

# ANNUAL REPORT 2015



**JK** **JIANKUN INTERNATIONAL BERHAD**  
(111365-U)

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# Corporate Information

## **Board of Directors**

Dato' Ir Lim Siang Chai  
(Executive Chairman)

Lee Leong Kui  
(Executive Director)

Foong Kah Heng  
(Executive Director)

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

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

Kamil Bin Abdul Rahman  
(Independent Non-Executive Director)

Chan Fook Mun  
(Independent Non-Executive Director)

## **Company Secretaries**

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

## **Registered Office**

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

## **Principal Place of Business**

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

## **Audit Committees**

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

## **Remuneration Committee**

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

## **Nomination Committee**

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

## **Risk Management Committee**

Dato' Ir. Lim Siang Chai (Chairman)  
Lee Leong Kui  
Foong Kah Heng

## **Auditors**

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

## **Share Registrar**

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

## **Principal Bankers**

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

## **Stock Exchange Listing**

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



JIANKUN INTERNATIONAL BERHAD  
(111365-U)



\* Incorporated in Hong Kong

# Executive Chairman's Statement

On behalf of the Board of Directors of Jiankun International Berhad (“Jiankun” or “the Company”), I'm pleased to present to you the Annual Report and Audited Financial Statement of the Group for the financial year (“FY”) ended 31 December 2015.

## Economic Review

The Malaysian Economy, policy and Consumer Residual Income will influence the buyer decision and further affect the revenue and performance of the Group.

In year 2015, overall performance of the construction sector recorded a growth of 11.2 per cent year-of-year and the residential buildings recorded 8.7 per cents respectively (Source: [www.statistics.gov.my](http://www.statistics.gov.my)). These given a strongly indicator to the Group that the Group is going to right business direction for development of residential properties and the Board believe that residential properties with reasonable pricing is still in demand due to young Malaysia population and will continue to contribute positive performance for the group.

## Financial Review

For FY2015, the Group recorded a turnover of RM11.5 million (FY2014: turnover of RM3.2million). The increase in revenue was contributed by construction segment which has been progressing according to plan.

During FY2015, loss before taxation of RM1.2 million, the loss of RM1.2 million inclusive of RM1.1 million derived from the fair value changes for investment properties located in China due to currency fluctuation.

## Business Outlook and Prospects

The Group strategic vision is still focusing on property development and construction activities. Currently the Group is carrying out the construction of its existing semi detached factory construction and is targeting to complete in 3rd quarter year 2016. In year 2016, the Group targeting to launch two housing development projects in 3rd quarter with the estimated Total Gross Development value of RM280 million.

At current stage, the Group development is focusing on pocket size land niche market mixed housing development segments in Klang Valley and surrounding. The Group will continue to negotiate for new joint ventures arrangement with potential landowners or to acquire new potential pocket size land for development. The Group will keep shareholders informed once the arrangement is materialized from time to time.

## Dividend

The Board of Directors has not proposed any dividend for this financial year. The Board will consider to declare any dividend to reward the investors after taken into consideration of the Group's financial performance and positions as well as cash flow requirement for future development.

## Corporate Developments

The Company did not implement any new corporate proposals during the financial year ended 31 December 2015.

## Corporate Social Responsibility and Sustainability

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

During the financial year under review, the Group has contributed to various community association and school as part of the Group policies to help those who are in need. The Management continue providing training internally or externally for employees to equip with latest knowledge related to Group business operation which is part of Human Capital development programmes. At the workplace, the Group observed the safety requirement to mitigate the worksite accident and disaster which may cause injury to employees. The Management encourage energy saving at work place to reduce the consumption of environmental resources.

## Acknowledgement

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

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

**Dato' Ir Lim Siang Chai**  
Executive Chairman



# Management Discussion & Analysis

The following Management Discussion and Analysis (“MD&A”) of the operating performance and financial condition of Jiankun International Berhad (“Jiankun” or the “Company”) and its subsidiary Companies (the “Group”) for the twelve months ended 31 December 2015, should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2015 and related notes thereto.

The information presented in the MD&A, including information relating to comparative periods in 2014, is presented in accordance with the Financial Reporting Standards (“FRS”) unless otherwise stated.

## Overview

Jiankun is a company listed on the main market of Bursa Malaysia Securities Berhad under the Properties category with an authorized share capital of RM100 million split into 400 million shares. The Company has an issued and fully paid up capital of RM37,919,379 split into 151,677,519 shares. The total comprehensive income was RM3.3 million was recorded for financial year ended 31 December 2015 as compare with total comprehensive loss of RM0.9 million for financial year ended 31 December 2014. The total comprehensive income was derive from fluctuation of foreign currency because the investment property was held in foreign currency.

## Growth & Strategies

Management is of the view that the financial year ending 31 December 2016 will be a challenging year due to weak consumer purchasing powers and consumer sentiments as well as economic scenarios. The challenging environment is further compounded by the tightening of credit lending guideline and difficulties of purchaser obtaining loans for purchasing of properties including residential properties and the competition from existing developers. The changes of government and bank policies may affect the group to close the business deal with our customer.

The management will continue to review the market position and adjust our strategies of our business plan to weather the challenging environment and still put in extra effort to push the growth to ensure the group performance is sustainable.

In long run, the management will continue to source for potential opportunity either in acquisition of new land or by joint venture to expand the growth of our business, growth in revenue and profit.

## Business Risk

### a) Foreign currency risk

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

### b) Interest rate risks

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

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

## c) Competition risks

The Group's competitiveness is dependent on the ability of the management to price the product competitively, to provide quality and timely delivery of developments and to manage the sales of the properties.

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

## d) Delays in commencement and completion

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

The management will closely monitor the progress of work to mitigate the risks by rectify any setbacks in order to ensure timely completion of the development.

## Financial Results

The Group's key financial information for the year ended 31 December 2015 and 2014 are summarized as follows:

	2015 RM Million	2014 RM Million
Turnover	11.46	3.17
Earnings Before Interest, Depreciation, Amortisation and Taxation (EBITDA)	(1.48)	(1.61)
Profit / (Loss) Before Taxation	(1.20)	(0.94)
Taxation	0.55	(0.03)
Profit After Taxation and Minority Interest	(0.65)	(1.99)
Total Comprehensive Income / (Loss)	3.30	(0.93)
Net Tangible Assets	48.11	44.81

## Turnover

The Group's turnover for financial year ended 31 December 2015 of RM11.46 million was derived from construction activity and project management. As comparative for 2014, the revenue was derived from property development from a subsidiary company which was disposed at the end of financial year ended 2014.

## Results

For the financial year ended 31 December 2015, the company recorded a negative EBITDA of RM1.48 million and loss after taxation of RM0.65 million, the EBITDA and loss after taxation was derived after taken into consideration fair value loss adjustment for investment properties in China due to currency fluctuation, after taken into consideration of foreign exchange translation of this properties, the Group recorded a positive total comprehensive income of RM3.3 million.



# Management Discussion & Analysis (Cont'd)

## Financing and Expansion

The Group has secure 93 pieces of land value of RM22.5 million being part of the Group expansion program to develop 84 units of 3-storey terrace house, part of the purchase consideration of RM15.5 million was partly finance by United Overseas Bank (Malaysia) Berhad. The gross development value for this project approximately RM75 million and the management believe that this project will contribute a positive return in future.

The Group also entered into a Joint Venture Agreement with Five Star Development (Puchong) Sdn Bhd to develop 377 units of services apartment for gross development value approximately RM205 million will contribute positive return to the Group's performance.

In order to sustain for the development and growth of Group's business, the projects will required reasonable financial support from financial institution. Currently the Group has secured bridging loan from United Overseas Bank (Malaysia) Berhad of RM9 million to finance the development of 84 units of 3-storey terrace house. The Group's also negotiating banking facilities for the development of 377 units of services of RM36 million.

## Conclusion

The Management will consider year 2016 will be a challenging year ahead. The management remain confident with the business opportunities identified and will proceed cautiously to ensure continue business growth.

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

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Dato' Ir Lim Siang Chai, Malaysian, aged 61, was appointed to the Board on July 1, 2013 as Executive Chairman of the Company.

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

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

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

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

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

Apart from the Company, Dato' Ir Lim also the Executive Chairman and Managing Director of Advance Information Marketing Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

## Profile of Directors (Cont'd)

### **Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman**

Independent Non-Executive Director

Tan Sri Dato' (Dr.) Abdul Aziz Bin Abdul Rahman, Malaysian, aged 83, was appointed to the Board on March 26, 2010 as a Non-Independent Non-Executive Director. Tan Sri Abdul Aziz was re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director. He is the Chairman of both the Nomination Committee and the Remuneration Committee, and is also a member of the Audit Committee.

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

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

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

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

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

Tan Sri Abdul Aziz sits on the Board of BTM Resources Bhd. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

Tan Sri Abdul Aziz who retires in accordance with section 129(6) of the Companies Act, 1965 has expressed his intention not to seek re-appointment as Director of the Company. Hence, he will retain office until the close of the Thirty-Second (32<sup>nd</sup>) Annual General Meeting.

### **Fathi Ridzuan Bin Ahmad Fauzi** Independent Non-Executive Director

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Mr. Fathi Ridzuan Bin Ahmad Fauzi, Malaysia, aged 51, was appointed to the Board on 20 April 2012 as an Independent Non-Executive Director. He is the Chairman of Audit Committee and a member of the Nomination Committee.

Mr. Fathi Ridzuan holds a degree in B. Sc. Accounting & Financial Analysis from the School of Industrial and Business Studies, University of Warwick, Coventry, United Kingdom in 1988. He has more than 20 year experiences, including 15 years in the capital market and 3 years in the Business Process Outsourcing (“BPO”) industry.

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

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

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

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

Mr. Fathi Ridzuan is not a director of any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

### **Lee Leong Kui** Executive Director

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Mr Lee Leong Kui, Malaysian, aged 39, was appointed to the Board on 13 January 2015 as an Executive Director. He graduated with Degree in Business Administration from Anglia Polytechnic University in United Kingdom.

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

Mr. Lee is not a director of any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

## Profile of Directors (Cont'd)

### **Foong Kah Heng**

Executive Director

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Mr. Foong Kah Heng, Malaysian, aged 53, was appointed to the Board on 13 January 2015 as an Executive Director. He graduated with Diploma in Accountancy from Systematic College in Kuala Lumpur.

He acted as Managing Director in Falcon Speed Automobile Sdn Bhd from year 1991 to year 2013.

Mr Foong is not a director of any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

### **Kamil Bin Abdul Rahman**

Independent Non-Executive Director

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Encik Kamil Bin Abdul Rahman, Malaysian, aged 67, was appointed to the Board on 29 January 2015 as an Independent Non-Executive Director. Presently, he is a member of Audit Committee, Nomination Committee and Remuneration Committee of Jiankun.

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

His area of specialization is in corporate governance, corporate finance and risk management. His previous senior positions were as Senior Vice President of the Bank of Commerce (M) Berhad and as Executive Director of Commerce International Merchant Bankers Berhad.

Apart from the Company, he is also a Director of Khind Holdings Berhad, Brahim's Holdings Berhad, WDM Holdings Berhad (which not listed on Bursa Malaysia), and the Malaysia South Africa Business Council (company limited by guarantee).

He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

### **Chan Fook Mun**

Independent Non-Executive Director

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Mr. Chan Fook Mun, Malaysian, aged 45, was appointed to the Board on 29 May 2015 as an Independent Non-Executive Director. At present, he is the member of Audit Committee of Jiankun.

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

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

Mr. Chan is not a director of any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.



# Corporate Governance Statement

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

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

## PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### 1.1 Clear functions of the Board and those delegated to Management

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

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

### 1.2 Clear Roles and Responsibilities in Discharging Fiduciary and Leadership Functions

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

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

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

### 1.3 Code of Ethics

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

# Corporate Governance Statement (Cont'd)

## 1.4 Strategies Promoting Sustainability

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

## 1.5 Access to Information and Advice

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretary in ensuring the effective functioning of the Board. The Directors may seek advice from Management on issues under their respective purview. The Directors may also interact directly with Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.

