisions of the Group and of the Company were approximately RM33,700 (2015: RM24,000,000) and RM706,000 (2015: RM1,136,000) respectively.

(e) Construction Contracts and Property Development

The Group recognises construction contracts and 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 costs incurred for work performed to date bear to the estimated total costs, respectively or by reference to physical stage of completion.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred, the estimated total revenue and costs, the physical completion, as well as the recoverability of the costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

4. PROPERTY, PLANT AND EQUIPMENT

	As at 1.1.2016 RM	Addition RM	Acquisition of subsidiaries RM	Disposal/ Write-off Transfer RM	As at 31.12.2016 RM
Group					
2016					
COST					
Long term leasehold land	**1,051,975**	**-**	**-**	**-**	**1,051,975**
Buildings	**3,292,729**	**8,351,400**	**23,251,414**	**(16,915,536)**	**17,980,007**
Plant and machinery	**24,610,454**	**18,321,845**	**37,750,310**	**(80,162)**	**80,602,447**
Other assets *	**7,218,520**	**62,031,932**	**18,214,815**	**(490,415)**	**86,974,852**
	36,173,678	**88,705,177**	**79,216,539**	**(17,486,113)**	**186,609,281**

	As at 1.1.2016 RM	Charge for the year RM	Acquisition of subsidiaries RM	Disposal/ Write-off/ Transfer RM	As at 31.12.2016 RM
ACCUMULATED DEPRECIATION/ IMPAIRMENT					
Long term leasehold land	**220,160**	**14,198**	**-**	**-**	**234,358**
Buildings	**688,781**	**129,957**	**336,137**	**-**	**1,154,875**
Plant and machinery	**22,747,364**	**4,184,897**	**17,502,515**	**-**	**44,434,776**
Other assets *	**5,624,679**	**8,587,011**	**8,554,534**	**(37,401)**	**22,728,823**
	29,280,984	**12,916,063**	**26,393,186**	**(37,401)**	**68,552,832**

	As at 31.12.2016 RM
NET BOOK VALUE	
Long term leasehold land	**817,617**
Buildings	**16,825,132**
Plant and machinery	**36,167,671**
Other assets *	**64,246,029**
	118,056,449

* Other assets consist of office equipment, furniture, fittings, motor vehicles and renovations.

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

	As at 1.1.2015 RM	Addition RM	As at 31.12.2015 RM
Group			
2015			
COST			
Long term leasehold land	1,051,975	–	1,051,975
Buildings	3,292,729	–	3,292,729
Plant and machinery	24,600,154	10,300	24,610,454
Other assets *	6,565,717	652,803	7,218,520
	35,510,575	663,103	36,173,678

	As at 1.1.2015 RM	Charge for the year RM	As at 31.12.2015 RM
ACCUMULATED DEPRECIATION/ IMPAIRMENT			
Long term leasehold land	205,964	14,196	220,160
Buildings	622,926	65,855	688,781
Plant and machinery	22,230,553	516,811	22,747,364
Other assets *	5,076,706	547,973	5,624,679
	28,136,149	1,144,835	29,280,984

	As at 31.12.2015 RM
NET BOOK VALUE	
Long term leasehold land	831,815
Buildings	2,603,948
Plant and machinery	1,863,090
Other assets *	1,593,841
	6,892,694

* Other assets consist of office equipment, furniture, fittings, motor vehicles and renovations.

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

	As at 1.1.2016 RM	Addition RM	As at 31.12.2016 RM
Company			
2016			
COST			
Office equipment	57,022	–	57,022
Furniture and fittings	2,376	–	2,376
Signboard	–	36,000	36,000
	59,398	36,000	95,398

	As at 1.1.2016 RM	Charge for the year RM	As at 31.12.2016 RM
ACCUMULATED DEPRECIATION/ IMPAIRMENT			
Office equipment	57,022	–	57,022
Furniture and fittings	2,376	–	2,376
Signboard	–	2,700	2,700
	59,398	2,700	62,098

	As at 31.12.2016 RM
NET BOOK VALUE	
Office equipment	–
Furniture and fittings	–
Signboard	33,300
	33,300

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

	As at 1.1.2015/ 31.12.2015 RM
Company	
2015	
COST	
Office equipment	57,022
Furniture and fittings	2,376
	59,398

	As at 1.1.2015/ 31.12.2015 RM
ACCUMULATED DEPRECIATION	
Office equipment	57,022
Furniture and fittings	2,376
	59,398

	As at 1.1.2015/ 31.12.2015 RM
NET BOOK VALUE	
Office equipment	–
Furniture and fittings	–
	–

5. INVESTMENT PROPERTIES

	Group	
	2016 RM	**2015 RM**
Land and buildings, at cost		
At 1st January	**3,725,246**	1,554,660
Addition	**11,213,966**	2,170,586
Transfer to inventories (Note 11)	**(7,463,756)**	–
At 31st December	**7,475,456**	3,725,246

The investment properties are fully completed as at 31st December, 2016.

6. INVESTMENT IN SUBSIDIARIES

	Company 2016 RM	Company 2015 RM
Unquoted shares, at costs	**487,202,007**	29,202,007
Accumulated impairment	**(24,337,526)**	(24,337,526)
	462,864,481	4,864,481

Name	Country of Incorporation	Principal Activities	Proportion (%) of Ownership Interest 2016	Proportion (%) of Ownership Interest 2015
Held by the Company:				
Advance Industries Sdn. Bhd.	Malaysia	Construction, sub-contractors works, manufacturing, assembly, installation and sales of light fittings, kitchen cabinetry, furniture and related products.	**100**	100
Acumen Marketing Sdn. Bhd.	Malaysia	Supply of lightings, light fittings, outdoor fittings, advertising point-of-sale, furniture and related products.	**100**	100
Lighting Louvres Manufacturing Sdn. Bhd.	Malaysia	Manufacturing and sale of aluminium lighting louvres.	**100**	100
Futumeds Sdn. Bhd.	Malaysia	Construction, sub-contractors, and others for the purpose of building and construction works.	**100**	100
Fututech (Labuan) Ltd.	Malaysia	Investment holding.	**100**	100
Bazarbayu Sdn. Bhd.	Malaysia	Property development activities.	**100**	100
FutuProp Sdn. Bhd.	Malaysia	Investment holding and has not commenced business since the date of incorporation.	**100**	100
Acumen Industries Limited *	Hong Kong	Dormant. Intended principal activity is investment holding.	**100**	100
Aurizon Investments Limited*	British Virgin Islands	Investment holding and has not commenced business since the date of incorporation.	**100**	100
Kerjaya Prospek (M) Sdn. Bhd.*	Malaysia	Building construction and property development.	**100**	–
Permatang Bakti Sdn. Bhd.*	Malaysia	Building construction.	**100**	–

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Country of Incorporation	Principal Activities	Proportion (%) of Ownership Interest 2016	2015
Held by Advance Industries Sdn. Bhd.:				
Ace Equity Sdn. Bhd.	Malaysia	Supply and installation of aluminium and glazing works, stones works, interior fixtures, fittings, lightings, cabinetry and related products and the provision of contract workmanship and other related services.	**100**	100
Kerjaya Machinery & Equipment Sdn. Bhd. (formerly known as Kerjaya Petroleum Sdn. Bhd.) (formerly known as Segi Rancak Sdn. Bhd.)	Malaysia	General trading, land and property investment and investment holding and the provision of services relating to application/renewal of permits, operation service, maintenance and leasing for heavy machineries.	**90**	–
Held by Fututech (Labuan) Limited.:				
Acumen Design & Development Solutions Limited *	Hong Kong	Dormant.	**100**	100
Held by FutuProp Sdn. Bhd.:				
Senandung Raya Sdn. Bhd.	Malaysia	Property development activities.	**100**	100
Kerjaya Machinery & Equipment Sdn. Bhd. (formerly known as Kerjaya Petroleum Sdn. Bhd.) (formerly known as Segi Rancak Sdn. Bhd.)	Malaysia	General trading, land and property investment and investment holding and the provision of services relating to application/renewal of permits, operation service, maintenance and leasing for heavy machineries.	**–**	100
Held by Kerjaya Prospek (M) Sdn. Bhd.:				
Future Rock Sdn. Bhd.*	Malaysia	Building construction and marine engineering works.	**70**	–

* Audited by firms of auditors other than Ong & Wong

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

During the financial year, the Company acquired shares in its subsidiaries as follows:

On 20th January, 2016, the Company acquired the entire issued and paid-up ordinary share capital in Kerjaya Prospek (M) Sdn. Bhd. ("KPSB") and Permatang Bakti Sdn. Bhd. for a purchase consideration of RM438,000,000 and RM20,000,000 respectively.

The above total purchase considerations of RM458,000,000 were satisfied via:

(i) the issuance of 36,896,552 new ordinary shares of RM0.50 each of the Company each at an issue price of RM1.16 per share;
(ii) the issuance of 310,344,828 new Redeemable Convertible Preference Shares ("RCPS") of RM0.50 each of the Company at an issue price of RM1.16 per share as disclosed in Note 16; and
(iii) and cash settlement of RM55,200,000.

The fair values of the identifiable assets and liabilities as at the date of acquisition were as follows:

	2016 RM
Property, plant and equipment	**52,823,353**
Deferred tax assets	**1,718,929**
Trade and other receivables	**271,254,907**
Other assets	**11,985**
Cash and bank balances	**36,112,582**
Trade and other payables	**(129,909,267)**
Short-term borrowings	**(421,532)**
Income tax payable	**(4,360,387)**
Other liabilities	**(118,884,593)**
Deferred tax liabilities	**(3,480,246)**
Total identifiable net assets	**104,865,731**
Goodwill arise from the acquisitions of subsidiaries (Note 8(i))	**353,134,269**
Total cost of acquisition	**458,000,000**

On 7th March, 2016, KPSB, a wholly-owned subsidiary of the Company, acquired 70 ordinary shares of RM1.00 each in Future Rock Sdn. Bhd., representing 70% equity interest for a total cash consideration of RM70. The aforesaid acquisition had no material impact on the Group's financial statements.