In addition, the Board may seek independent professional advice at the Company's expense on specific issues to enable it to discharge its duties in relation to matters being deliberated.

## 1.6 Qualified and Competent Company Secretary

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

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

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

## 1.7 Board Charter

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

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

## PRINCIPLE 2 – STRENGTHEN COMPOSITION

### 2. Board committees

To assist the Board to effectively discharge its roles and functions, the Board delegates certain of its role and functions of three (3) Board Committees which operate within clearly defined terms of reference.

The Chairman of the respective Committees will brief the Board on the matters discussed at the Committee meetings and minutes of these meetings are circulated to the Board. The Board committees are:-

- a) Audit Committee;
- b) Nomination Committee;
- c) Remuneration Committee; and
- d) Risk Management Committee.

## a) Audit Committee

Composition of the AC, duties and responsibilities, term of reference and a summary of its activities are set out on pages 31 to 34 of this Annual Report.

## b) Nomination Committee

The Board has established a Nomination Committee and exclusively of Non-Executive Directors, a majority of whom must be independent. The present members are:-

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

Member : Fathi Ridzuan Bin Ahmad Fauzi

Member : Kamil Bin Abdul Rahman

The Nomination Committee is responsible for reviewing the Board's structure, size and composition regularly, as well as making recommendations to the Board with regards to changes that are deemed necessary. It also recommends the appointment of Directors to committees of the Board and reviews the required mix of skills, experience, competence and other qualities which Non-Executive Directors should bring to the Board. For this purpose, the Nomination Committee meets at least once a year or at such other times as the Chairman of the Nomination Committee decides.

The primary duties and functions of the Nomination Committee are summarised as follows:-

- i. Recommending candidates for appointment to the Board, its Committees, and key management positions;
- ii. Establishing the performance criteria to evaluate the performance of the Board and its Committees and each member of the Board and reviewing their respective performance;
- iii. Reviewing the outcomes of the annual self and peer assessment of the members of the Board, evaluating the performance of the members of the Board and making necessary recommendations to the Board;
- iv. Evaluating the performance of each of the committees established by the Board and the Board as a whole and making necessary recommendations to the Board;
- v. Formulating the nomination and selection policies for members of the Board and its Committees;
- vi. Recommending to the Board the optimum size of the Board, and formalising a transparent procedure for proposing new nominees to the Board and its Committees;
- vii. Assisting the Board in reviewing on an annual basis the required mix of skills and experience of Non-Executive Directors;
- viii. Developing the criteria to assess independence and to assess on an annual basis, the independence of the Independent Non-Executive Directors and recommend the same to the Board;
- ix. Establishing time commitment expectations for the members of the Board and establish a policy formalizing its approach to boardroom diversity; and
- x. Reviewing training programmes for the Board and facilitate board induction and training programmes.

The NC would conduct an annual review of the composition of the Board and makes recommendations to the Board accordingly, with a view to meeting current and future requirements of the Group. The Committee is satisfied with the current size of the Board, and with the mix of qualifications, skills experience among the Board members. Among other evaluation criteria is the commitment displayed, the depth of contribution, ability to communicate and undertake assignments on behalf of the Board.

# Corporate Governance Statement (Cont'd)

The Board is aware of the gender diversity policy and targets as set out in the Code. However, the Board is of the view that the Board membership is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender. Nevertheless, for any new proposed appointment of Directors of the Company in future, the NC and the Board will evaluate and match the criteria of the potential candidate to the Board as well considering the boardroom diversity.

During the financial year under review, the NC held two (2) meetings, which was attended by all members of the NC.

## c) Remuneration Committee

In line with the best practices of the Code, the Board has set up a RC which would comprise a majority of Independent Non-Executive Directors in order to assist the Board for determining the Director's remuneration. The present members of the RC as follow:-

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

The responsibilities of the RC include the following:-

- seek comparative information on remuneration and conditions service in comparable organisations;
- review directors' fees to ensure that they are at sufficiently competitive levels;
- consider severance payments that represent public interest and avoid any inappropriate use of public funds;
- recommend and advise the Board on the terms of appointment and remuneration of its members; and
- establish a formal and transparent procedure for developing policy on remuneration packages of individual directors.

The RC reviews all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options and benefit-in-kind.

For the financial year under review, the RC held two (2) meetings, which was attended by all members of the RC.

## d) Risk Management Committee

In line with the best practices of the Code, the Board has set up a Risk Management Committee (RMC) which would comprise Executive Director and head of departments.

The present members of the RMC as follow:-

Chairman :	Dato' Ir. Lim Siang Chai
Member :	Lee Leong Kui
Member :	Foong Kah Heng

The responsibilities of the RMC include the following:-

- Assessment and monitoring of risks associated with the operations of the Group;
- Development and implementation of internal compliance and control systems and procedures to manage risk;
- Assessment and monitoring of the effectiveness of controls instituted;
- Review and make recommendations to the Board in relation to Risk Management;
- Consider, and make recommendations to the Board in connection with, the compliance by the Group with its Risk Management Strategy;
- Report to the Board on any material changes to the risk profile of the Group;
- Monitor and refer to the Board any instances involving material breaches or potential breaches to the Group's Risk Management Strategy;

# Corporate Governance Statement (Cont'd)

- Report to the Board in connection with the Group's annual reporting responsibilities in relation to matters pertaining to the Group's Risk Management Strategy; and
- Undertake annual review, in accordance with the Group's Risk Management framework and to make recommendations to the Board in connection with changes required to be made to the Group's Risk Management Strategy.

For the financial year under review, the RMC held one (1) meeting, which was attended by all members of the RMC and heads of department.

## Appointments to the Board

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

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

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

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

## Gender Diversity

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

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

## Directors' remuneration procedures and policies

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

The aggregate remuneration of Directors for the financial period ended 31 December 2015 is as follow:

Remuneration	Executive Director (RM'000)	Non-Executive Director (RM,000)	Total (RM,000)
Salary	586	-	586
Fees	-	86	86
Allowance	180	9	189
Bonuses & Other emoluments	65	-	65
Defined Contribution Plan	42	-	42
	873	95	968



# Corporate Governance Statement (Cont'd)

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

Range of Remuneration (RM)	Executive	Non-Executive
50,000 and below	-	4
50,001 – 100,000	-	-
100,000 – 150,000	-	-
150,001 – 200,000	-	-
200,001 - 250000	-	-
250,001 – 300,000	2	-
300,001 – 350,000	-	-
350,001 – 400,000	1	-
400,001 – 450,000	-	-

Details of the individual Director's remuneration are not disclosed in this report as the Board is of the view that the above remuneration disclosures by band and analysis between Executive and Non-Executive Directors satisfies the accountability and transparency aspects of the Code.

## PRINCIPLE 3 – REINFORCE INDEPENDENCE

### 1. Annual Assessment of Independence

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

### 2. Tenure of Independent Directors

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

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

### 3. Shareholders' Approval for the Continuance Office as Independent Directors

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

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

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

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

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

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

The presence of the 4 independent directors, forming a majority of the 7 Board members are sufficient to provide the necessary checks and balances on the decision making process of the Board. The contributions of the independent directors in the decision making process is evidenced in their participation as members of the various committees of the Board.

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

## Composition of the Board

During the financial year under review, the Board of Jiankun currently comprises seven (7) Board members, which includes one (1) Executive Chairman, two (2) Executive Directors and four (4) Independent Non-Executive Directors. The composition of the Board is in compliance with Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Berhad ("Bursa Malaysia") and the adoption of best practices set out in the Code whereby at least two (2) or one-third (1/3) of its Board members are Independent Directors. The profile of each Director is presented separately in pages 9 to 12 of the Annual Report 2015.

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

## PRINCIPLE 4 – FOSTER COMMITMENT

### Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. The Board met six (6) times during the year under review and all Directors attended more than 50% of the total Board meetings held during the financial year ended 31 December 2015, thus fulfilling the requirement of the Main LR of Bursa Malaysia.

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

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

# Corporate Governance Statement (Cont'd)

The following are the Board meetings attended by the Directors during the financial year ended 31 December 2015:-

Director	Position	No. of Board Meetings Attended
Dato' Ir Lim Siang Chai	Executive Chairman	6/6
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	Independent Non-Executive Director	5/6
Fathi Ridzuan Bin Ahmad Fauzi	Independent Non-Executive Director	6/6
Foong Kah Heng (Appointed on 13 January 2015)	Executive Director	5/5
Lee Leong Kui (Appointed on 13 January 2015)	Executive Director	5/5
Kamil Bin Abdul Rahman (Appointed on 29 January 2015)	Independent Non-Executive Director	5/5
Chan Fook Mun (Appointed on 29 May 2015)	Independent Non-Executive Director	2/2

## Directors' Training

All Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Main LR of Bursa Malaysia. The Directors shall be committed to continuous education to equip themselves with the knowledge and understanding of various provisions, rules, regulations and the latest development in the industries to effectively discharge their duties and obligations.

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

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

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

All Directors have complied with the Continuous Training Programme prescribed by Bursa Malaysia. The Directors have participated in conferences, seminars and training programmes and during the financial year ended 31 December 2015, the following training programmes and seminars were attended by the Directors:-

## Corporate Governance Statement (Cont'd)

Name	Date of Training	Subject
Dato' Ir Lim Siang Chai	27-28 August 2015	Fair for Trade in Services of the 10th China - Northeast Asia Expo, Chengchua , China.
	3-4 September 2015	Markets and Technology : Driving Future Growth Through Innovation
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	10 December 2015	Corporate Financial Reporting – Are You Making The Right Decisions?
Fathi Ridzuan Bin Ahmad Fauzi	10 December 2015	Corporate Financial Reporting – Are You Making The Right Decisions?
Kamil Bin Abdul Rahman	20 January 2015	Economic Challenges in Europe
	12 February 2015	Economic Outlook 2015
	13 April 2015	New Zealand Health Technology
	5-6 August 2015	Integrity and Professionalism – Key to Business Success
	3 September 2015	Business Opportunities in OIC
	12 October 2015	Listing on Bursa Malaysia
	26-27 October 2015	Today's Synergy, Tomorrow's Reality
Foong Kah Heng	3 November 2015	Navigating The Political Economy Of Global Business : A Malaysian Insight
Lee Leong Kui	15 April 2015	Travel & Tours Enhancement Course
	30 June 2015	Advocacy Sessions On Management Discussion & Analysis For Chief Executive Officers And Chief Financial Officers
	3-4 September 2015	Markets and Technology : Driving Future Growth Through Innovation
Chan Fook Mun	3 November 2015	Navigating The Political Economy Of Global Business : A Malaysian Insight

# Corporate Governance Statement (Cont'd)

## PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

### Compliance with Applicable Financial Reporting Standards

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board take responsibility to present a balanced and meaningful assessment of the Group's position and prospect and to ensure that the financial statements are drawn up in accordance with the provision of Companies Act, 1965 and applicable accounting standards in Malaysia. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Responsibility Statement by the Directors pursuant to Main LR of Bursa Malaysia is set out in this Annual Report.

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

### Assessment of Suitability and Independence of External Auditors

The Board has maintained an appropriate and transparent relationship with the External Auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. Both the External Auditors and Internal Auditors are invited to attend the Audit Committee Meetings to facilitate the exchange of view on issues requiring attention.

A full Audit Committee Report is set out in pages 31 to 34 of this Annual Report.

## PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

### Sound Framework to Manage Risk

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

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

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

### Internal Audit Function

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

The Statement on Risk Management and Internal Control as included on pages 26 to 28 of this Annual Report provides the overview of the internal control framework adopted by the Company during the financial year ended 31 December 2015.



## PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### Corporate Disclosure Policies

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

The Management are responsible for determining the materiality of the information and ensuring timely, complete, and accurate disclosure of material information to the investing public in accordance with securities laws and stock exchange rules and regulations, monitoring compliance with this policy and overseeing the disclosure controls and procedures.

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

### Leverage on Information Technology for Effective Dissemination of Information

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

## PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN AND SHAREHOLDERS

### Encourage Shareholder Participation at General Meetings

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

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

Notice of the AGM and the Annual Report are sent out more than 21 days prior to the date of the AGM and it is also advertised in a local daily newspaper. Any item of the Special Business included in the Notice of the AGM will be accompanied by a full explanation of the effects of the proposed resolution. Shareholders are given the opportunity to participate in the question and answer session on the proposed resolutions and the Group's operations. Separate resolutions are prepared for different transactions and the outcome of the resolutions voted upon will be declared by the Chairman during the AGM and will be announced to Bursa Malaysia on the same Meeting day.

# Corporate Governance Statement (Cont'd)

## Encourage Poll Voting

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

## Effective Communication and Proactive Engagement

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

The Company also maintain a website at [www.jki.com.my](http://www.jki.com.my) from which shareholders and stakeholders can access for information.

## COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement on Corporate Governance. The Board considers that the Statement on Corporate Governance provides the information necessary to enables shareholders to evaluate how the Code has been applied. The Board considers and is satisfied that the Company has fulfilled its obligation under the Code, the Main LR of Bursa Malaysia and all applicable laws and regulations throughout the financial year ended 31 December 2015.

This Statement is made in accordance with a resolution of the Board of Directors dated 7 April 2016.

# Statement Of Directors' Responsibility In Relation To The Financial Statements

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

The Directors are required to take reasonable steps in ensuring that the consolidated financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year ended 31 December 2015.

The financial statements of the Company and the Group for the financial year under review are set out from pages 46 to 118 of this Annual Report.

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

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

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

# Statement On Risk Management And Internal Control

## INTRODUCTION

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

## BOARD RESPONSIBILITY

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

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

## KEY ELEMENTS OF INTERNAL CONTROL

### CONTROL ENVIRONMENT AND CONTROL ACTIVITIES

- Organization structure with clearly defined lines of responsibility, authority and accountability;
- Clearly defined authorization limits at appropriate levels are set out in an authority matrix for controlling and managing business operations;
- Experienced and competent staffs are placed in areas of responsibility to support and continuously monitor the effectiveness of the Group's system of internal control;
- Policies and procedures for key business processes are formalized and documented for implementation and continuous improvements. These policies are subject to regular reviews to meet new business required.

### MONITORING AND COMMUNICATION

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

## RISK MANAGEMENT

The Board confirms that there is an on-going process of risk identifying; assessing and responding to achieve the objectives of the Group for the financial year under review. This process is in place for the year under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

# Statement On Risk Management And Internal Control

(Cont'd)

Risk management forms an integral part of the Group's business operations. The process of identifying, evaluating, monitoring and managing significant risk is embedded in the various work processes and procedures of the respective operational functions and management team. Any significant issues and controls implemented were discussed at the regular operations and management meetings. Management is putting in place a formal risk management task force consisting of Senior Management and Audit Committee members of the Group.

As part of the Risk Management process, a Registry of Risk and a Risk Management Handbook were adopted. The Registry of Risk records the identified principal business risk. The Risk Management handbook summarizes risk management methodology, approach and processes, roles and responsibilities, and various risk management concept.

A Risk Management Review Group is established to support and advise the Group and Audit Committee on the implementation and monitoring of the Group Risk Management Policy and Strategy. The Review group comprised of all the Executive Management team that comprises of Executive Directors and Heads of Department. The Independent Non-Executive Directors are encourage to attend Risk Registry Review meeting.

For the financial year under review, the meeting was carried out on 11 November 2015. The meeting was attended by the Executive Directors, Head of Project Team, Head of Human Resources, Finance and Account Manager and Contract Manager.

The Finance and Account Manager updates the Audit Committee and Board on the Group's risk profile and reports any new significant risks once a year.

## INTERNAL AUDIT FUNCTIONS

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

During the financial year, the internal auditors have performed the internal audit according to the revised plan approved by Audit Committee. For the financial year ended 31st December 2015, two Internal Audit Reviews and two Follow up internal audit reviews had been carried out:-

<b>Audit Period</b>	<b>Reporting Month</b>	<b>Audited Areas</b>
1st Quarter (Jan 2015 – Mar 2015)	May 2015	Internal Audit Review on Finance & Accounts functions of JianKun International Berhad and Nagamas Land Development Sdn Bhd, Nagamas Venture Sdn Bhd, Nagamas International (HK) Ltd, Mas-Be Travel Services Sdn Bhd.
2nd Quarter (Apr 2015 – Jun 2015)	Aug 2015	Follow up reviews on Finance and Accounts Review reported in May 2015.
3rd Quarter (Jul 2015 – Sep 2015)	Nov 2015	Follow up reviews on Finance and Accounts Review reported in May 2015.
4th Quarter (Oct 2015 – Dec 2015)	Feb 2016	Contract Management and Project Management of Nagamas Venture Sdn Bhd.

For the financial year ended 31 December 2015, the total fee incurred for the outsourced internal audit function were RM10,000.00.



# Statement On Risk Management And Internal Control

(Cont'd)

## CONCLUSION

For the year under review and up to the date of issuance of the statement in the Annual Report, the Board is of the opinion that the internal control system currently in place is adequate and effective to safeguard the Group's interests and assets. The Board will continually assess the adequacy and effectiveness of the Group's risk management and system of internal control and to strengthen it, as and when necessary.

## REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

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

# Additional Compliance Information

## 1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

That on 9 July 2015, the Board of Directors had announced the revised approval on the utilisation of utilisation of the Rights Proceeds through Bursa announcement.

The Renounceable Rights Issue Together with Free Detachable Warrants has raised proceeds of RM 25.2 million and the fund utilisation status are stated below:

<b>Purpose</b>	<b>Estimated Timeframe</b>	<b>Amounts allocated RM,000</b>	<b>Actual Utilisation RM,000</b>	<b>Unutilised Amounts RM,000</b>
Payment for construction cost	Within 12 months from the listing of the Rights shares	3,877	3,877	-
Working Capital	Within 12 months from the listing of the Rights shares	2,248	2,248	-
To Fund Future Projects	Within 36 months from the listing of the Rights shares	18,747	15,394	3,353
To defray expenses relating to the Proposals	Within 3 months from the listing of the Rights shares	323	323	-
		25,195	21,842	3,353

## 2. MATERIAL CONTRACTS

During the financial year ended 31 December 2015, there were no material contracts entered into by the Company and/or its subsidiaries involving directors and major shareholders' interests (not being contracts entered into in the ordinary course of business).

## 3. SHARE BUY-BACK

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

## 4. OPTIONS OR CONVERTIBLE SECURITIES

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

## 5. DEPOSITORY RECEIPT PROGRAMME

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

## 6. SANCTIONS AND/OR PENALTIES

During the financial year under review, there were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, Directors or Management by relevant regulatory bodies arising from any significant breach of rules/guidelines/legislation during the financial year ended 31 December 2015.

## **Additional Compliance Information** (Cont'd)

### **7. NON-AUDIT FEE**

Non-audit fees paid or payable to the External Auditors by the Group for the financial year ended 31 December 2015 was RM5,000 for the work done to verify the Statement on Risk Management and Internal Control.

### **8. VARIATION IN RESULTS**

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

### **9. PROFIT GUARANTEE**

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

# Report Of The Audit Committee

The Board of Directors of Jiankun International Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2015.

## MEMBERS OF AUDIT COMMITTEE

The Audit Committee (“AC” or “Committee”) consists of four (4) members, majority of whom are Independent Non-Executive Directors. The present members of the AC are: -

Director	Position
Fathi Ridzuan Bin Ahmad Fauzi	Independent Non-Executive Director
Tan Sri Dato’ (Dr) Abdul Aziz Bin Abdul Rahman	Independent Non-Executive Director
Kamil Bin Abdul Rahman ( <i>Appointed on 29 January 2015</i> )	Independent Non-Executive Director
Chan Fook Mun ( <i>Appointed on 29 May 2015</i> )	Independent Non-Executive Director

## TERMS OF REFERENCE

### 1. Constitution

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

### 2. Composition

- The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall comprise of not less than three (3) members, all of whom must be Non-Executive Directors, with a majority of them being independent.
- At least one (1) member of the Committee shall be a member of the Malaysian Institute of Accountants; or if not a member of the Malaysian Institute of Accountants, he must have at least three (3) years’ working experience and have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 (“said Schedule”) or he must be a member of one (1) of the associations of accountants specified in Part II of the said Schedule; or has a degree/masters/doctorate in accounting or finance and at least three (3) years’ post qualification experience in accounting or finance or is a member of a professional accountancy organisation which has been admitted as full members of the International Federation of Accountants and at least three (3) years’ post qualification experience in accounting or finance; or at least seven (7) years’ experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- No alternate director shall be appointed as a member of the Committee.
- The members of the Committee shall elect a Chairman from among their numbers who shall be an Independent Director.
- In the event of any vacancy in the Committee resulting in the non-compliance of subparagraph 15.09(1) of the Main LR of Bursa Malaysia, the Board shall fill the vacancy within three (3) months from the date of the vacancy.
- The Board shall review the terms of office and performance of the Committee and each of its members at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

# Report Of The Audit Committee (Cont'd)

## 3. Authority

- (a) The Committee is authorised by the Board to review and/or investigate any matter within the Committee's terms of reference. It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties. All employees of the Group are required to comply with the requests made by the Committee.
- (b) The Committee is authorised by the Board to obtain external legal or independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the expenses of which will be borne by the Company.
- (c) The Committee shall have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity.
- (d) The Committee shall be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary, in order to enable the Committee and the External Auditors or the Internal Auditors or both, to discuss problems and reservations and any other matter the External Auditors or Internal Auditors may wish to bring up to the attention of the Committee.
- (e) The Committee is not authorised to implement its recommendations on behalf of the Board but report its recommendations back to the Board for its consideration and implementation. Where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Main LR of Bursa Malaysia, the Committee is authorised to promptly report such matters to the Bursa Malaysia.

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

- (a) To consider the audit fee of the External Auditors, any questions of resignation or dismissal of the External Auditors and appointment of new External Auditors to replace outgoing auditor, and whether there is reason (supported by grounds) to believe that the Company's External Auditors is not suitable for re-appointment; and to recommend the nomination of a person or persons as External Auditors;
- (b) To discuss with the External Auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one (1) audit firm is involved;
- (c) To act as an intermediary between Management or other employees, and the External Auditors;
- (d) To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing particularly on:-
  - (i) any changes in or implementations of major accounting policies and practices;
  - (ii) significant adjustments arising from audits;
  - (iii) significant and unusual events;
  - (iv) litigation that could affect results materially;
  - (v) the going concern assumption; and
  - (vi) compliance with accounting standards regulatory and other legal requirements.
- (e) To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditors may wish to discuss (in the absence of Management where necessary);
- (f) To review matters arising from the audit with the External Auditors including any report or management letter and Management's response;



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

- (g) To do the following where an internal audit function exists:-
  - (i) review the adequacy of the scope, functions and resources and competency of the internal audit function, and that it has the necessary authority to carry out its work;
  - (ii) review the internal audit programme, process and results of the internal audit programme, process and/or investigation undertaken and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
  - (iii) to ensure the internal audit function of the Company reports directly to the Committee;
  - (iv) review any appraisal or assessment of the performance of the internal audit function;
  - (v) to review the independence of the internal audit function;
  - (vi) approve any appointment or termination of Internal Auditors; and
  - (vii) provide the Internal Auditors an opportunity to submit reasons for resigning.
- (h) Review the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (i) To consider any related party transactions and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of Management integrity;
- (j) To consider the major findings of internal investigations and Management's response;
- (k) To prepare the annual Committee report to the Board which includes the composition of the Committee, its terms of reference, number of meetings held, a summary of its activities and the existence of internal audit function and summary activities of internal audit function for inclusion in the Annual Report;
- (l) To review the Board's statement in compliance with the Malaysian Code on Corporate Governance for inclusion in the Annual Report;
- (m) To carry out such other functions as may be agreed to by the Committee and the Board.