Subsequently, on 14th March, 2016, KPSB, a wholly-owned subsidiary of the Company, further acquired 299,930 ordinary shares of RM1 each in Future Rock Sdn. Bhd., representing 70% equity interest for a total cash consideration of RM299,930. The aforesaid acquisition had no material impact on the Group's financial statements.

On 9th August, 2016, Kerjaya Machinery & Equipment Sdn. Bhd. (formerly known as Kerjaya Petroleum Sdn. Bhd.) (formerly known as Segi Rancak Sdn. Bhd.) ("KME"), a wholly-owned subsidiary of the Company, had issued 299,998 new ordinary shares of RM1.00 each and 30,000 ordinary shares representing 10% of issued shares were allotted to non-controlling interest. The aforesaid KME allotment had no material impact on the Group's financial statements.

On 30th September, 2016, 90% of the equity interest in KME, were transferred from FutuProp Sdn. Bhd., a wholly-owned subsidiary of the Company to Advance Industries Sdn. Bhd., a wholly-owned subsidiary of the Company at no gain no loss.

7. OTHER INVESTMENTS

	Group 2016 RM	Group 2015 RM
Available for sale financial assets:		
Club membership	**93,500**	93,500
Allowance for impairment	**(50,500)**	(50,500)
	43,000	43,000

There is no movement in the allowance for impairment account during the year.

8. INTANGIBLE ASSETS

	Group 2016 RM	Group 2015 RM
(i) Goodwill		
COST		
At 1st January	**-**	-
Addition (Note 6)	**353,134,269**	-
Accumulated impairment loss	**-**	-
At 31st December	**353,134,269**	-
(ii) Computer Software		
COST		
At 1st January	**91,374**	67,776
Addition	**83,220**	23,598
At 31st December	**174,594**	91,374
ACCUMULATED AMORTISATION		
At 1st January	**60,093**	44,178
Amortisation charged (Note 25)	**25,004**	15,915
At 31st December	**85,097**	60,093
Net carrying amount		
At 1st January	**31,281**	23,598
At 31st December	**89,497**	31,281
Total intangible assets	**353,223,766**	31,281

9. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At 1st January	**(509,235)**	(265,931)	**-**	–
Acquisition of subsidiaries	**(1,761,317)**	–	**-**	–
Transfer to statement of profit or loss and other comprehensive income (Note 28)	**(4,279,304)**	(243,304)	**-**	–
Tranfer to statement of changes in equity				
- Issuance of RCPS	**(51,857)**	–	**(51,857)**	–
At 31st December	**(6,601,713)**	(509,235)	**(51,857)**	–
The deferred tax assets/(liabilities) recognised is in respect of the followings:				
- Temporary difference between depreciation and capital allowance	**(5,755,397)**	(878,973)	**-**	–
- Provision and others	**(794,459)**	369,738	**-**	–
- Unwinding of discount in RCPS	**(51,857)**	–	**(51,857)**	–
	(6,601,713)	(509,235)	**(51,857)**	–

The deferred tax assets which are not been recognised in the financial statements are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unused tax losses	**9,246,373**	6,080,123	**726,019**	1,136,492
Unabsorbed capital allowances	**13,900,916**	13,542,965	**-**	–
Unutilised reinvestment allowances	**6,167,246**	–	**-**	–
Other deductible temporary differences	**4,425,347**	4,376,746	**-**	–
	33,739,882	23,999,834	**726,019**	1,136,492

The unused tax losses and unabsorbed capital allowances of the Group and of the Company are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Non-Current				
Trade Receivables				
Retention sum	**82,340,730**	7,656,463	**-**	–
Current				
Trade Receivables				
Third parties	**247,120,108**	54,735,607	**-**	–
Retention sum	**3,670,246**	3,329,532	**-**	–
	250,790,354	58,065,139	**-**	–
Less: Allowance for impairment - Third parties	**(6,028,618)**	(5,903,738)	**-**	–
	244,761,736	52,161,401	**-**	–
Other Receivables				
Amount due from subsidiaries	**-**	–	**151,496,590**	54,638,849
Prepayment	**404,815**	6,027,479	**6,489**	6,489
Deposits	**356,160**	227,590	**-**	–
Other receivables	**20,132,636**	249,068	**3,500**	1,136
	20,893,611	6,504,137	**151,506,579**	54,646,474
Less: Allowance for impairment - Amount due from subsidiaries	**-**	–	**(22,768,441)**	(22,768,441)
	20,893,611	6,504,137	**128,738,138**	31,878,033
Total - current	**265,655,347**	58,665,538	**128,738,138**	31,878,033
Total trade and other receivables	**347,996,077**	66,322,001	**128,738,138**	31,878,033

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade Receivables

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

Retention sum receivables are monies withheld by contract customers and will be released to the Group upon expiry of 30 months from the date of completion of construction contracts.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2016 RM	**2015 RM**
Neither past due nor impaired	**263,133,046**	11,651,286
1 to 30 days past due not impaired	**8,660,163**	1,422,178
31 to 60 days past due not impaired	**721,009**	63,561
61 to 90 days past due not impaired	**6,717,860**	5,127
More than 90 days past due not impaired	**47,477,494**	46,392,991
More than 365 days past due not impaired	**392,894**	282,721
	63,969,420	48,166,578
Impaired	**6,028,618**	5,903,738
	333,131,084	65,721,602

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM63,969,420 (2015: RM48,166,578) that are past due at the reporting date but not impaired. Based on their payment history, the Group believes that no allowance for impairment is necessary. These receivables are unsecured.

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade Receivables (Cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired as at the reporting date and the movement of the allowance for impairment accounts are as follows:

	Group	
	2016 RM	**2015 RM**
At 1st January	**5,903,738**	5,778,858
Charge for the year (Note 25)	**124,880**	124,880
At 31st December	**6,028,618**	5,903,738

Trade receivables that are collectively and individually determined to be impaired at the reporting date mainly relate to balances which have been significantly long outstanding. These receivables are not secured by any collateral or credit enhancements.

(b) Other Receivables

Other receivables that are impaired

There is no movement in the allowance for impairment account during the year.

(c) Amounts Due From Subsidiaries

These amounts are unsecured, non-interest bearing and are repayable on demand.

11. INVENTORIES

	Group 2016 RM	2015 RM
At cost/realisable value		
(i) Property Under Development		
Leasehold Land		
At 1st January	**25,493,498**	25,493,498
Costs incurred during the year	**-**	-
At 31st December	**25,493,498**	25,493,498
Development Costs		
At 1st January	**22,584,301**	8,603,492
Costs incurred during the year	**30,374,091**	13,980,809
At 31st December	**52,958,392**	22,584,301
Cumulative Cost recognised in profit or loss:		
Leasehold Land		
At 1st January	**(294,400)**	-
Recognised during the year (Note 22)	**(916,000)**	(294,400)
At 31st December	**(1,210,400)**	(294,400)
Development Costs		
At 1st January	**(4,898,657)**	-
Recognised during the year (Note 22)	**(19,818,783)**	(4,898,657)
At 31st December	**(24,717,440)**	(4,898,657)
Total property under development	**52,524,050**	42,884,742
(ii) Others		
Raw materials	**2,371,185**	2,632,392
Work-in-progress	**113,795**	315,239
Finished goods	**223,884**	83,087
	2,708,864	3,030,718

11. INVENTORIES (CONT'D)

During the financial year, inventories amounted to RM2,587,492 (2015: RM3,056,785) has been recognised in the cost of sales of the Group.

	Group 2016 RM	2015 RM
(iii) Investment properties		
Completed leasehold land and buildings, at cost:		
At 1st January	**-**	–
Acquisition of subsidiaries	**5,198,160**	–
Addition	**2,552,220**	–
Transfer from investment properties (Note 5)	**7,463,756**	–
At 31st December	**15,214,136**	–
Total inventories	**70,447,050**	45,915,460

12. ACCRUED BILLINGS IN RESPECT OF PROPERTY DEVELOPMENT

	Group 2016 RM	2015 RM
Cumulative revenue recognised in profit or loss	**42,701,604**	10,411,114
Cumulative billings to purchasers	**(35,816,025)**	(1,270,037)
Accrued billings	**6,885,579**	9,141,077

The accrued billings were derived from the development project of the Group at Gohtong Jaya, Genting Highlands.

13. OTHER CURRENT ASSETS / (LIABILITIES)

	Group 2016 RM	2015 RM
(a) Other Current Assets		
Amount due from customers for contract works (Note 14)	**19,749,991**	14,466,340
(b) Other Current Liabilities		
Amount due to customers for contract works (Note 14)	**(73,280,680)**	(1,587,514)

14. AMOUNT DUE TO CUSTOMERS FOR CONTRACT WORKS

	Group	
	2016 RM	2015 RM
Construction contract costs incurred to date	**1,823,499,106**	380,859,181
Attributable profits	**275,664,748**	105,015,955
	2,099,163,854	485,875,136
Less: Progress billings	**(2,152,694,543)**	(472,996,310)
	(53,530,689)	12,878,826
Presenting after appropriate offsetting as follows:		
Amount due from customers for contract works	**19,749,991**	14,466,340
Amount due to customers for contract works	**(73,280,680)**	(1,587,514)
	(53,530,689)	12,878,826

15. CASH AND BANK BALANCES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash in hand and at bank	**71,498,223**	11,795,910	**144,240**	108,485
Quoted unit trust*	**24,220,077**	–	**24,220,077**	–
Deposits with licensed banks	**36,720,313**	–	**–**	–
	132,438,613	11,795,910	**24,364,317**	108,485

The fixed deposits earned interest rates ranging from 3.52% to 4.00% (2015: 2.70% to 3.60%) per annum and have average maturities range from 29 to 61 (2015: 30 to 90) days.

* Stated at market price.

16. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM0.50 each		Amount	
	2016 Unit	**2015 Unit**	**2016 RM**	**2015 RM**
Authorised				
At 1st January	**300,000,000**	300,000,000	**150,000,000**	150,000,000
Created during the year	**900,000,000**	–	**450,000,000**	–
At 31st December	**1,200,000,000**	300,000,000	**600,000,000**	150,000,000
Issued and fully paid				
At 1st January	**91,722,612**	90,737,012	**45,861,306**	45,368,506
Issued pursuant to:				
- Acquisition of subsidiaries	**36,896,552**	–	**18,448,276**	–
- Conversion of warrant	**3,446,400**	985,600	**1,723,200**	492,800
- Conversion of RCPS (Note 17)	**277,000,000**	–	**138,500,000**	–
- Private placement	**100,000,000**	–	**50,000,000**	–
At 31st December	**509,065,564**	91,722,612	**254,532,782**	45,861,306

Warrants 2007/2017

The Warrants 2007/2017 were constituted under a Deed Poll dated 22nd November, 2007 ("Warrants 2007/2017 Deed Poll") and issued on 21st December, 2007 in conjunction with the issuance of the Company's Rights Issue in 2007. The salient features of the warrants are as follows:

(a) each warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM1.00 each at the exercise price during the exercise period; subject to adjustments in accordance with the provisions of the Warrants 2007/2017 Deed Poll;

(b) the exercise price is fixed at RM1.00 per share and the exercise period is ten years commencing on and including the date of issuance which expires on 20th December, 2017;

(c) the new ordinary shares of RM1.00 each to be issued pursuant to the exercise of the warrants will rank pari passu in all respects with the existing issued ordinary shares of the Company; and

(d) the Warrants 2007/2017 holders are not entitled to participate in any distribution and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary shares.

16. SHARE CAPITAL (CONT'D)

Warrants 2007/2017 (Cont'd)

The Renounceable Rights Issue during the financial year ended 31st December, 2011 has resulted in adjustments to both the number and exercise price of the Warrants 2007/2017, which were made in accordance with the provisions of the Warrant 2007/2017 Deed Poll. The revised salient features of the warrants are as follows:

(a) each warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM0.50 each at the exercise price during the exercise period; subject to adjustments in accordance with the provisions of the Warrants 2007/2017 Deed Poll;

(b) the exercise price is fixed at RM0.88 per share and the exercise period is ten years commencing on and including the date of issuance which expires on 20th December, 2017;

(c) the new ordinary shares of RM0.50 each to be issued pursuant to the exercise of the warrants will rank pari passu in all respects with the existing issued ordinary shares of the Company; and

(d) the Warrants 2007/2017 holders are not entitled to participate in any distribution and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary shares.

The Company's unexercised warrants arising from the adjustments were as follow:

	2016 RM	2015 RM
At 1st January	25,769,154	26,754,754
Exercised during the year	(3,446,400)	(985,600)
At 31st December	22,322,754	25,769,154

17. REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS")

	Group and Company			
	Number of RCPS of RM0.50 each		Amount	
	2016 Unit	2015 Unit	2016 RM	2015 RM
Authorised				
At 1st January	-	–	-	–
Created during the year	400,000,000	–	200,000,000	–
At 31st December	400,000,000	–	200,000,000	–

17. REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS") (CONT'D)

	Group and Company			
	Number of RCPS of RM0.50 each		Amount	
	2016 Unit	2015 Unit	2016 RM	2015 RM
Issued and fully paid				
At 1st January	**-**	–	**-**	–
Issuance during the year	**310,344,828**	–	**360,000,000**	–
Conversion during the year (Note 16)	**(277,000,000)**	–	**(321,320,000)**	–
Liability component	**-**	–	**(2,104,825)**	–
Deferred tax	**-**	–	**(51,857)**	–
At 31st December	**33,344,828**	–	**36,523,318**	–

On 20th January, 2016, the Company has created 400,000,000 RCPS of RM0.50 each amounting to RM200,000,000 as the new class of shares of the Company and that the Memorandum and Articles of Association of the Company has been altered accordingly.

On 21st January, 2016, the Company has completed the issuance of 310,344,828 new RCPS of RM0.50 each of the Company at an issue price of RM1.16 per unit to acquire the entire issued and paid-up ordinary share capital in KPSB.

The RCPS is redeemable at any time at the discretion of the Company from the date of issue to the 3rd anniversary of the issue date for new ordinary shares of RM0.50 each in the Company at the price equivalent to the issue price of the RCPS by giving not less than thirty (30) days prior written notice.

Any unredeemed or unconverted RCPS shall be automatically converted into new ordinary shares of the Company at the end of the 3rd anniversary of the issue date.

The RCPS confer on the holders the following rights and privileges:

(i) The right to receive a cumulative preferential dividend out of the distributable profits of the Company at a fixed rate of 2% per annum per share compounded annually, on the issue price of RCPS, payable annually in arrears.

(ii) The right to convert the RCPS, on any Market Day at any time during the issue date up to the 3rd anniversary of the issue date, into one new ordinary share of the Company. The new ordinary shares to be allotted and issued upon conversion of the RCPS would rank pari passu in all respects with the existing ordinary shares of the Company.

(iii) The right to receive notice of and attend the general meetings of the Company, and shall have the right on a poll at any general meeting of the Company to one vote for each RCPS held:
  (a) upon any resolution which varies or abrogate the rights attached to the RCPS;
  (b) upon any resolution for the reduction of capital of the Company;
  (c) upon any resolution for the disposal of the whole of the Company's property, business and/or undertaking; and
  (d) upon any resolution for the winding up of the Company.

18. RESERVES

		Group 2016 RM	Group 2015 RM
(a)	Other reserve	**475,000**	475,000
(b)	Share premium	**330,009,168**	374,528
(c)	Foreign currency translation reserve	**(150,728)**	(178,650)
		330,333,440	670,878

Company

	2016 RM	2015 RM
Share premium	**330,009,168**	374,528

(a) Other reserve

The other reserve is in respect of capitalisation of retained profits by a subsidiary for a bonus issue.

(b) Share premium

	Group/Company 2016 RM	Group/Company 2015 RM
At 1st January	**374,528**	–
Issuance of ordinary shares pursuant to:		
- acquisition of subsidiaries	**24,351,724**	–
- exercise of warrants 2007/2017	**1,309,632**	374,528
- conversion of RCPS	**182,820,000**	–
- private placement	**125,200,000**	–
Share issuance expenses	**(4,046,716)**	–
At 31st December	**330,009,168**	374,528

(c) Foreign currency translation reserve

	Group 2016 RM	Group 2015 RM
At 1st January	**(178,650)**	(177,669)
Change during the year	**27,922**	(981)
At 31st December	**(150,728)**	(178,650)

The foreign currency translation reserve represents foreign 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.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Non-Current				
Trade Payables				
Retention sum	**39,012,283**	3,218,109	**-**	–
Current				
Trade Payables				
Third parties	**147,472,887**	21,169,571	**-**	–
Retention sum	**2,283,949**	5,548,818	**-**	–
	149,756,836	26,718,389	**-**	–
Other Payables				
Accruals	**2,467,326**	1,125,180	**76,252**	186,840
Advance received from purchasers	**-**	1,081,572	**-**	–
Other payables	**9,207,931**	2,623,198	**169,010**	–
Dividends payables	**729,092**	–	**729,092**	–
Deposit received	**1,288,950**	386,309	**-**	–
	13,693,299	5,216,259	**974,354**	186,840
Total - current	**163,450,135**	31,934,648	**974,354**	186,840
Total trade and other payables	**202,462,418**	35,152,757	**974,354**	186,840

(a) Trade Payables

Trade payables are non-interest bearing and are normally settled on 14 to 90 (2015: 30 to 90) days term.

Retention sum payables are monies withheld by the Group and will be released to contractors upon expiry of 30 months from the date of completion of work.

(b) Other Payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 (2015: 90) days term.

20. SHORT TERM BORROWING

	Group 2016 RM	Group 2015 RM
Bank overdraft	**4,836,121**	11,194,602

The bank overdraft is secured by way of corporate guarantee granted by the Company and bears interest of approximately 5.05% (2015: 5.05%) per annum.