### 5. Meetings & Minutes

- (a) The Committee shall meet at least four (4) times annually. However, at least once a year, the Committee shall meet with the External Auditors without the Executive Directors being present.
- (b) A quorum shall be two (2) members, majority of whom must be Independent Directors.
- (c) Other than in circumstances which the Chairman considers inappropriate, the Chief Accountant and/or Chief of Finance and the representatives of the External Auditors and Internal Auditors shall attend all meetings of the Committee to make known their views on any matter under consideration by the Committee, or which in their opinion, should be brought to the attention of the Committee. The Committee may, as and when necessary, invite other members of the Board and members of Senior Management to attend the meetings.
- (d) The Company Secretary shall be the Secretary of the Committee and will record, prepare and circulate the minutes of the meetings of the Committee and ensure that the minutes are properly kept and produced for inspection, if required. The Committee shall report to the Board and its minutes tabled and noted by the Board.

# Report Of The Audit Committee (Cont'd)

## Meetings held during the financial year ended 31 December 2015

The Committee met five (5) times during the financial year ended 31 December 2015 and the details of attendance are as follows:-

<b>Director</b>	<b>Total meetings attended</b>
Fathi Ridzuan Bin Ahmad Fauzi	5/5
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	4/5
Kamil Bin Abdul Rahman ( <i>Appointed on 29 January 2015</i> )	5/5
Chan Fook Mun ( <i>Appointed on 29 May 2015</i> )	2/2

Other Board members, Director of Corporate Affairs, Chief Administrative Office, Finance Manager and representatives of the External Auditors and Internal Auditors were present by invitation to brief the Committee on specific issues, as and when necessary, with the Company Secretaries in attendance.

## **SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

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

- Reviewed the unaudited quarterly financial results and annual audited financial statements of the Group to ensure compliance with approved accounting standards and adherence to other regulatory requirements prior to submission to the Board for consideration and approval;
- Reviewed and assessed the significant issues set out in the management letter arising from the audit of the Group by the External Auditors for the financial year and seeks clarification and explanations from Management of the Company on issues noted in the audit reports.
- Reviewed the Audit Plan and timetable with the External Auditors.
- Reviewed report of the Internal Auditors on the Company and its subsidiaries.
- Reviewed the assistance provided by Management to the External Auditors during the course of their audit.
- Reviewed the audit fees for the External Auditors in respect of their audit of the Group and the Company
- Considered and recommended the re-appointment of the External Auditors to the shareholders for approval.
- Reviewed the internal control system of the Group and made recommendations to the Board and Management on improvement of internal controls, procedures and systems and other matters noted by the Committee.
- Reviewed the recurrent related party transactions.

# Group Financial Highlights

## GROUP FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2015

Revenue	Loss Before Taxation	Loss After Taxation	Shareholder's Fund	Earnings Per Share
11,456,357	1,204,664	654,714	55,805,170	(0.43 Sen)

### FIVE YEARS' FINANCIAL PERFORMANCE

Revenue	RM
2011	15,336,190
2012	10,291,455
2013	6,349,481*
2014	3,168,399*
2015	11,456,357

  

Profit/ (Loss) Before Taxation	RM
2011	(1,321,624)
2012	(1,593,922)
2013	8,850,720*
2014	(1,967,462)*
2015	(1,204,664)

  

Shareholders' Fund	RM
2011	16,901,066
2012	14,988,515
2013	20,543,603
2014	44,805,170
2015	55,805,170

  

Earnings/ (Loss) Per Share	Sen
2011	(2.5)
2012	(3.1)
2013	9.1*
2014	(3.8)*
2015	(0.43)

\* Inclusive of discontinued operation

# Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

## Principal Activities

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

During the financial year, the Group has ventured into construction activities through the acquisition of JKI Construction Sdn. Bhd. and JKI Development Sdn. Bhd.

## Financial Results

	<b>Group RM</b>	<b>Company RM</b>
Net loss for the financial year	<u>(654,714)</u>	<u>(795,348)</u>
Attributable to: Owners of the parent	<u>(654,714)</u>	<u>(795,348)</u>

## Reserves and Provisions

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

## Dividends

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

## Issue of Shares and Debentures

There were no issues of shares or debentures during the current financial year.



### Warrants

Details of warrants is disclosed in Note 15 of the financial statements.

### Options Granted Over Unissued Shares

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

### Directors

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

Dato' Ir Lim Siang Chai

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

Fathi Ridzuan Bin Ahmad Fauzi

Foong Kah Heng

Lee Leong Kui

Kamil Bin Abdul Rahman

Chan Fok Mun

(Appointed on 29.05.2015)

Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman retires pursuant to Section 129(6) of the Companies Act, 1965 and has indicated that he is not seeking for re-election and re-appointment as director.

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

Fathi Ridzuan Bin Ahmad Fauzi retires pursuant to Article 88 of the Company's Article of Association and seeks re-election and re-appointment as director to hold office until the next Annual General Meeting of the Company.

### Directors' Interests

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



## Directors' Report (Cont'd)

### Directors' Interests (Cont'd)

	Number of ordinary shares of RMI each			
	At 01.01.2015	Bought	Sold	At 31.12.2015
<b>Interests in the Company</b>				
<b>Direct interests</b>				
Dato' Ir Lim Siang Chai	13,508,000	2,000,000	(8,000)	15,500,000
Foong Kah Heng	7,530,000	-	-	7,530,000
<b>Indirect interests</b>				
Foong Kah Heng	16,882,450	-	-	16,882,450

	Number of warrants 2014 / 2021			
	At 01.01.2015	Bought	Sold	At 31.12.2015
<b>Direct interest</b>				
Dato' Ir Lim Siang Chai	9,750,000	-	(7,000,000)	2,750,000
Foong Kah Heng	3,765,000	-	-	3,765,000
<b>Indirect interests</b>				
Foong Kah Heng	9,661,837	-	-	9,661,837

### Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 28 to the financial statements.

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

### Other Statutory Information

- (a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and no allowance for doubtful debts was required; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
  - (i) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.



# Directors' Report (Cont'd)

## Other Statutory Information (Cont'd)

- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## Significant Events

Significant events during the financial year are disclosed in Note 32 to the financial statements.

## Auditors

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 7 April 2016.

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DATO' IR LIM SIANG CHAI

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LEE LEONG KUI

KUALA LUMPUR

## Statement By Directors

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 46 to 117 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 36 to the financial statements on page 118 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 7 April 2016.

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DATO' IR LIM SIANG CHAI

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LEE LEONG KUI

KUALA LUMPUR

# Statutory Declaration

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

I, WONG KOK FONG, being the Officer primarily responsible for the financial management of Jiankun International Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 46 to 117 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the )  
abovenamed at Kuala Lumpur in the )  
Federal Territory on 7 April 2016 )

\_\_\_\_\_  
WONG KOK FONG

Before me,

\_\_\_\_\_  
COMMISSIONER FOR OATHS



# Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the financial statements of Jiankun International Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 117.

#### *Directors' Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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



# Independent Auditors' Report

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

## *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## **Report on Other Legal and Regulatory Requirements**

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

- (i) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (ii) We have considered the financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.
- (iii) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (iv) The audit reports on the accounts of the subsidiary companies 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 36 on page 118 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures 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.

# Independent Auditors' Report

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

### Other Matters

1. 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.
2. The financial statements of Jiankun International Berhad for the financial year ended 31 December 2014 were audited by another auditor who expressed an unqualified opinion on those financial statements on 17 April 2015.

UHY

Firm Number: AF 1411

Chartered Accountants

CHONG HOU NIAN

Approved Number: 3105/11/16(J)

Chartered Accountant

KUALA LUMPUR

7 April 2016



# Statements Of Financial Position

As At 31 December 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	71,539	2,852	62,943	2,852
Goodwill	5	-	-	-	-
Investment properties	6	26,123,727	22,211,741	-	-
Investment in subsidiary companies	7	-	-	11,642,159	9,742,157
		<u>26,195,266</u>	<u>22,214,593</u>	<u>11,705,102</u>	<u>9,745,009</u>
<b>Current assets</b>					
Property development cost	8	23,345,073	-	-	-
Amount due from contract customer	9	-	-	-	-
Trade receivables	10	6,607,270	-	-	-
Other receivables	11	14,208,803	4,891,478	497,564	483,662
Amount due from subsidiary companies	12	-	-	21,937,468	4,895,739
Fixed deposit with licence bank	13	2,057,768	-	2,057,768	-
Cash and bank balances		<u>1,808,132</u>	<u>25,204,545</u>	<u>763,208</u>	<u>25,203,203</u>
		<u>48,027,046</u>	<u>30,096,023</u>	<u>25,256,008</u>	<u>30,582,604</u>
<b>Total assets</b>		<u>74,222,312</u>	<u>52,310,616</u>	<u>36,961,110</u>	<u>40,327,613</u>
<b>EQUITY</b>					
Share capital	14	37,919,380	37,919,380	37,919,380	37,919,380
Reserves	15	<u>10,188,292</u>	<u>6,885,790</u>	<u>(1,242,375)</u>	<u>(447,027)</u>
<b>Total equity</b>		<u>48,107,672</u>	<u>44,805,170</u>	<u>36,677,005</u>	<u>37,472,353</u>

# Statements of Financial Position

As At 31 December 2015 (Cont'd)

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Bank borrowings	16	15,750,000	-	-	-
Deferred tax liabilities	17	5,172,943	4,695,144	-	-
		<u>20,922,943</u>	<u>4,695,144</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade payables	18	3,985,634	-	-	-
Other payables	19	1,206,063	1,632,544	133,001	1,490,226
Amount due to a subsidiary company	12	-	-	151,104	187,276
Amount due to directors	20	-	1,177,758	-	1,177,758
		<u>5,191,697</u>	<u>2,810,302</u>	<u>284,105</u>	<u>2,855,260</u>
<b>Total liabilities</b>		<u>26,114,640</u>	<u>7,505,446</u>	<u>284,105</u>	<u>2,855,260</u>
<b>Total equity and liabilities</b>		<u>74,222,312</u>	<u>52,310,616</u>	<u>36,961,110</u>	<u>40,327,613</u>

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



# Statements Of Profit Or Loss And Comprehensive Income

## For The Financial Year Ended 31 December 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Revenue	21	11,456,357	-	1,410,000	-
Cost of sales	22	(9,105,172)	-	-	-
Gross profit		<u>2,351,185</u>	<u>-</u>	<u>1,410,000</u>	<u>-</u>
Other income	23	827,036	2,535,759	818,517	-
Administrative expenses		(3,282,984)	(3,473,308)	(3,023,865)	(3,239,690)
Other expenses		<u>(1,099,901)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Loss from operation</b>		<u>(1,204,664)</u>	<u>(937,549)</u>	<u>(795,348)</u>	<u>(3,239,690)</u>
Finance costs		-	-	-	-
<b>Loss before tax</b>	24	<u>(1,204,664)</u>	<u>(937,549)</u>	<u>(795,348)</u>	<u>(3,239,690)</u>
Taxation	25	<u>549,950</u>	<u>(25,122)</u>	<u>-</u>	<u>-</u>
<b>Loss from continuing operations</b>		<u>(654,714)</u>	<u>(962,671)</u>	<u>(795,348)</u>	<u>(3,239,690)</u>
Loss from a discontinued operation		<u>-</u>	<u>(1,029,913)</u>	<u>-</u>	<u>-</u>
<b>Loss for the financial year</b>		<u>(654,714)</u>	<u>(1,992,584)</u>	<u>(795,348)</u>	<u>(3,239,690)</u>