21. REVENUE

	Group 2016 RM	Group 2015 RM
Construction activities	**757,723,540**	54,817,016
Property development activities	**32,290,490**	10,411,114
Manufacturing activities	**8,448,175**	13,745,593
Others	**232,200**	–
	798,694,405	78,973,723

22. COST OF SALES

	Group 2016 RM	Group 2015 RM
Construction costs	**623,017,963**	39,665,627
Property development costs (Note 11 (i))	**20,734,783**	5,193,057
Manufacturing costs	**6,713,097**	10,465,639
	650,465,843	55,324,323

23. OTHER OPERATING INCOME

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Advertisement	**191,086**	–	**-**	–
Administrative charges	**23,901**	–	**-**	–
Bad debt recovery	**2,093,380**	–	**-**	–
Dividend income	**-**	–	**25,000,000**	4,000,000
Foreign worker - Accommodation	**300,259**	–	**-**	–
Foreign worker - Levy fee	**1,344,400**	–	**-**	–
Fair value adjustment on discounting of retention sum receivables/payables	**4,142,655**	1,868,031	**-**	–
Gain on disposal of property, plant and equipment	**511**	–	**-**	–
Insurance compensation	**143,685**	–	**-**	–
Interest income from fixed deposits and current account	**3,323,539**	322,165	**715,536**	70,955
Management fee	**25,740**	–	**-**	–
Penalty charges	**1,316,598**	–	**-**	–
Realised gain on foreign exchange	**1,165**	122,299	**-**	–
Rental of machinery	**552,774**	576,000	**-**	–
Rental of others	**219,090**	–	**-**	–
Promotion and event	**1,024,372**	–	**-**	–
Sales of scrap	**127**	38,297	**-**	–
Unrealised gain on foreign exchange	**44,954**	–	**-**	–
Miscellaneous	**413,442**	94,218	**-**	–
	15,161,678	3,021,010	**25,715,536**	4,070,955

24. FINANCE COSTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Bank overdraft interest	**318,747**	104,420	**-**	–
Bank charges	**65**	–	**-**	–
Term loan interest	**1,295**	–	**-**	–
LC charges	**15,882**	–	**-**	–
Fair value adjustment on discounting of retention sum receivables/payables	**2,342,339**	322,137	**-**	–
Revolving credit interest	**540,285**	–	**540,285**	–
RCPS dividend	**40,652**	–	**40,652**	–
	3,259,265	426,557	**580,937**	–

25. PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before taxation:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration				
- statutory audits				
- current year	**199,902**	101,412	**32,000**	35,010
- under/(over)provision in previous year	**3,160**	3,000	**(1,060)**	–
- other services	**1,000**	1,000	**1,000**	1,000
Allowance for impairment losses				
- trade receivables (Note 10(a))	**124,880**	124,880	**-**	–
Amortisation of intangible asset (Note 8(ii))	**25,004**	15,915	**-**	–
Bad debt written off	**360,216**	–	**-**	–
Depreciation of property, plant and equipment (Note 4)	**12,916,063**	1,144,835	**2,700**	–
Employee benefits expense (Note 26)	**15,760,897**	3,623,385	**-**	–
Finance cost (Note 24)	**3,259,265**	426,557	**580,937**	–
Foreign exchange loss				
- unrealised	**-**	119	**-**	–
Directors' remuneration (Note 27)				
- executive	**3,759,300**	1,952,914	**-**	–
- non-executive	**181,120**	145,832	**181,120**	145,832
Rental expenses				
- machineries	**148,635**	3,258,635	**-**	–
- premises	**384,705**	243,981	**-**	–

26. EMPLOYEE BENEFITS EXPENSE

	Group	
	2016	**2015**
	RM	**RM**
Wages and salaries	**12,189,550**	3,014,069
Social security contributions	**174,198**	24,536
Contributions to defined contribution plan	**1,478,698**	235,676
Other benefits	**1,918,451**	349,104
	15,760,897	3,623,385

27. DIRECTORS' REMUNERATION

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Executive				
- salaries and other emoluments	**3,356,506**	1,740,578	**-**	–
- contributions to defined contribution plan	**402,794**	212,336	**-**	–
Total executive directors' remuneration (Note 25)	**3,759,300**	1,952,914	**-**	–
Non-executive				
- fees				
- current year	**156,000**	129,300	**156,000**	129,300
- (over)/underprovision in previous year	**(5,880)**	32	**(5,880)**	32
- other emoluments				
- current year	**18,000**	16,500	**18,000**	16,500
- underprovision in previous year	**13,000**	–	**13,000**	–
Total non-executive directors' remuneration (Note 25)	**181,120**	145,832	**181,120**	145,832
	3,940,420	2,098,746	**181,120**	145,832

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2016 RM	2015 RM
Executive directors		
- below RM400,001	**-**	3
- RM400,001 - RM600,000	**-**	–
- RM600,001 - RM800,000	**-**	–
- RM800,001 - RM1,000,000	**2**	1
- RM1,000,001 and above	**1**	–
Non-executive directors		
- below RM50,000	**-**	3
- RM50,001 - RM100,100	**3**	–

28. TAXATION

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Current income tax				
- Malaysian income tax	**29,180,713**	5,918,085	**-**	–
- (Over)/underprovision in previous year	**(129,584)**	545	**16,621**	–
	29,051,129	5,918,630	**16,621**	–
Deferred income tax (Note 9)				
- relating to origination and reversal of temporary differences	**(797,425)**	288,969	**-**	–
- relating to reduction in Malaysian income tax rate	**(6,288)**	–	**-**	–
- Under/(over)provision in previous year	**5,083,017**	(45,665)	**-**	–
	4,279,304	243,304	**-**	–
Income tax expense recognised in statement of profit or loss and other comprehensive income	**33,330,433**	6,161,934	**16,621**	–

28. TAXATION (CONT'D)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31st December, 2016 and 2015 is as follows:

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Profit before tax	**133,157,359**	22,300,304	**22,444,695**	2,767,544
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	**31,957,766**	5,575,076	**5,386,727**	691,886
Effect of SME firm tax at 19% for first RM500,000 chargeable income	**(50,000)**	–	**-**	–
Income not subject to tax	**(2,164,839)**	(300,233)	**(6,052,818)**	(1,000,000)
Non-deductible expenses	**6,651,871**	452,743	**666,091**	308,114
Deferred tax assets not recognised	**15,604**	65,963	**-**	–
Effect on opening deferred tax of reduction in Malaysia statutory tax rate	**(26,328)**	–	**-**	–
Deferred tax assets recognised on previously unrecognised tax losses and capital allowance	**-**	(14,135)	**-**	–
Realisation of deferred tax assets previously recognised	**-**	550,826	**-**	–
Utilisation of current year's capital allowance	**(8,007,074)**	(123,186)	**-**	–
Under/(over)provision of deferred tax in previous year	**5,083,017**	(45,665)	**-**	–
(Over)/Underprovision of income tax in previous year	**(129,584)**	545	**16,621**	–
	33,330,433	6,161,934	**16,621**	–

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

29. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group 2016 RM	Group 2015 RM (Restated)
(a) Basic		
Profit, net of tax attributable to owners of the Company	**99,624,364**	16,137,389
Weighted average number of ordinary shares outstanding	**372,032,047**	90,968,795
Basic earnings per share (sen)	**26.78**	17.74
(b) Diluted		
Profit, net of tax attributable to owners of the Company	**99,624,364**	16,137,389
Weighted average number of ordinary shares as above	**372,032,047**	90,968,795
Effect of outstanding warrants	**14,317,902**	11,347,279
Effect of outstanding RCPS	**33,344,828**	–
	419,694,777	102,316,074
Diluted earnings per share (sen)	**23.74**	15.77

30. DIVIDEND

	Net dividend per share RM	Total Amount RM	Date of payment RM
2016			
Single tier interim	**0.04**	**20,278,928**	**18th August, 2016**
2015			
Single tier interim	0.03	2,725,353	15th July, 2015

31. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the related parties and their relationships with the Group are as follows:

	2016 RM	2015 RM
Rental of office premise	**240,000**	112,000
Rental of machinery	**-**	3,258,635
Staff secondment	**-**	130,961
Construction contract income	**55,382,879**	22,266,942
Sales of finished goods	**42,792**	26,836

A company related to directors during the financial year under the rental expenses refers to Dekad Intelek Sdn. Bhd., a company in which two of the directors of the Company, Datuk Tee Eng Ho and Datin Toh Siew Chuon are the directors.

A company related to directors during the financial year under the rental of machinery, staff secondment and construction contract refers to Kerjaya Prospek Property Sdn. Bhd, a company in which Datuk Tee Eng Ho and Tee Eng Seng, the directors of the Company, have substantial interest.

A company related to directors during the financial year under the sales of finished goods refers to Kerjaya Hotel Sdn. Bhd., a company in which Datuk Tee Eng Ho, Tee Eng Seng and Datin Toh Siew Chuon the directors of the Company, have substantial interest.

(b) Compensation of key management personnel

The key management personnel comprised mainly executive and non-executive directors of the Group and of the Company. The directors' remuneration is disclosed in Note 27.

32. COMMITMENTS

Operating lease commitments - as lessee

The Group has entered into commercial lease on office buildings. The lease have an average tenure of two years with two-year renewal option with contingent rent provision included in the contract. There are no restrictions placed upon the Group by entering into the lease.

Future minimum rentals payable under non-cancellable operating lease at the reporting date are as follows:

	Group	
	2016 RM	2015 RM
Not later than one year	**286,550**	123,200
Later than one year and not later than five years	**66,600**	180,000
	353,150	303,200

33. HOLDING COMPANY

The holding company of the Company is Egovision Sdn. Bhd., a company incorporated in Malaysia, and owns 52.80% of the Company's equity shareholdings as at 7th April, 2017.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of Fair Value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	10
Deposits with licensed banks	15
Trade and other payables (current)	19

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are re-priced to market interest rates on or near the reporting date.

Non-current trade receivables and payables

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 10 to the financial statements.

<u>Credit Risk Concentration Profile</u>

The Group determines concentrations of credit risk by monitoring the business segment of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are mainly arising from the construction segment.

At the reporting date, the Group has significant concentration of credit risk in the form of outstanding balances due from 4 (2015: 4) debtors in the construction segment representing 98% (2015: 98%) of the gross trade receivables.

<u>Financial assets that are neither past due nor impaired</u>

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 10 to the financial statements.

<u>Financial assets that are either past due or impaired</u>

Information regarding financial assets that are either past due or impaired is disclosed in Note 10 to the financial statements.

(b) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. 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 objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity Risk (Cont'd)

Analysis of Financial Instruments by Remaining Contractual Maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	31.12.2016		
	On demand or within one year RM	One to five year RM	Total RM
Group			
Financial Liabilities			
Trade and other payables	**163,450,135**	**39,012,283**	**202,462,418**
Short term borrowing	**4,836,121**	**–**	**4,836,121**
Company			
Trade and other payables	**974,354**	**–**	**974,354**

	31.12.2015		
	On demand or within one year RM	One to five year RM	Total RM
Group			
Financial Liabilities			
Trade and other payables	31,934,648	3,218,109	35,152,757
Short term borrowing	11,194,602	–	11,194,602
Company			
Trade and other payables	186,840	–	186,840

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

Borrowings at floating rates shall expose the Group to cash flow interest rate risk whereas borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to manage its interest rate exposure by maintaining a mix of fix and floating rate of borrowings when the need arises.

As at the balance sheet date, the Group has short term borrowing which is bank overdraft, that may expose to interest rate risk as the bank overdraft interest rate is calculated based on cost of fund of the borrowing bank that subject to fluctuation plus a fixed spread. However, the fluctuation of the cost of fund is remote and the impact is not material.

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD"). Foreign exchange exposures in these transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The unhedged financial assets of the Group that are not denominated in the functional currency are as follows:

	Group	
	2016	**2015**
	RM	**RM**
United States Dollar ("USD")	**644,560**	548,949
Singapore Dollar ("SGD")	**83,733**	49,158
	728,293	598,107

As at the reporting date, the Group has no unhedged financial liabilities that are not denominated in the functional currency.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign Currency Risk (Cont'd)

Sensitivity Analysis for Foreign Currency Risk

The following table demonstrates the sensitivity of the Group's profit to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Gain/(loss) in profit or loss	
		2016 RM	2015 RM
USD/RM	- strengthened 10%	**64,456**	54,895
	- weakened 10%	**(64,456)**	(54,895)
SGD/RM	- strengthened 10%	**8,373**	4,916
	- weakened 10%	**(8,373)**	(4,916)

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended 31st December, 2016 and 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at an acceptable limit. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade and other payables	**202,462,418**	35,152,757	**974,354**	186,840
Less: Net cash and bank balances	**(127,602,492)**	(601,308)	**(24,364,317)**	(108,485)
Net debt	**74,859,926**	34,551,449	**(23,389,963)**	78,355
Equity attributable to the owners of the parent, representing total capital	**761,833,828**	108,319,476	**613,026,176**	36,736,036
Capital and net debt	**836,693,754**	142,870,925	**589,636,213**	36,814,391
Gearing ratio	**9%**	24%	**0%**	0%

37. SEGMENT INFORMATION

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

(i) Manufacturing segment - Manufacturing, supply and installation of light fitting and kitchen cabinetry and related products.

(ii) Construction segment - Supply and installation of aluminium works, interior fixtures, provision of contract workmanship and building constructions.

(iii) Properties – Development of residential or commercial properties.

(iv) Investments and others.

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 operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

37. SEGMENT INFORMATION (CONT'D)

	Construction RM	Manufacturing RM	Properties RM	Investments and others RM	Elimination RM	Total RM
31st December, 2016						
Revenue						
External sales	757,723,540	8,448,175	32,290,490	232,200	-	798,694,405
Inter-segment sales	202,697,458	998,279	-	-	(203,695,737)	-
Total revenue	960,420,998	9,446,454	32,290,490	232,200	(203,695,737)	798,694,405
Results						
Segment results	129,101,862	6,737,059	10,862,391	22,910,458	(33,195,146)	136,416,624
Finance costs						(3,259,265)
Profit before tax						133,157,359
Taxation						(33,330,433)
Profit for the year						99,826,926
Assets						
Segment assets	720,880,744	110,124,349	71,405,023	617,573,119	(462,543,272)	1,057,439,963
Unallocated assets						-
Consolidated total assets						1,057,439,963
Liabilities						
Segment liabilities	529,605,977	112,062,597	58,796,687	10,933,314	(416,325,002)	295,073,573
Unallocated liabilities						-
Consolidated total liabilities						295,073,573
Other information						
Depreciation of property, plant and equipment	12,448,652	441,714	-	25,697	-	12,916,063
Amortisation of intangible assets	24,829	-	-	175	-	25,004

37. SEGMENT INFORMATION (CONT'D)

	Construction RM	Manufacturing RM	Properties RM	Investments and others RM	Elimination RM	Total RM
31st December, 2015						
Revenue						
External sales	54,817,016	13,745,593	10,411,114	–	–	78,973,723
Inter-segment sales	20,329,718	762,928	–	–	(21,092,646)	–
Total revenue	75,146,734	14,508,521	10,411,114	–	(21,092,646)	78,973,723
Results						
Segment results	16,550,690	2,921,675	5,194,345	2,727,430	(4,667,279)	22,726,861
Finance costs						(426,557)
Profit before tax						22,300,304
Taxation						(6,161,934)
Profit for the year						16,138,370
Assets						
Segment assets	102,844,212	99,317,499	53,504,969	37,268,156	(134,601,827)	158,333,009
Unallocated assets						72,514
Consolidated total assets						158,405,523
Liabilities						
Segment liabilities	(87,944,196)	(67,813,119)	(49,150,663)	(41,825,797)	196,647,728	(50,086,047)
Unallocated liabilities						–
Consolidated total liabilities						(50,086,047)
Other information						
Depreciation of property, plant and equipment	618,016	526,819	–	–	–	1,144,835
Amortisation of intangible assets	15,915	–	–	–	–	15,915

38. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFIT/ (ACCUMULATED LOSSES) INTO REALISED AND UNREALISED

The breakdown of the retained profit/(accumulated losses) of the Group and of the Company as at 31st December, 2016 into realised and unrealised profit/(losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25th March, 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Listing Requirements of Bursa Malaysia Securities Berhad, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Total retained profit/ (accumulated losses) of the Company and its subsidiaries				
- Realised	**207,199,187**	(1,284,411)	**(8,039,092)**	(9,499,798)
- Unrealised	**(416,987)**	(1,302,709)	**-**	-
	206,782,200	(2,587,120)	**(8,039,092)**	(9,499,798)
Less: Consolidation adjustments	**(66,337,912)**	64,374,412	**-**	-
Retained profit (accumulated losses)	**140,444,288**	61,787,292	**(8,039,092)**	(9,499,798)

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 20th January, 2016, the shareholders of the Company had on the Extraordinary General Meeting unanimously approved the Proposals and the Proposed Change of Name.

Subsequently, the Proposed Acquisitions have been completed on 21st January, 2016 in accordance with the respective terms of the Kerjaya Prospek (M) Sdn. Bhd. ("KPSB") and Permatang Bakti Sdn. Bhd. ("PBSB"). Accordingly, KPSB and PBSB are now wholly-owned subsidiaries of the Company.

In addition, the Company has received the Certificate of Incorporation on change of name of the Company dated 21st January, 2016 ("Form 13"). As per the Form 13, with effect from 21st January, 2016, the Company's name has been changed to Kerjaya Prospek Group Berhad.

(b) On 7th March, 2016, the Company's wholly-owned subsidiary KPSB acquired a 70% equity interest in a company known as Future Rock Sdn. Bhd. ("Future Rock") represented by 70 ordinary shares of RM1 each for a total cash consideration of RM70. The remaining 30% equity interest is held by Sierra Hallmark Sdn. Bhd.

Future Rock was incorporated on 3rd February, 2016. The present authorized share capital of Future Rock is RM400,000 divided into 400,000 shares of RM1 each ("Shares") of which 100 Shares are fully paid-up.

Future Rock is principally engaged in construction related businesses.

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(c) On 21st March, 2016, Future Rock has accepted a Letter of Award ("LA") from China Communications Construction Company (M) Sdn. Bhd. ("CCC") dated 17th March, 2016, on the appointment of Future Rock as a subcontractor for the dredging works of the project known as "Reclamation for Seri Tanjung Pinang (Phase II) Development (STP2) Penant ("Project") ("Award").

The value of the Award is for RM181.31 million which comprises work for the dredging of access channel and channel for the Project. The dredging works to be undertaken by Future Rock is expected to commence within two (2) weeks as of execution of the LA and due to be completed on 18th March, 2018.

A Subcontract Agreement for the Award will be executed within 60 days after the acceptance of the LA by Future Rock.

(d) On 30th March, 2016, the Company has issued 136,000,000 new ordinary shares of RM0.50 each pursuant to the followings:

(i) 40,000,000 new ordinary shares of RM0.50 each issued at RM1.65 per share to several places arising from the private placement exercise. Total gross proceeds raised from the placement exercise amounted to RM66,000,000; and

(ii) 96,000,000 new ordinary shares of RM0.50 each issued at RM1.16 per share to Egovision Sdn. Bhd. arising from the conversion of RCPS. Conversion price of RM1.16 per share was deemed settled by way of set-off against the issue price of the RCPS and no additional consideration paid on conversion.

(e) The Company has issued 950,200 new ordinary shares of RM0.50 each pursuant to the conversion of warrants 2007/2017 for the period January, 2016 to April, 2016 at the exercise price of RM0.88 per share.

(f) On 6th May, 2016, Bazarbayu Sdn. Bhd. ("BYSB"), a wholly-owned subsidiary of the Company has entered into two (2) Sale and Purchase Agreements with Director and/or persons connected to Directors of the Company for the sale of two (2) units of service apartment under BYSB's development project known as Vista Residences @ Genting Highlands, in Mukim and Daerah Bentong, Negeri Pahang ("Sale").

(g) On 10th May, 2016, on behalf of the Board of Directors of the Company, AmInvestment Bank Berhad and Astramina Advisory Sdn. Bhd. announced that Bursa Malaysia Securities Berhad has, vide its letter dated 9th May, 2016, approved the Company's application for an extension of time until 18th December, 2016 to complete the Private Placement.