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

# Statements Of Profit Or Loss And Comprehensive Income

For The Financial Year Ended 31 December 2015 (Cont'd)

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>Other comprehensive income</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Exchange translation differences for foreign operations		3,957,216	1,058,521	-	-
<b>Total comprehensive income/ (loss) for the financial year</b>		<u>3,302,502</u>	<u>(934,063)</u>	<u>(795,348)</u>	<u>(3,239,690)</u>
<b>Loss for the financial year attributable to owners of the parent</b>		<u>(654,714)</u>	<u>(1,992,584)</u>	<u>(795,348)</u>	<u>(3,239,690)</u>
<b>Total comprehensive income/ (loss) attributable to owner of the parent</b>		<u>3,302,502</u>	<u>(934,063)</u>	<u>(795,348)</u>	<u>(3,239,690)</u>
<b>Loss per share</b>	26				
Basic loss per share (sen):					
Loss from continuing operations		(0.43)	(1.81)	-	-
Loss from discontinued operations		-	(1.94)	-	-
<b>Total</b>		<u>(0.43)</u>	<u>(3.75)</u>	<u>-</u>	<u>-</u>
Diluted loss per share (sen):					
Loss from continuing operations		(0.29)	(1.80)	-	-
Loss from discontinued operations		-	(1.93)	-	-
<b>Total</b>		<u>(0.29)</u>	<u>(3.73)</u>	<u>-</u>	<u>-</u>

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

# Statements of Changes In Equity

For The Financial Year Ended 31 December 2015

Group 2015	Attributable to the Owners of the Parent						
	Non-Distributable			Distributable			
	Share Capital RM	Foreign Exchange Translation Reserve RM	Warrant Reserve RM	Capital Reserve RM	Accumulated Losses RM	Total Equity RM	
At 1 January 2015	37,919,380	1,215,731	13,605,640	2,792,663	(10,728,244)	44,805,170	
Loss for the financial year	-	-	-	-	(654,714)	(654,714)	
Other comprehensive income for the financial year	-	3,957,216	-	-	-	3,957,216	
Total comprehensive income for the financial year	-	3,957,216	-	-	(654,714)	3,302,502	
At 31 December 2015	37,919,380	5,172,947	13,605,640	2,792,663	(11,382,958)	48,107,672	



# Statements of Changes In Equity

For The Financial Year Ended 31 Decembe 2015 (Cont'd)

Group 2014	Attributable to the Owners of the Parent						
	Non-Distributable			Distributable			
	Share Capital RM	Foreign Exchange Translation Reserve RM	Warrant Reserve RM	Capital Reserve RM	Accumulated Losses RM	Total Equity RM	Total Equity RM
At 1 January 2014	50,895,000	157,210	-	-	(30,508,607)	20,543,603	20,543,603
Loss for the financial year	-	-	-	-	(1,992,584)	(1,992,584)	(1,992,584)
Other comprehensive income for the financial year	-	1,058,521	-	-	-	1,058,521	1,058,521
Total comprehensive income/ (loss) for the financial year	-	1,058,521	-	-	(1,992,584)	(934,063)	(934,063)
<b>Transaction with owners:</b>							
Par value reduction	(38,171,250)	-	-	-	-	(38,171,250)	(38,171,250)
Issuance of shares pursuant to rights issue with warrant	25,195,630	-	-	2,792,663	35,378,587	63,366,880	63,366,880
Transfer to warrant reserve	-	-	13,605,640	-	(13,605,640)	-	-
Total transactions with owners	(12,975,620)	-	13,605,640	2,792,663	21,772,947	25,195,630	25,195,630
At 31 December 2014	37,919,380	1,215,731	13,605,640	2,792,663	(10,728,244)	44,805,170	44,805,170

# Statements of Changes In Equity

For The Financial Year Ended 31 Decembe 2015 (Cont'd)

	Attributable to the Owners of the Parent				Total Equity RM
	Share Capital RM	Warrant Reserve RM	Capital Reserve RM	Accumulated Losses RM	
<b>Company 2015</b>					
At 1 January 2015	37,919,380	13,605,640	2,792,663	(16,845,330)	37,472,353
Loss for the financial year, representing total comprehensive income for the financial year	-	-	-	(795,348)	(795,348)
At 31 December 2015	37,919,380	13,605,640	2,792,663	(17,640,678)	36,677,005



# Statements of Changes In Equity

For The Financial Year Ended 31 Decembe 2015 (Cont'd)

	Attributable to the Owners of the Parent					Total Equity RM
	Share Capital RM	Warrant Reserve RM	Capital Reserve RM	Accumulated Losses RM	Distributable	
<b>Company 2014</b>						
At 1 January 2014	50,895,000	-	-	(35,378,587)	-	15,516,413
Loss for the financial year, representing total comprehensive income for the financial year	-	-	-	(3,239,690)	-	(3,239,690)
<b>Transaction with owners:</b>						
Par value reduction	(38,171,250)	-	-	-	-	(38,171,250)
Issuance of shares pursuant to rights issue with warrant	25,195,630	-	2,792,663	35,378,587	-	63,366,880
Transfer to warrant reserve	-	13,605,640	-	(13,605,640)	-	-
Total transactions with owners	(12,975,620)	13,605,640	2,792,663	21,772,947	-	25,195,630
At 31 December 2014	37,919,380	13,605,640	2,792,663	(16,845,330)	-	37,472,353

# Statements of Cash Flows

For The Financial Year Ended 31 Decembe 2015

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Cash Flows From Operating Activities</b>				
Loss before tax				
- Continuing operations	(1,204,664)	(937,549)	(795,348)	(3,239,690)
- Discontinued operations	-	(1,029,913)	-	-
	<u>(1,204,664)</u>	<u>(1,967,462)</u>	<u>(795,348)</u>	<u>(3,239,690)</u>
Adjustments for:				
Allowance of impairment loss on receivables	-	22,767	-	-
Deposits written off	-	41,816	-	41,816
Depreciation of property, plant and equipment	14,102	108,540	13,252	16,023
Discount on settlement	-	800,000	-	-
Gain/(loss) on disposal of:				
- Investment in subsidiary companies	-	(2,483,516)	-	700,000
- Property, plant and equipment	-	35,931	-	35,931
Fair value loss/(gain) on investment property	1,099,901	(50,243)	-	-
Interest expense	-	177,370	-	-
Interest income	(292,400)	-	(292,400)	-
Property, plant and equipment written off	-	150	-	150
Waiver of liability	(526,117)	-	(526,117)	-
Operating loss before working capital changes	<u>(909,178)</u>	<u>(3,314,647)</u>	<u>(1,600,613)</u>	<u>(2,445,770)</u>
Changes in working capital				
Property development costs	(23,345,073)	(2,588,620)	-	-
Trade receivables	(6,607,270)	-	-	-
Other receivables	(9,317,325)	722,290	(13,902)	(516,662)

# Statements of Cash Flows

## For The Financial Year Ended 31 Decembe 2015 (Cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Cash Flows From Operating Activities (Cont'd)</b>				
Trade payables	3,985,634	-	-	-
Other payables	99,636	893,034	(831,108)	(1,175,994)
Amount due to directors	(1,177,758)	2,138,375	(1,177,758)	(776,926)
Amount due from/(to) related companies	-	-	-	(43,564)
Amount due from/(to) subsidiary companies	-	-	(17,077,901)	1,623,555
	<u>(36,362,156)</u>	<u>1,165,079</u>	<u>(19,100,669)</u>	<u>(889,591)</u>
Cash used in operating activities	(37,271,334)	(2,149,568)	(20,701,282)	(3,335,361)
Interest paid	-	(177,370)	-	-
Interest received	292,400	-	292,400	-
	<u>292,400</u>	<u>(177,370)</u>	<u>292,400</u>	<u>-</u>
Net cash used in operating activities	<u>(36,978,934)</u>	<u>(2,326,938)</u>	<u>(20,408,882)</u>	<u>(3,335,361)</u>
<b>Cash Flows From Investing Activities</b>				
Acquisition of subsidiary companies, net of cash acquired	-	-	(1,900,002)	-
Acquisition of property, plant and equipment	(82,789)	(6,629)	(73,343)	(3,550)
Proceeds from disposal of a subsidiary company, net of cash disposed	-	2,969,890	-	3,300,000
Proceeds from disposal of property, plant and equipment	-	20,000	-	20,000
Net cash (used in)/from investing activities	<u>(82,789)</u>	<u>2,983,261</u>	<u>(1,973,345)</u>	<u>3,316,450</u>



# Statements of Cash Flows

For The Financial Year Ended 31 December 2015 (Cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Cash Flows From Financing Activities</b>				
Proceed from borrowing	15,750,000	=	-	-
Proceed from issue of share capital	-	25,195,630	-	25,195,630
Increase in fixed deposit pledge	(2,057,768)	=	(2,057,768)	=
Repayment of borrowings	-	(848,888)	-	-
Payment of finance lease liabilities	-	(46,038)	-	-
Net cash from/(used in) financing activities	<u>13,692,232</u>	<u>24,300,704</u>	<u>(2,057,768)</u>	<u>25,195,630</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(23,369,491)	24,957,027	(24,439,995)	25,176,719
<b>Cash and cash equivalents at beginning of the financial year</b>	25,204,545	253,536	25,203,203	26,484
Effect of exchange translation differences on cash and cash equivalents	<u>(26,922)</u>	<u>(6,018)</u>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at the end of the financial year</b>	<u>1,808,132</u>	<u>25,204,545</u>	<u>763,208</u>	<u>25,203,203</u>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>				
Fixed deposits with a licensed bank	2,057,768	-	2,057,768	-
Cash and bank balances	1,808,132	25,204,545	763,208	25,203,203
	<u>3,865,900</u>	<u>25,204,545</u>	<u>2,820,976</u>	<u>25,203,203</u>
Less: Fixed deposit pledged with licensed bank	<u>(2,057,768)</u>	<u>-</u>	<u>(2,057,768)</u>	<u>-</u>
	<u>1,808,132</u>	<u>25,204,545</u>	<u>763,208</u>	<u>25,203,203</u>

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

## 1. Corporate Information

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

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

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

The principal activities of the Company consist of the provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Notes 7 to the Financial Statements. During the financial year, the Group has ventured into construction activities through the acquisition of JKI Construction Sdn. Bhd. and JKI Development Sdn. Bhd.

## 2. Basis of Preparation

### (a) Statement of Compliance

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

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



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 2. Basis of Preparation (Cont'd)

### (a) Statement of Compliance (Cont'd)

#### Adoption of new and amended standards

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

Amendments to FRS 119 Defined Benefits Plans: Employee Contributions  
Annual Improvements to FRSs 2010 - 2012 Cycle  
Annual Improvements to FRSs 2011 - 2013 Cycle

Adoption of above amendments to FRSs did not have any significant impact on the financial statements of the Group and of the Company.

#### Standards issued but not yet effective

The Group and the Company have not applied the following new FRSs and amendments to FRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
FRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendment to FRS 101	Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2012 - 2014 Cycle		1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016

# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 2. Basis of Compliance (Cont'd)

### (a) Statement of Compliance (Cont'd)

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

		Effective dated for financial periods beginning on or after
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group and the Company intend to adopt the above FRSs when they become effective.

The initial application of the abovementioned FRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

#### FRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of FRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. FRS 9 when effective will replace FRS 139 *Financial Instruments: Recognition and Measurement*.

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 2. Basis of Preparation (Cont'd)

### (a) Statement of Compliance (Cont'd)

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

##### FRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (cont'd)

The adoption of FRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 9.