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(h) On 12th May, 2016, Kerjaya Prospek (M) Sdn. Bhd. ("KPSB"), a wholly-owned subsidiary of the Company, has accepted a Letter of Award from BCB Heights Sdn. Bhd. ("BCB Heights") dated 12th May, 2016, for the main building works of the proposed development project known as "Elysia Park Residence – Phase I" on part of PTD 199671, Nusajaya, Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim ("Project") ("Award").

The contract sum of the Award is RM312.85 million, excluding Goods and Services Tax, which comprises main building works, amongst others, for 3 tower blocks ranging from 30 floors to 36 floors and 1 podium car park of 10 floors for the Project.

The construction works to be undertaken by KPSB is expected to commence on 26th May, 2016 ("Date of Commencement") and due to be completed on 25th May, 2019, being thirty-six (36) months from the Date of Commencement.

(i) On 20th May, 2016, on behalf of the Board of Directors of the Company, AmInvestment Bank Berhad and Astramina Advisory Sdn. Bhd. announced that the Board has resolved to fix the issue price for the Private Placement comprising up to 60,000,000 new ordinary shares of RM0.50 each in the Company ("Placement Shares") at RM1.82 per Placement Share. The subscription rate of the Placement Shares were 135%, approximately 83.5% of the Placement Shares will be allotted to institutional investors with the remaining portion being allocated to retail investors.

The issue price of RM1.82 for the Placement Shares represents a discount of approximately 5.3% to the five (5)-day volume weighted average market price of ordinary shares of RM0.50 each in the Company up to and including 19th May, 2016 of approximately RM1.9211 per share.

(j) On 27th May, 2016, on behalf of the Board of Directors of the Company, AmInvestment Bank Berhad and Astramina Advisory Sdn. Bhd. announced that the Company has received notices from Egovision Sdn. Bhd. ("Egovision") and Amazing Parade Sdn. Bhd., being holders of the KPSB Consideration RCPS, to convert 85,034,483 KPSB Consideration RCPS into 85,034,483 new ordinary shares of RM0.50 each in the Company ("Conversion Shares") and 95,965,517 KPSB Consideration RCPS into 95,965,517 Conversion Shares respectively ("Conversion").

On the same day, Egovision had nominated One Permatang Sdn. Bhd. ("One Permatang") to receive 10,000,000 Conversion Shares, in place of Egovision after the Conversion. One Permatang is an investment holding company jointly controlled by Datuk Tee Eng Ho, Datin Toh Siew Chuan and Tee Eng Seng.

(k) On 31st May, 2016, Kerjaya Prospek (M) Sdn. Bhd. ("KPSB"), a wholly-owned subsidiary of the Company, has accepted a Letter of Award from Eco Sanctuary Sdn. Bhd. ("Eco Sanctuary"), a wholly-owned subsidiary of Eco World Development Bhd. for the Main Building Works of the proposed development of a gated and guarded apartment project to be developed on Lot PT 41302 Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor Darul Ehsan ("Project") ("Award").

The contract sum of the Award is RM172.43 million, which comprises main building works, amongst others, for 3 tower blocks of apartment ranging from 21 floors to 25 floors and 1 podium of car park of 2 floors for the Project.

The construction works to be undertaken by KPSB is expected to commence on 30th June, 2016 ("Date of Commencement") and due to be completed on 29th July, 2018, being twenty-five (25) months from the Date of Commencement.

On the same day, on behalf of the Board of Directors of the Company, AmInvestment Bank Berhad and Astramina Advisory Sdn. Bhd. are pleased to announce that the Private Placement has been completed following the listing of and quotation for 60,000,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad.

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(l) On 19th July, 2016, Kerjaya Prospek (M) Sdn. Bhd. ("KPSB"), a wholly-owned subsidiary of the Company, has accepted a Letter of Award ("LA") from Apple 99 Development Sdn. Bhd. ("A99DSB") at the total contract sum of Ringgit Malaysia Two Hundred Thirteen Million and Seven Hundred Fifty Thousand only (RM213,750,000) ("Contract").

The Contract is for the main building works for the proposed mixed development project comprising, inter-alia, a sixteen (16) storey hotel building with 284 rooms known as "Courtyard by Marriott", a thirty-two (32) storey service suite building with 361 units of service apartments and an eight (8) storey podium of car park on Lot No. 2005 held under Master Title Number GRN 45957, Kawasan Bandar XXI, District of Melaka Tengah, State of Melaka, which is a joint venture development project between Yong Tai Berhad and A99DSB.

The construction works to be undertaken by KPSB under the LA is expected to commence on 1st August, 2016 ("Date of Commencement") and due to be completed on 31st October, 2018, being twenty-seven (27) months from the Date of Commencement.

(m) On 27th July, 2016, Kerjaya Prospek (M) Sdn. Bhd. ("KPSB"), a wholly-owned subsidiary of the Company, has accepted a Letter of Award ("LA") from Nusmetro Property Sdn. Bhd. at the total contract sum of Ringgit Malaysia Three Hundred Thirty Eight Million Seven Hundred Ninety-Six Thousand only (RM338,796,000).

The LA is for the main building works for the proposed mixed development project comprising, inter-alia simplex and duplex serviced suites and serviced residences housed within three (3) towers that raning from 58-66 storey and a nine (9) storey podium of car park on Lot 80418 (Plot 3), Jalan Khidmat Usaha, Off Persiaran Dutamas, Mukim Batu, Wilayah Persekutuan Kuala Lumpur ("Contract").

The construction works to be undertaken by KPSB under the LA is expected to commence on 1st September, 2016 ("Date of Commencement") and due to be completed on 31st October, 2019, being thirty-eight (38) months from the Date of Commencement.

(n) On 5th September, 2016, Kerjaya Prospek (M) Sdn. Bhd. ("KPSB"), a wholly-owned subsidiary of the Company, has accepted a Letter of Award ("LA") from Eco Terraces Development Sdn. Bhd. (formerly known as Gama Citra Sdn. Bhd.), a subsidiary of Eco World Development Group Berhad, at the total contract sum of Ringgit Malaysia One Hundred Forty-Six Million Seven Hundred Thousand only (RM146,700,000).

The LA is for the main building works for the proposed development project comprising one (1) block of thirty-four (34) storey building for three hundred and thirty-three (333) units condominium on PT 2509 & PT 2511 (Lot asal 9324 & 9325), Mukim 13, Daerah Timur Laut, Pulau Pinang ("Contract").

The construction works to be undertaken by KPSB under the LA is expected to commence on 19th September, 2016 and due to be completed on 18th February, 2019.

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(o) On 9th August, 2016, the Company had executed the shares transfer of 270,000 ordinary shares of RM1.00 each in Kerjaya Machinery & Equipment Sdn. Bhd. (formerly known as Segi Rancak Sdn. Bhd.) (formerly known as Kerjaya Petroleum Sdn. Bhd.) ("KME"), representing 90% equity interest in KME to its wholly-owned subsidiary company, Advance Industries Sdn. Bhd. for a cash consideration of Ringgit Malaysia Two Hundred and Seventy Thousand only (RM270,000). The remaining 10% equity interest in KME is held by Encik Mohammad Nizar Bin Chek who subscribed for the 30,000 shares at par.

The business activities of KME are disclosed in Note 6.

40. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

On 31st March, 2017, Kerjaya Prospek (M) Sdn. Bhd. ("KPSB"), a wholly-owned subsidiary of the Company, has accepted a letter of award ("LA") from Bina BMK Sdn. Bhd. ("BBMK") at the total contract sum of Ringgit Malaysia Thirty One Million Five Hundred Ninety Eight Thousand Six Hundred Forty And Sen Eighty One Only (RM31,598,640.81) ("Contract").

The Contract is for the main building works for a proposed development project comprising of thirty-two (32) units three (3) storey terrace house on Lot PT 287 - PT 313 & PT 321 - PT 325, Kawasan Tebusguna, Bandar Tanjung Pinang, (Fasa 1), Daerah Timur Laut, Pulau Pinang, which is a development project of E&O Property (Penang) Sdn. Bhd.

The construction works to be undertaken by KPSB is expected to commence on 22nd March, 2017 ("Date of Commencement") and due to be completed on 21st September, 2018.

41. COMPARATIVES

Certain comparative figures have been restated to conform with current year's presentation.

42. AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31st December, 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 14th April 2017.

TOP 10 LIST OF PROPERTIES

Address/ Location	Tenure	Area	Description/ Existing use	Approximate Age of Building	Net Carrying Amount (RM'000)	Date of Last Revaluation (R) /Acquisition (A)
Pajakan Mukim PM640 Lot No. 10492 Tempat Batu 28 Ijok Mukim Ijok District Kuala Selangor Negeri Selangor	Leasehold expiring In 2077	13,961 sq ft	Factory	14	3,356	11/05/2011
Lot 7, Jalan PTP1/4, Taman Perindustrian, Tasik Perdana, 47100 Puchong, Selangor	Leasehold expiring In 2077	2633.8 sq meter	Industrial Land	–	2,332	02/06/2009
ID-11-3, Jalan Seri Tanjung Pinang, 10470, Tanjung Tokong, Penang.	Freehold	2,000 sq ft	vacant	6	1,343	26/08/2010
B2-23-1, My habitat 3, Jalan Aman, Off Jalan Tun Razak, 55000 Kuala Lumpur.	Freehold	1141 sq ft	vacant	5	1,276	02/03/2011
Unit No.10, Lot 9625 Sungai Buloh Batu 11, Jalan Kuala Selangor.	Leasehold expiring at 2068	918.77 sq meter	Workshop	3	4,315	31/05/2013
No 7, Jalan Medini Timur 8, Bandar Medini Iskandar, 79250 Iskandar Puteri , Johor Darul Takzim . (Lot 267, Type B)	Leasehold expiring at 2110	1,756 sq ft	vacant	1	1,269	15/04/2015