#### **New Malaysian Financial Reporting Standards (“MFRS Framework”) issued but not yet effective**

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

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2018. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2015 could be different if prepared under the MFRS Framework.



## 2. Basis of Preparation (Cont'd)

### (b) Functional and Presentation Currency

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

### (c) Significant accounting judgments, estimates and assumptions

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

#### **Judgments**

##### Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

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

#### **Key sources of estimation uncertainty**

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



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 2. Basis of Preparation (Cont'd)

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

#### **Key sources of estimation uncertainty (Cont'd)**

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

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

##### Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2015 for investment properties and revalued land and buildings. For investment properties, a valuation methodology based on sales comparison approach was used. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The fair value of buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

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

##### Property development

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

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



## 2. Basis of Preparation (Cont'd)

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

#### Key sources of estimation uncertainty (Cont'd)

##### Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business.

##### Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 30(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

##### Construction Contracts

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

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



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 3. Significant Accounting Policies

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

### (a) Basic of consolidation

#### (i) Subsidiary companies

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

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

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

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

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



## 3. Significant Accounting Policies (Cont'd)

### (a) Basic of consolidation (Cont'd)

#### (i) Subsidiary companies (Cont'd)

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

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

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

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

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

#### (iii) Goodwill on consolidation

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



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 3. Significant Accounting Policies (Cont'd)

### (a) Basic of consolidation (Cont'd)

#### (iii) Goodwill on consolidation (Cont'd)

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

### (b) Foreign currency translation

#### (i) Foreign currency transactions and balances

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

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

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



## 3. Significant Accounting Policies (Cont'd)

### (b) Foreign currency translation (Cont'd)

#### (ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

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

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

### (c) Property, plant and equipment

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

#### (i) Recognition and measurement

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



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 3. Significant Accounting Policies (Cont'd)

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

#### (i) Recognition and measurement (Cont'd)

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

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

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

#### (ii) Subsequent costs

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

#### (iii) Depreciation

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

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

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

## 3. Significant Accounting Policies (Cont'd)

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

#### (iii) Depreciation (Cont'd)

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

### (d) Land and property development costs

#### (i) Land held for property development

Land held for property development consists of land held for future development activities where no development activities has been undertaken or where development activities are not expected to be completed within normal operating cycle. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses. The policy of recognition and measurement of impairment is in accordance with Note 3(j).

Land held for property development is reclassified as current asset when the development activities have commenced or development activities are expected to commence within the period of twelve months after the end of financial year 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, commissions, conversion fees and other relevant levies.

#### (ii) Property development costs

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

Property development costs shall be classified as non-current asset where no development activities have been carried out or development activities are not expected to commence within the period of twelve months after the end of financial year or where development activities are not expected to be completed within the normal operating cycle.



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 3. Significant Accounting Policies (Cont'd)

### (d) Land and property development costs (Cont'd)

#### (ii) Property development costs (Cont'd)

Property development costs shall be reclassified to current asset when the development activities have been commenced or development activities are expected to commence within the period of twelve months after the end of financial year or where the activities are expected to be completed within the normal operating cycle.

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

### (e) Investment properties

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

Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

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

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.



## 3. Significant Accounting Policies (Cont'd)

### (f) Financial assets

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

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

The Group and the Company classify its financial assets depends on the purpose for which the financial assets were acquired at initial recognition.

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

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

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

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

### (g) Financial liabilities

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

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

# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 3. Significant Accounting Policies (Cont'd)

### (g) Financial liabilities (Cont'd)

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

#### (i) Other financial liabilities measured at amortised cost

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

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

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

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

### (h) Offsetting of financial instruments

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

### (i) Cash and cash equivalents

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



## 3. Significant Accounting Policies (Cont'd)

### (j) Impairment of assets

#### (i) Non-financial assets

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

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

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

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



## 3. Significant Accounting Policies (Cont'd)

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

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

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

#### (ii) Financial assets

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

#### Financial assets carried at amortised cost

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

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



## 3. Significant Accounting Policies (Cont'd)

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

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

##### Financial assets carried at amortised cost (Cont'd)

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

### (k) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

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

### (l) Employee benefits

#### (i) Short term employee benefits

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

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

# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 3. Significant Accounting Policies (Cont'd)

### (l) Employee benefits (Cont'd)

#### (ii) Defined contribution plans

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

### (m) Revenue

#### (i) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

#### (ii) Rendering of services

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

#### (iii) Interest income

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

#### (iv) Management fee

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

#### (v) Construction contracts

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



## 3. Significant Accounting Policies (Cont'd)

### (n) Borrowing costs

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

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

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

### (o) Income taxes

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

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

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



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 3. Significant Accounting Policies (Cont'd)

### (o) Income taxes (cont'd)

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

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

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

### (p) Segments reporting

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

### (q) Construction contracts

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

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

## 3. Significant Accounting Policies (Cont'd)

### (q) Construction contracts (Cont'd)

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

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

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

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



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 4. Property, Plant and Equipment

	Furniture and office equipment RM	Electrical installation RM	Renovation RM	Computer and software RM	Motor vehicle RM	Total RM
<b>Group</b>						
<b>2015</b>						
<b>Cost</b>						
At 1 January 2015	-	-	-	83,992	-	83,992
Additions	6,277	-	-	76,512	-	82,789
At 31 December 2015	6,277	-	-	160,504	-	166,781
<b>Accumulated depreciation</b>						
At 1 January 2015	-	-	-	81,140	-	81,140
Charge for the financial year	373	-	-	13,729	-	14,102
At 31 December 2015	373	-	-	94,869	-	95,242
<b>Carrying amount</b>						
At 31 December 2015	5,904	-	-	65,635	-	71,539



# Notes To The Financial Statements

31 December 2015 (Cont'd)

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

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

# Notes To The Financial Statements

31 December 2015 (Cont'd)

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

	Furniture and office equipment RM	Electrical installation RM	Renovation RM	Computer and software RM	Total RM
<b>Company</b>					
<b>2015</b>					
<b>Cost</b>					
At 1 January 2015	-	-	-	83,992	83,992
Additions	-	-	-	73,343	73,343
At 31 December 2015	-	-	-	157,335	157,335
<b>Accumulated depreciation</b>					
At 1 January 2015	-	-	-	81,140	81,140
Charge for the financial year	-	-	-	13,252	13,252
At 31 December 2015	-	-	-	94,392	94,392
<b>Carrying amount</b>					
At 31 December 2015	-	-	-	62,943	62,943

# Notes To The Financial Statements

31 December 2015 (Cont'd)

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

Company 2014	Furniture and office equipment RM	Electrical installation RM	Renovation RM	Computer and software RM	Total RM
<b>Cost</b>					
At 1 January 2014	130,566	3,800	5,010	87,190	226,566
Additions	1,050	-	-	2,500	3,550
Disposal	(131,616)	(3,800)	(5,010)	(2,699)	(143,125)
Written off	-	-	-	(2,999)	(2,999)
At 31 December 2014	-	-	-	83,992	83,992
<b>Accumulated depreciation</b>					
At 1 January 2014	67,281	1,742	2,295	83,842	155,160
Charge for the financial year	12,746	380	501	2,396	16,023
Disposal	(80,027)	(2,122)	(2,796)	(2,249)	(87,194)
Written off	-	-	-	(2,849)	(2,849)
At 31 December 2014	-	-	-	81,140	81,140
<b>Carrying amount</b>					
At 31 December 2014	-	-	-	2,852	2,852



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 5. Goodwill

	Group	
	2015 RM	2014 RM
<b>Cost</b>		
At 1 January	68,195	69,455
Less: Deconsolidation of a subsidiary company	-	(1,260)
	<u>68,195</u>	<u>68,195</u>
Less: Allowance for impairment losses	(68,195)	(68,195)
At 31 December	<u>-</u>	<u>-</u>
<b>Impairment loss</b>		
At 1 January	68,195	69,455
Less: Deconsolidation of a subsidiary company	-	(1,260)
At 31 December	<u>68,195</u>	<u>68,195</u>

The recoverable amount of goodwill are assessed by discounting the future cash flows projected based on actual operating results and management's assessment of future trends in respective industries of the subsidiary companies. Impairment loss was recognised in the prior financial year as the recoverable amount is lower than the carrying amount.

## 6. Investment Properties

	Group	
	2015 RM	2014 RM
<b>At fair value</b>		
At 1 January	22,211,741	20,812,663
Change in fair value recognised in profit or loss	(1,099,901)	50,243
Foreign currency translation differences	5,011,887	1,348,835
At 31 December	<u>26,123,727</u>	<u>22,211,741</u>

### (a) Fair value basis of investment properties

The investment properties are valued annually at fair value based on market values determined by Huizhou Huiyang Golden Land Realty Valuation Office, an independent qualified valuer. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 6. Investment Properties (Cont'd)

### (a) Fair value basis of investment properties (Cont')

The fair value of the investment properties as at year end is RMB39,042,200 (2014: RMB39,042,200). The decrease in the fair values of RM1,099,901 (2014: increase RM50,243) was arising from the exchange differences.

### (b) Income and expenses recognised in profit or loss

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

	Group	
	2015 RM	2014 RM
Rental income	7,063	-

## 7. Investment in Subsidiary Companies

	Company	
	2015 RM	2014 RM
<b>In Malaysia</b>		
<b>At cost</b>		
Unquoted shares, at cost	5,030,000	3,129,998
Less: Impairment Loss	(1,950,841)	(1,950,841)
	3,079,159	1,179,157
<b>Outside Malaysia</b>		
<b>At cost</b>		
Unquoted shares, at cost	8,997,800	8,997,800
Less: Impairment Loss	(434,800)	(434,800)
	8,563,000	8,563,000
	11,642,159	9,742,157

Details of the subsidiary companies are as follows:

Name of company	Country of Incorporation	Equity interest		Principal activities
		2015 %	2014 %	
Mas-Be Travel Services Sdn. Bhd.	Malaysia	100	100	Provision in travel, cargo handling and aviation -related business services



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 7. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows:

Name of company	Country of Incorporation	Equity interest		Principal activities
		2015 %	2014 %	
Nagamas Aviation Services Sdn. Bhd.	Malaysia	100	100	Provision of management services for air cargo transportation and travel
Nagamas Venture Sdn. Bhd.	Malaysia	100	100	Project management
Nagamas Bizworks Sdn. Bhd.	Malaysia	100	100	Providing public relation consulting services and dealing with agents, corporate, local authorities and government, and other related public
JKI Construction Sdn. Bhd.	Malaysia	100	-	General contractor of and for all buildings
JKI Development Sdn. Bhd.	Malaysia	100	-	Conduct feasibility studies, project planning, project designs.
Nagamas Enterprise (HK) Ltd*	Hong Kong	100	100	Agency for air cargo transportation
Nagamas International (HK) Ltd*	Hong Kong	100	100	Property development and investment

\* *Subsidiary companies not audited by UHY*

### (a) Acquisition of subsidiary companies

- (i) On 29 June 2015, the Company incorporated a 100% owned subsidiary company, JKI Construction Sdn. Bhd. ("JKIC"), with cash subscription of RM2.
- (ii) On 29 June 2015, the Company incorporated a 100% owned subsidiary company, JKI Development Sdn. Bhd. ("JKID") with cash subscription of RM2. On 24 August 2015, the Company has acquired additional 999,998 new ordinary shares of RM1.00 each in JKID, for a total cash consideration of RM999,998.



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 7. Investment in Subsidiary Companies (Cont'd)

### (a) Acquisition of subsidiary companies (Cont'd)

- (iii) On 24 July 2015, the Company has acquired additional 900,000 new ordinary shares of RM1.00 each in Nagamas Bizworks Sdn Bhd, a wholly-owned subsidiary company of the Company for a total cash consideration of RM900,000.

## 8. Property Development Costs

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
As at 1 January		
- freehold land, at cost	-	4,073,000
- development cost	-	3,094,109
	<u>-</u>	<u>7,167,109</u>
Cost incurred during the financial year:		
- freehold land, at cost	22,500,000	-
- development cost	845,073	5,404,246
- deconsolidation of a subsidiary company	-	(12,571,355)
	<u>23,345,073</u>	<u>(7,167,109)</u>
As at 31 December	<u>23,345,073</u>	<u>-</u>
Comprising:		
- freehold land, at cost	22,500,000	-
- development cost	845,073	-
	<u>23,345,073</u>	<u>-</u>
Cost recognised in the profit or loss:		
- prior financial years	-	(2,861,156)
- current financial year	-	(2,815,626)
- deconsolidation of a subsidiary company	-	5,676,782
	<u>-</u>	<u>-</u>
	<u>23,345,073</u>	<u>-</u>

The freehold land is pledged to licensed banks as security for credit facilities granted to a subsidiary company as disclosed in Note 16.

# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 9. Amount due from contract customer

	Group	
	2015 RM	2014 RM
Construction contract costs incurred to date	7,553,326	-
Attributable profits	3,186,502	-
	<u>10,739,828</u>	<u>-</u>
Less: Progress billings	<u>(10,739,828)</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Presented as:		
Amount due from contract customer	<u>-</u>	<u>-</u>
Retention sums on contracts (included in trade receivables)	<u>1,073,983</u>	<u>-</u>

## 10. Trade Receivables

	Group	
	2015 RM	2014 RM
Trade receivables	6,899,331	1,069,877
Less: Discount on settlement	-	(777,816)
	<u>6,899,331</u>	<u>292,061</u>
Less: Accumulated impairment	<u>(292,061)</u>	<u>(292,061)</u>
	<u>6,607,270</u>	<u>-</u>

Trade receivables are non-interest bearing and are generally on 21 to 90 days (2014: 21 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Group	
	2015 RM	2014 RM
At 1 January	292,061	269,294
Impairment losses recognised	-	22,767
At 31 December	<u>292,061</u>	<u>292,061</u>



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 10. Trade Receivables (Cont'd)

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

	Group	
	2015 RM	2014 RM
Neither past due nor impair	2,029,811	-
Past due not impaired:		
Less than 30 days	3,287,851	-
31 to 60 days	61,870	-
61 to 90 days	607,400	-
more than 90 days	620,338	-
	4,577,459	-
	6,607,270	-
Impaired	292,061	292,061
	6,899,331	292,061

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

As at 31 December 2015, trade receivables of RM4,577,459 (2014: RMNil) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM292,061 (2014: RM292,061) respectively, related to customers that are in financial difficulties, have defaulted on payments and/or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

## 11. Other Receivables

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other receivables	1,549,426	4,895,162	448,267	445,162
Less: Discount on settlement	-	(22,184)	-	-
Less: Accumulated impairment losses	(20,000)	(20,000)	-	-
	1,529,426	4,852,978	448,267	445,162
Deposits	12,153,144	38,500	38,500	38,500
Prepayments	526,233	-	10,797	-
	14,208,803	4,891,478	497,564	483,662



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 11. Other Receivables (Cont'd)

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

	2015	2014	2015	2014
	RM	RM	RM	RM
At 1 January	20,000	1,306,239	-	222,078
Amount written off		(1,286,239)		(222,078)
At 31 December	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>

## 12. Amount Due from / (to) Subsidiary Companies

	Company	
	2015	2014
	RM	RM
Amount due from subsidiary companies	22,777,399	5,735,670
Less: Accumulated impairment losses	<u>(839,931)</u>	<u>(839,931)</u>
	<u>21,937,468</u>	<u>4,895,739</u>
Amount due to a subsidiary company	<u>151,104</u>	<u>187,276</u>

Amount due from / (to) subsidiary companies with non-interest bearing are unsecured and repayable on demand.

Movements in the allowance for impairment losses of amount due from subsidiary companies are as follows:

	Company	
	2015	2014
	RM	RM
At 1 January/ 31 December	<u>839,931</u>	<u>839,931</u>

## 13. Fixed Deposits with Licensed Banks

The fixed deposits of the Group amounting to RM2,057,768 (2014: RMNil) has been pledged with licensed banks as securities for credit facilities granted to subsidiaries as disclosed in Note 16.

The interest rates and maturities of the fixed deposits is 3.15% (2014: 2.85% to 3.15%) per annum and 365 days (2014: 30 to 365 days), respectively.

# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 14. Share Capital

	Group and Company	
	2015 RM	2014 RM
Ordinary shares of RM0.25 each:		
<b>Authorised</b>		
At 1 January	100,000,000	100,000,000
Par value reduction	-	(75,000,000)
	<u>100,000,000</u>	<u>25,000,000</u>
Created during the financial year	-	75,000,000
At 31 December	<u>100,000,000</u>	<u>100,000,000</u>
<b>Ordinary shares issued and fully paid:</b>		
At 1 January	37,919,380	50,895,000
Par value reduction	-	(38,171,250)
	<u>37,919,380</u>	<u>12,723,750</u>
Share issued during the financial year	-	25,195,630
At 31 December	<u>37,919,380</u>	<u>37,919,380</u>

In the previous financial year, the par value of the authorised share capital has been reduced from RM1.00 to RM0.25 per share and increase the authorised share capital from 100,000,000 shares to 400,000,000 shares of RM0.25 each.

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

## 15. Reserves

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Capital reserve	2,792,663	2,792,663	2,792,663	2,792,663
Warrant reserve	13,605,640	13,605,640	13,605,640	13,605,640
Foreign currency translation reserve	5,172,947	1,215,731	-	-
Accumulated losses	(11,382,958)	(10,728,244)	(17,640,678)	(16,845,330)
	<u>10,188,292</u>	<u>6,885,790</u>	<u>(1,242,375)</u>	<u>(447,027)</u>



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 15. Reserves (Cont'd)

The nature of reserves of the Group and the Company is as follows:

### (a) Capital reserve

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

### (b) Warrant reserve

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

Salient features of the warrants are as follows:

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

### (c) Foreign currency translation reserve

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



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 16. Bank Borrowings

	Group	
	2015 RM	2014 RM
<b>Secured</b>		
Term loans	15,750,000	-
<b>Non-current</b>		
Term loans	15,750,000	-

(a) The term loans include the following:

RM15,750,000 term loan repayable at the 25th month from the first drawdown date on 26 October 2015 at a monthly instalment of RM875,000.

(b) The term loan is secured by the following:

(i) Freehold land under property development (Note 8)

(ii) Corporate guarantee by the Company

(iii) Jointly and severally guaranteed by directors of the Company

(iv) Pledged of fixed deposits with licensed banks of the Group as mentioned in Note 13;

(c) The term loan bear an average effective interest rates per annum at rates 6.85% (2014: Nil) per annum.

## 17. Deferred Tax Liabilities

	Group	
	2015 RM	2014 RM
At 1 January	4,695,144	4,385,726
Recognised in profit or loss	(549,050)	25,122
Translation difference	1,026,849	284,296
At 31 December	5,172,943	4,695,144

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

# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 18. Trade Payables

Credit terms of trade payables of the Group ranged from 30 to 45 days (2014: 30 to 45 days) depending on the terms of the contracts.

## 19. Other Payables

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other payables	1,044,526	1,487,555	93,352	1,456,836
Accruals	161,537	144,989	39,649	33,390
	<u>1,206,063</u>	<u>1,632,544</u>	<u>133,001</u>	<u>1,490,226</u>

## 20. Amount Due to Directors

Amount due to Directors represent advances with non-interest bearing are unsecured and repayable on demand.

## 21. Revenue

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Project management and advisory	716,529	-	-	-
Property development and construction	10,739,828	-	-	-
Property management and investment holding	-	-	1,410,000	-
	<u>11,456,357</u>	<u>-</u>	<u>1,410,000</u>	<u>-</u>

# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 22. Cost of Sales

	Group	
	2015	2014
	RM	RM
Property development and construction	9,105,172	-

## 23. Other income

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Gain in fair value (Note 6)	-	50,243	-	-
Gain on disposal of a subsidiary company	-	2,483,516	-	-
Interest income	292,400	-	292,400	-
Waiver of liabilities	526,117	-	526,117	-
Others	8,519	2,000	-	-
	<u>827,036</u>	<u>2,535,759</u>	<u>818,517</u>	<u>-</u>

Waiver of liability relates to waiver of debts due to Nagamas Land Development Sdn. Bhd., a former subsidiary company of the Group which has been disposed off on 31 December 2014.

## 24. Loss before tax

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Auditors' remuneration				
- Current year provision	88,756	61,865	25,500	25,500
- Under provision in prior year	20,247	-	18,481	-
- non-audit services	-	33,000	-	33,000
Deposits written off	-	41,816	-	41,816
Depreciation of property, plant and equipment	14,102	108,540	13,252	16,023



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 24. Loss before tax (Cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Discount settlement				
- Trade receivable	-	777,816	-	-
- Other receivable	-	22,184	-	-
Fair value adjustment on investment property	1,099,901	(50,243)	-	-
Impairment loss on receivables	-	22,767	-	-
Interest income	(292,400)	-	(292,400)	-
Loss on disposal of				
- Property, plant and equipment	-	35,931	-	35,931
- Subsidiary company	-	-	-	700,000
Non-executive Directors' remuneration				
- Fees	86,000	96,000	86,000	96,000
- Other emoluments	9,000	-	9,000	-
Property, plant and equipment written off	-	150	-	150
Rental income	(7,063)	-	-	-
Rental of premises	189,563	41,940	185,132	24,740
Waiver of liability	(526,117)	-	(526,117)	-

## 25. Taxation

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Tax expenses recognised in profit or loss</b>				
Deferred tax (Note 17)				
Origination and reversal of temporary differences	(549,950)	25,122	-	-

Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 25. Taxation (Cont'd)

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

The Group has estimated unutilised tax losses and unabsorbed capital allowances of RM4,756,600 (2014: RM5,739,200) and RM67,300 (2014: RM40,900) respectively carried forward, available for set-off against future taxable profit.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Loss before taxation:				
- From continuing operations	(1,204,664)	(937,549)	(795,348)	(3,239,690)
- From discontinuing operations	-	(1,029,913)	-	-
	<u>(1,204,664)</u>	<u>(1,967,462)</u>	<u>(795,348)</u>	<u>(3,239,690)</u>
At Malaysian statutory tax rate of 25% (2014: 25%)	(301,200)	(491,865)	(198,800)	(809,923)
Effects of different tax rates in other jurisdictions	<u>(171,575)</u>	<u>(5,289)</u>	-	-
	(472,775)	(497,154)	(198,800)	(809,923)
Expenses not deductible for tax purposes	444,700	168,976	154,200	163,411
Fair value adjustment on investment properties	(274,975)	12,606	-	-
Income not subject to tax	-	(249,613)	-	-
Deferred tax assets not recognised during the financial year	80,900	582,501	44,600	645,086
Utilisation of previously unrecognised deferred tax assets	(327,800)	6,380	-	-
Others	-	1,426	-	1,426
	<u>(549,950)</u>	<u>25,122</u>	<u>-</u>	<u>-</u>



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 26. Loss Per Share

### (a) Basic loss per share

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

	Group	
	2015	2014
	RM	RM
Loss attributable to owners of the parent		
- from continuing operations	(654,714)	(962,671)
- from discontinued operations	-	(1,029,913)
Loss attributable to owners of the parent for basic earnings	<u>(654,714)</u>	<u>(1,992,584)</u>
Weighted average number of ordinary shares in issue (in thousands of shares)		
Issued ordinary shares at 1 January	151,677,520	50,895,000
Effect of ordinary shares issued during the financial year	-	2,208,932
Weighted average number of ordinary shares at 31 December	<u>151,677,520</u>	<u>53,103,932</u>
Basic earnings per ordinary shares (in sen)		
- from continuing operations	(0.43)	(1.81)
- from discontinued operations	-	(1.94)

### (b) Diluted loss per share

The Group has no dilution in its earnings per ordinary share as the exercise price of the warrants has exceeded the average market price of ordinary shares during the financial year, the options do not have any dilutive effect on the weighted average number of ordinary shares.