TOP 10 LIST OF PROPERTIES
(Cont'd)

Address/ Location	Tenure	Area	Description/ Existing use	Approximate Age of Building	Net Carrying Amount (RM'000)	Date of Last Revaluation (R) /Acquisition (A)
Lot 12068, Pekan Klebang Seksyen 111, Melaka	Leasehold expiring at 2109	20,234 sq meter	Land	–	5,000	01/06/2015
No 15, Jalan Pengaturcara U1/51G, Seksyen U1, 40150 Shah Alam, Selangor.	Freehold	408.6 sq meter	Vacant	1	2,660	30/10/2015
No 14, Jalan Medini Timur 10, Bandar Medini Iskandar, 79250 Iskandar Puteri , Johor Darul Takzim. (Lot 284, Type B)	Leasehold expiring at 2110	2,249 sq ft	Vacant	1	1,276	15/04/2015
No 12, Jalan Medini Timur 10, Bandar Medini Iskandar, 79250 Iskandar Puteri , Johor Darul Takzim. (Lot 285, Type B)	Leasehold expiring at 2110	2,249 sq ft	Vacant	1	1,276	15/04/2015

ANALYSIS OF SHAREHOLDINGS

As at 7th April 2017

Issued Share Capital	:	RM257,894,142.50 represented by 513,409,561 ordinary shares ("OS") and RM16,672,414.00 represented by 33,344,828 Redeemable Convertible Preference Shares ("RCPS")
Class of Shares	:	OS - Listed Securities RCPS - Non-listed Securities
Voting Rightsfor OS	:	One vote per shareholder on a show of hands or one vote per ordinary share on a poll

ANALYSIS OF LISTED SECURITIES BY SIZE OF HOLDINGS AS AT 7TH APRIL 2017
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	307	13.74	7,862	0.00
100 to 1,000	597	26.72	391,205	0.08
1,001 to 10,000	918	41.09	3,827,933	0.75
10,001 to 100,000	269	12.04	10,010,719	1.95
100,001 to less than 5% of issued shares	140	6.27	132,101,500	25.73
5% and above of issued shares	3	0.13	367,070,342	71.50
Total	2,234	100.00	513,409,561	100.00

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 7TH APRIL 2017
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

No.	Holder Name	No. of Shares	% of Issued Share Capital
1.	EGOVISION SDN BHD	224,835,042	43.79
2.	PACIFIC TRUSTEES BERHAD AMAZING PARADE SDN BHD	95,965,517	18.69
3.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EGOVISION SDN. BHD. (ESS2. 7189-9)	46,269,783	9.01
4.	HSBC NOMINEES (ASING) SDN BHD HSBC BK PLC FOR ASIA EX JAPAN EQUITY SMALLER COMPANIES (LXG HGIF)	11,891,100	2.32
5.	ONE PERMATANG SDN BHD	8,000,000	1.56
6.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	7,842,100	1.53
7.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 12)	7,643,000	1.49
8.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	7,178,200	1.40
9.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	6,670,000	1.30
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	3,682,500	0.72

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 7TH APRIL 2017
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

No.	Holder Name	No. of Shares	% of Issued Share Capital
11.	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA SYARIAH	3,600,000	0.70
12.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FOCUS FUND	3,534,800	0.69
13.	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT SHARIAH PROGRESSFUND	3,198,000	0.62
14.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	3,151,000	0.61
15.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC DALI EQUITY FUND	2,918,200	0.57
16.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSMY FOCUS FUND	2,740,700	0.53
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH SIEW CHUON	2,322,700	0.45
18.	LOO SOO LOONG	2,000,000	0.39
19.	DB(MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSEQUITY INCOME FUND	1,852,300	0.36
20.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPG IV SCE)	1,829,700	0.36
21.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN HWNG SMCF)	1,814,900	0.35
22.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR AFFIN HWANG AIIMAN GROWTH FUND (4207)	1,531,800	0.30
23.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	1,488,700	0.29
24.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	1,423,700	0.28
25.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	1,371,100	0.27
26.	LUM KWOK WENG @ LUM KOK WENG	1,358,200	0.26
27.	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA	1,350,000	0.26
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BHD FOR LIBRA AMANAH SAHAM WANITA (N14011980040)	1,220,000	0.24
29.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY INCOME FUND	1,200,000	0.23
30.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (TMEF)	1,015,000	0.20
	TOTAL	460,898,042	89.77

DIRECTORS' SHAREHOLDINGS IN THE COMPANY
(AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 7TH APRIL 2017)

	No. of OS held				No. of RCPS held	
Name of Directors	**Direct**	**%**	**Indirect**	**%**	**Indirect**	**%*4**
Datuk Tee Eng Ho	–	–	*2 367,070,342	*2 71.50	*3 33,344,828	*3 100.00
Tee Eng Seng	–	–	*2 367,070,342	*2 71.50	*3 33,344,828	*3 100.00
Datin Toh Siew Chuon	2,322,700	0.45	*2 367,070,342	*2 71.50	*3 33,344,828	*3 100.00
Khoo Siong Kee	10,100	*1 0.00	–	–	–	–
Lim Kien Lai @ Lim Kean Lai	50,000	0.01	–	–	–	–
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	–	–	–	–	–	–

Notes:-

*1 Negligible
*2 Deemed interested by virtue of their interest in Egovision Sdn. Bhd. and Amazing Parade Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016
*3 Deemed interested by virtue of their interest in Amazing Parade Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016
*4 Based on percentage of outstanding securities as at 7th April 2017

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 7TH APRIL 2017)

	No. of OS Held			
Name of Substantial Shareholders	**Direct**	**%**	**Indirect**	**%**
Amazing Parade Sdn. Bhd.	95,965,517	18.69	–	–
Egovision Sdn. Bhd.	271,104,825	52.80	–	–
Datuk Tee Eng Ho	–	–	*1 369,393,042	*1 71.95
Tee Eng Seng	–	–	*2 367,070,342	*2 71.50
Datin Toh Siew Chuon	2,322,700	0.45	*2 367,070,342	*2 71.50

Notes:-

*1 Deemed interested by virtue of his spouse's direct shareholding and his interest in Egovision Sdn. Bhd. and Amazing Parade Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.
*2 Deemed interested by virtue of their interest in Egovision Sdn. Bhd. and Amazing Parade Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

DIRECTORS' SHAREHOLDINGS IN RELATED CORPORATION
(AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 7TH APRIL 2017)

	Direct		Indirect	
	No. of Ordinary Shares in Egovision Sdn. Bhd.	**%**	**No. of Ordinary Shares in Egovision Sdn. Bhd.**	**%**
Datuk Tee Eng Ho	30,001	25.00	–	–
Tee Eng Seng	60,002	50.00	–	–
Datin Toh Siew Chuon	30,001	25.00	–	–

ANALYSIS OF WARRANTHOLDINGS

As at 7th April 2017

No. of 2007/2017 Warrants Issued : 26,754,754
No. of 2007/2017 Warrants Outstanding : 17,489,054

ANALYSIS BY SIZE OF HOLDINGS AS AT 7TH APRIL 2017
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Size of Warrantholdings	No. of holders	%	No. of Holdings	%
Less than 100	156	34.36	6,773	0.04
100 to 1,000	60	13.22	37,077	0.21
1,001 to 10,000	158	34.80	721,731	4.13
10,001 to 100,000	67	14.76	2,403,221	13.74
100,001 to less than 5% of issued shares	12	2.64	3,072,810	17.57
5% and above of issued shares	1	0.22	11,247,442	64.31
Total	454	100.00	17,489,054	100.00

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 7TH APRIL 2017
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

No.	Holder Name	No. of Holdings	%
1.	EGOVISION SDN BHD	11,247,442	64.31
2.	HO WEI FUN	490,200	2.80
3.	PUA GEOK TAN	411,000	2.35
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH SIEW CHUON	372,443	2.13
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD (RETAIL CLIENTS)	327,700	1.87
6.	CHIA SOW TECK	306,028	1.75
7.	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LEE GEK	261,000	1.49
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TI JIA JUN (M12025)	201,400	1.15
9.	CHOW CHEE FAI	179,400	1.03
10.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KOK GUAN (100317)	146,500	0.84

ANALYSIS OF WARRANTHOLDINGS
(Cont'd)

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 7TH APRIL 2017
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

No.	Holder Name	No. of Holdings	%
11.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	138,951	0.79
12.	LEE KOK GUAN	133,188	0.76
13.	LIEW KAH LEONG	105,000	0.60
14.	HO YOON CHOON	100,000	0.57
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KOK JOO	100,000	0.57
16.	YAP HONG KEONG	100,000	0.57
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA PING TEOW	96,000	0.55
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH SUAN IM	95,600	0.55
19.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY HONG PENG (8122762)	90,000	0.51
20.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN TEONG HENG (CEB)	71,500	0.41
21.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA ENG KIAT (CCTS)	69,000	0.39
22.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEE WAI CHOW (M)	68,200	0.39
23.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SYABAS PERMAI SDN BHD	60,000	0.34
24.	LEE BEE SENG	58,500	0.33
25.	LAU CHUN KIT	55,000	0.31
26.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN POH HWA	50,000	0.29
27.	MOHAMED NOOR ANAS BIN MOHAMED AZMI	50,000	0.29
28.	ENG HOO TRADING CO. (MALAYSIA) SDN BERHAD	45,558	0.26
29.	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR LOW KIM CHAI	45,500	0.26
30.	YAP SIEAN LEONG	45,200	0.26
	TOTAL	15,520,310	88.74

DIRECTORS' WARRANTHOLDINGS

(AS PER REGISTER OF DIRECTORS' WARRANTHOLDINGS AS AT 7TH APRIL 2017)

	No. of Warrants Held			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Datuk Tee Eng Ho	–	–	*1 11,247,442	*1 64.31
Tee Eng Seng	–	–	*1 11,247,442	*1 64.31
Datin Toh Siew Chuon	372,443	2.13	*1 11,247,442	*1 64.31
Khoo Siong Kee	–	–	–	–
Lim Kien Lai @ Lim Kean Lai	–	–	–	–
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	–	–	–	–

Note:-

*1 Deemed interested by virtue of their interest in Egovision Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

*2 Based on percentage of outstanding securities as at 7th April 2017.

NOTICE TO THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Third Annual General Meeting of the Company will be held at Grand Lotus Room, Swiss Garden Residences KL, Jalan Pudu, Bukit Bintang, 55100 Kuala Lumpur on Thursday, 25 May 2017 at 11.00 a.m. to transact the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 and the Reports of Directors and Auditors thereon. **(Please refer Note 1)**

2. To approve the payment of Directors' fees of RM156,000 in respect of the financial year ended 31 December 2016. **Ordinary Resolution 1**

3. To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM60,000 from 1 January 2017 until the next annual general meeting of the Company. **Ordinary Resolution 2**

4. To re-elect the following Directors retiring in accordance with Article 89 of the Company's Constitution:-

   (i) Datuk Tee Eng Ho **Ordinary Resolution 3**
   (ii) Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof **Ordinary Resolution 4**
   (iii) Mr. Tee Eng Seng **Ordinary Resolution 5**

5. To appoint Messrs Ong & Wong as Auditors of the Company and authorise the Directors to determine their remuneration. **Ordinary Resolution 6**

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

(A) **PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR** **Ordinary Resolution 7**

"THAT subject to the passing of Ordinary Resolution 4, Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof who has served the Board as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as Independent Non-Executive Director of the Company."

(B) **AUTHORITY TO ALLOT SHARES** **Ordinary Resolution 8**

"THAT subject always to the Companies Act, 2016 ("**Act**") and the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 75 of the Act, to allot shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being."

(C) **PROPOSED SHARE BUY-BACK MANDATE** **Ordinary Resolution 9**

"THAT subject always to the Companies Act, 2016 ("**Act**"), provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant approvals, the Directors of the Company be and are hereby authorised to purchase the Company's ordinary shares ("**Shares**") through Bursa Securities, subject to the following:-

(a) The maximum number of Shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued Shares of the Company at any point in time;

(b) The maximum fund to be allocated by the Company for the purpose of purchasing its Shares shall not exceed the retained profits of the Company;

(c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:-

(i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

(iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in general meeting;

whichever occurs first;

(d) Upon completion of the purchase(s) of the Shares by the Company, the Shares shall be dealt with in the following manner as the Directors of the Company may decide:-

(i) cancel the Shares so purchased; or

(ii) retain the Shares so purchased as Treasury Shares; or

(iii) retain part of the Shares so purchased as Treasury Shares and/or cancel the remainder of the Shares/Treasury Shares; or

(iv) distribute the Treasury Shares as dividends to shareholders; or

(v) resell the Treasury Shares or any of the Treasury Shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; or

(vi) transfer the Treasury Shares or any of the Treasury Shares for the purposes of or under an employees' share scheme; or

(vii) transfer the Treasury Shares or any of the Treasury Shares as purchase consideration; or

(viii) sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe.

THAT the Directors of the Company be and are hereby authorised to take all such steps and enter into all agreements, arrangements and guarantees with any party or parties as are necessary to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares."

(D) **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **Ordinary Resolution 10**

"THAT, subject to the Companies Act, 2016 ("**Act**"), the Constitution of the Company and the Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries ("**Kerjaya Group**") to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ("**Related Parties**") as specified in Section 2.2.2 of Part B of the Circular to Shareholders dated 28 April 2017 in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Recurrent RPTs**") provided that such transactions are:-

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the day-to-day operations;

(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(iv) are not to the detriment of the minority shareholders,

("**RRPT Mandate**").

AND THAT such approval shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) the authority is revoked or varied by ordinary resolution passed by the shareholders in general meeting; or

whichever is earlier; and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the RRPT Mandate."

7. To transact any other business of which due notice shall have been received.

BY ORDER OF THE BOARD

SEOW FEI SAN
MOK MEE KEE
Secretaries

Petaling Jaya
28 April 2017

Notes:

1. The shareholders' approval on the Audited Financial Statements are not required pursuant to the provisions of Section 340(1) of the Companies Act, 2016 ("Act"), hence, the matter will not be put for voting.

2. Only depositors whose names appear in the Record of Depositors as at 18 May 2017 shall be regarded as members and entitled to attend, speak and vote at the meeting.

3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any persons to be his proxy.

4. A member may appoint not more than two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

6. 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.

7. 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 its Common Seal or under the hand of its officer or attorney duly authorised.

8. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty eight (48) hours before the time for holding the meeting or any adjournment thereof.

9. Explanatory notes:

   <u>Resolution 1 and 2</u>

   Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the Thirty-Third Annual General Meeting ("AGM") on the Directors' fees and benefits in two (2) separate resolutions as below:-

   - Ordinary Resolution 1 on payment of Directors' fees in respect of the preceding year 2016; and

   - Ordinary Resolution 2 on payment of Directors' benefits (excluding Directors' fees) in respect of the current year 2017 until the next AGM. (i.e. 17 months)

   The current fees structure for Directors' benefits of the Company includes meeting allowance for Board/Board Committee meeting attended and premium paid/payable for the Directors' and Officers Liability Insurance. The Directors' benefits from 1 January 2017 until the conclusion of the next AGM is estimated not to exceed RM60,000. The Board will seek shareholders' approval at the next AGM in the event the amount of the Directors' benefits is insufficient due to an increase in Board/Board Committee meetings, increase in Board size and/or increase in the amount of premium payable for the Directors' and Officers Liability Insurance.

   Details of the Directors' fees payable to the Non-Executive Directors for the financial year ended 31 December 2016 are disclosed in the Statement on Corporate Governance as contained in 2016 Annual Report.

Notes: (Cont'd)

9. Explanatory notes: (Cont'd)

Resolution 7

The Ordinary Resolution 7 is proposed pursuant to Recommendation of the Malaysian Code of Corporate Governance 2012 and if passed, will allow Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof to be retained and continue to act as Independent Non-Executive Director of the Company.

The full details of the Board's justifications for the retention of Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof as Independent Non-Executive Director is set out in the Statement on Corporate Governance as contained in 2016 Annual Report.

Resolution 8

The Proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to allot not more than 10% of the total number of issued shares of the Company subject to approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company.This authorisation will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

As at the date of printing of this Annual Report, no new shares in the Company were issued pursuant to the authority granted to the Directors at the Thirty-Second Annual General Meeting held on 27 May 2016 and which will lapse at the conclusion of the Thirty-Third Annual General Meeting.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

Resolution 9

The proposed Ordinary Resolution No. 9, if passed, will empower the Directors of the Company to purchase the Company's ordinary shares of up to ten percent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. Further information on the Proposed Share Buy-Back Mandate is set out in the Circular to Shareholders dated 28 April 2017, which is despatched together with the 2016 Annual Report.

Resolution 10

The proposed Ordinary Resolution 10, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. Further information on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is set out in the Circular to Shareholders dated 28 April 2017, which is despatched together with the 2016 Annual Report.

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CDS Account No.

KERJAYA PROSPEK GROUP BERHAD (122592-U)
(Incorporated in Malaysia)

FORM OF PROXY

I/We..
(FULL NAME IN CAPITAL LETTER AND I/C NO.)

of ....
(ADDRESSS)

being a member/members of **KERJAYA PROSPEK GROUP BERHAD** (the "Company") hereby appoint

....of
(FULL NAME IN CAPITAL LETTER AND I/C NO.)

....
(ADDRESSS)

or failing him/her ....
(FULL NAME IN CAPITAL LETTER AND I/C NO.)

of ....
(ADDRESSS)

or failing him/her, the CHAIRMAN OF THE MEETING as *my/our proxy, to vote for *me/us and on *my/our behalf at the Thirty-Third Annual General Meeting of the Company to be held at Grand Lotus Room, Swiss Garden Residences KL, Jalan Pudu, Bukit Bintang, 55100 Kuala Lumpur Thursday, 25 May 2017 at 11.00 a.m., or at any adjournment thereof and to vote as indicated below:-

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1	To approve the Directors' fees		
2	To approve the Directors' benefit		
3	To re-elect Datuk Tee Eng Ho as a Director of the Company		
4	To re-elect Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof as a Director of the Company		
5	To re-elect Tee Eng Seng as a Director of the Company		
6	To appoint Messrs Ong & Wong as Auditors of the Company		
7	To approve the proposed retention of Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof as Independent Non-Executive Director of the Company		
8	To approve authority to allot shares		
9	To approve the proposed Share Buy-back mandate		
10	To approve the proposed recurrent related party transactions mandate		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

No. of ordinary shares held

Dated this _________ day of ___________________ 2017

____
Signature of Member / Common Seal

Notes:
1. Only depositors whose names appear in the Record of Depositors as at 18 May 2017 shall be regarded as members and entitled to attend, speak and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any persons to be his proxy.
3. A member may appoint not more than two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
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 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 its Common Seal or under the hand of its officer or attorney duly authorised.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty eight (48) hours before the time for holding the meeting or any adjournment thereof.

Fold this flap for sealing

Please fold here to seal

PLEASE
AFFIX
STAMP

The Company Secretary
KERJAYA PROSPEK GROUP BERHAD (122592-U)
802, 8th Floor, Block C
Kelana Square, 17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Please fold here to seal

KERJAYA PROSPEK GROUP BERHAD (122592-U)

No.1, Jalan Wangsa Permai, 2nd Floor, Bangunan One Wangsa
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