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 27. Staff costs

	Group and Company	
	2015	2014
	RM	RM
Salaries and other emoluments	1,476,624	1,425,240
Social contribution plan	6,473	3,274
Defined contribution plan	94,545	79,461
Other benefits	10,050	5,426
	<u>1,587,692</u>	<u>1,513,401</u>

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

	Group and Company	
	2015	2014
	RM	RM
<b>Executive Directors</b>		
<u>Existing Directors of the Company</u>		
Salaries and other emoluments	830,923	585,000
Social contribution plan	1,240	-
Defined contribution plan	41,544	21,600
	<u>873,707</u>	<u>606,600</u>

## 28. Related Party Disclosures

### (a) Identifying related parties

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

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

# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 28. Related Party Disclosures (Cont'd)

### (b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 12 and 20 to the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
(i) Transactions with subsidiary companies				
- Management fee income	-	-	1,410,000	-
(ii) Transactions with companies in which the Directors of the Company have substantial financial interest				
- Project management services income	716,529	-	-	-
- Construction revenue	10,739,828			
- Rental expenses on premises	-	26,200	-	9,000
	<u>-</u>	<u>26,200</u>	<u>-</u>	<u>9,000</u>

### (c) Compensation of key management personnel

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

	Group and Company	
	2015 RM	2014 RM
Salaries and other emoluments	839,923	585,000
Social contribution plan	1,240	-
Fees	86,000	96,000
Defined contribution plan	41,544	21,600
	<u>968,707</u>	<u>702,600</u>



## 29. Segment Information

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

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

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

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

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

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



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 29. Segment Information (Cont'd)

Group	2015					
	Project management and advisory RM	Property development and construction RM	Property management and investment holding RM	Total segments RM	Adjustments and elimination RM	Total operations RM
<b>Revenue</b>						
External customers	716,529	10,739,828	-	11,456,357	-	11,456,357
Inter-segment	-	-	1,410,000	1,410,000	(1,410,000)	-
Total revenue	716,529	10,739,828	1,410,000	12,866,357	(1,410,000)	11,456,357
<b>Result</b>						
Interest income	-	-	292,400	292,400	-	292,400
Fair value on investment property	-	-	(1,099,901)	(1,099,901)	-	(1,099,901)
Profit before taxation	716,529	10,739,828	602,499	12,058,856	(1,410,000)	10,648,856
Taxation	-	-	549,950	549,950	-	549,950
Segment profit	716,529	10,739,828	1,152,449	12,608,806	(1,410,000)	11,198,806
<b>Assets</b>						
Capital expenditure	-	23,345,073	-	23,345,073	-	23,345,073
Segment assets	784,793	20,527,238	29,565,208	50,877,239	-	50,877,239
Total assets	784,793	43,872,311	29,565,208	74,222,312	-	74,222,312

# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 29. Segment Information (Cont'd)

Group	Project management and advisory RM	Property development and construction RM	Property management and investment holding RM	Total segments RM	Adjustments and elimination RM	Total operations RM
<b>2015</b>						
<b>Liabilities</b>						
Segment liabilities	307,465	20,423,661	5,383,514	26,114,640	-	26,114,640
<b>Other non-cash item</b>						
Depreciation of property, plant and equipment	-	-	(14,102)	(14,102)	-	(14,102)
Waiver of liability	-	-	526,117	526,117	-	526,117

# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 29. Segment Information (Cont'd)

Group	Project management and advisory RM	Property and investment holdings RM	Total segments RM	Discontinued operation RM	Total operations RM
<b>2014</b>					
<b>Revenue</b>					
Consolidated revenue	-	-	-	3,168,399	3,168,399
<b>Results</b>					
Results before the following adjustments	(8,166)	(1,224,478)	(1,232,644)	102,331	(1,130,313)
Gain in fair value	-	50,243	50,243	-	50,243
Gain in disposal of a subsidiary company	-	2,483,516	2,483,516	-	2,483,516
Depreciation	-	(16,023)	(16,023)	(92,517)	(108,540)
Directors' remuneration	-	(702,600)	(702,600)	(175,000)	(877,600)
Staff costs	-	(697,274)	(697,274)	(172,678)	(869,952)
Allowance for impairment loss on receivables	(22,767)	-	(22,767)	-	(22,767)
Discount on settlement	-	(800,000)	(800,000)	-	(800,000)
Provision for late delivery damages	-	-	-	(514,679)	(514,679)
Finance costs	-	-	-	(177,370)	(177,370)
Loss before taxation	(30,933)	(906,616)	(937,549)	(1,029,913)	(1,967,462)
Taxation	-	(25,122)	(25,122)	-	(25,122)
Segment loss	(30,933)	(931,738)	(962,671)	(1,029,913)	(1,992,584)



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 29. Segment Information (Cont'd)

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

# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 29. Segment Information (Cont'd)

### Geographic information

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

	Revenue		Non-current assets	
	2015 RM	2014 RM	2015 RM	2014 RM
Continuing operations				
- Malaysia	11,456,357	-	71,539	2,852
- People's Republic of China	-	-	26,123,727	22,211,741
	<u>11,456,357</u>	<u>-</u>	<u>26,195,266</u>	<u>22,214,593</u>
Discontinued operation				
- Malaysia	-	3,168,399	-	-
	<u>11,456,357</u>	<u>3,168,399</u>	<u>26,195,266</u>	<u>22,214,593</u>

### Major customers

Group revenue is not subjected to any major customer (2014: Nil).

# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 30. Financial Instruments

### (a) Classification of financial instruments

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

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

	<b>Loans and receivables RM</b>	<b>Financial liabilities measured at amortised cost RM</b>	<b>Total RM</b>
<b>Group</b>			
<b>Financial Assets</b>			
<b>2015</b>			
Trade receivables	6,607,270	-	6,607,270
Other receivables	13,682,570	-	13,682,570
Fixed deposit with licence bank	2,057,768		2,057,768
Cash and bank balances	1,808,132		1,808,132
	<u>24,155,740</u>	-	<u>24,155,740</u>
<b>2014</b>			
Other receivables	4,891,478	-	4,891,478
Cash and bank balances	25,204,545	-	25,204,545
	<u>30,096,023</u>	-	<u>30,096,023</u>
<b>Financial liabilities</b>			
<b>2015</b>			
Bank borrowings	-	15,750,000	15,750,000
Trade payables	-	3,985,634	3,985,634
Other payables	-	1,206,063	1,206,063
	-	<u>20,941,697</u>	<u>20,941,697</u>
<b>2014</b>			
Other payables	-	1,632,544	1,632,544
Amount due to directors	-	1,177,758	1,177,758
	-	<u>2,810,302</u>	<u>2,810,302</u>



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 30. Financial Instruments (Cont'd)

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

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
<b>Company</b>			
<b>Financial Assets</b>			
<b>2015</b>			
Other receivables	486,767	-	486,767
Amount due from subsidiary companies	21,937,468	-	21,937,468
Fixed deposit with licence bank	2,057,768	-	2,057,768
Cash and bank balances	763,208	-	763,208
	<u>25,245,211</u>	-	<u>25,245,211</u>
<b>2014</b>			
Other receivables	483,662	-	483,662
Amount due from subsidiary companies	4,895,739	-	4,895,739
Fixed deposit with licence bank	-	-	-
Cash and bank balances	25,203,203	-	25,203,203
	<u>30,582,604</u>	-	<u>30,582,604</u>
<b>Financial liabilities</b>			
<b>2015</b>			
Other payables	-	133,001	133,001
Amount due to a subsidiary company	-	151,104	151,104
	-	<u>284,105</u>	<u>284,105</u>
<b>2014</b>			
Other payables	-	1,490,226	1,490,226
Amount due to a subsidiary company	-	187,276	187,276
Amount due to directors	-	1,177,758	1,177,758
	-	<u>2,855,260</u>	<u>2,855,260</u>

## 30. Financial Instruments (Cont'd)

### (b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit, liquidity foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

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

#### (i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and non-financial institutions for banking facilities. The Company's maximum exposure in this respect is RM15,750,000 (2014: RMNil), representing the outstanding banking facilities as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 30. Financial Instruments (Cont'd)

### (b) Financial risk management objectives and policies (Cont'd)

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

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for loans to its subsidiary companies where risks of default have been assessed to be low.

#### (ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.



## 30. Financial Instruments (Cont'd)

### (b) Financial risk management objectives and policies (Cont'd)

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

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<b>Group</b>						
<b>2015</b>						
<u>Non-derivative</u>						
<u>Financial liabilities</u>						
Trade payables	3,985,634	-	-	-	3,985,634	3,985,634
Other payables	1,206,063	-	-	-	1,206,063	1,206,063
Bank borrowing	-	2,879,734	13,724,375	-	16,604,109	15,750,000
	5,191,697	2,879,734	13,724,375	-	21,795,806	20,941,697
<b>2014</b>						
<u>Non-derivative</u>						
<u>Financial liabilities</u>						
Other payables	1,632,544	-	-	-	1,632,544	1,632,544
Amount due to directors	1,177,758	-	-	-	1,177,758	1,177,758
	2,810,302	-	-	-	2,810,302	2,810,302

# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 30. Financial Instruments (Cont'd)

### (b) Financial risk management objectives and policies (Cont'd)

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

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<b>Company</b>						
<b>2015</b>						
<u>Non-derivative</u>						
<u>Financial liabilities</u>	133,001	-	-	-	133,001	133,001
Other payables	151,104	-	-	-	151,104	151,104
Amount due to a subsidiary company	284,105	-	-	-	284,105	284,105
<b>2014</b>						
<u>Non-derivative</u>						
<u>Financial liabilities</u>	1,490,226	-	-	-	1,490,226	1,490,226
Other payables	187,276	-	-	-	187,276	187,276
Amount due to a subsidiary company	1,177,758	-	-	-	1,177,758	1,177,758
Amount due to directors	2,855,260	-	-	-	2,855,260	2,855,260

# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 30. Financial Instruments (Cont'd)

### (b) Financial risk management objectives and policies (Cont'd)

#### (iii) Market risks

##### a) Foreign currency risk

The Group's exposure to foreign currency risk is minimal.

##### b) Interest rate risks

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Fixed rate instrument</b>				
Fixed deposits with licensed banks	<u>2,057,768</u>	<u>-</u>	<u>2,057,768</u>	<u>-</u>
<b>Floating rate instrument</b>				
Term loan	<u>15,750,000</u>	<u>-</u>	<u>-</u>	<u>-</u>



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(i) Market risks (Cont'd)

b) Interest rate risks (Cont'd)

### Interest rate risk sensitivity analysis

#### Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

#### Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased / (decreased) the Group's profit before tax by RM157,500 (2014: RMNil) respectively, arising mainly as a result of lower / higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value			Carrying amount RM
	Level 1	Level 2	Level 3	
	RM	RM	RM	
<b>Group 2015</b>				
Term loan	-	12,830,769	-	15,750,000

## 30. Financial Instruments (Cont'd)

### (c) Fair value of financial instruments (Cont'd)

#### (i) Policy on transfer between levels

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

There were no transfers between levels during current and previous financial years.

#### (ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

#### (iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

##### Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

#### (iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

## 31. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:



# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 31. Capital Management (Cont'd)

	Group	
	2015	2014
	RM	RM
Total loans and borrowings	15,750,000	-
Less: Cash and cash equivalents	(3,865,900)	(25,204,545)
Net debts	<u>11,884,100</u>	<u>(25,204,545)</u>
Total equity	<u>48,107,672</u>	<u>44,805,170</u>
Gearing ratio (times)	<u>0.25</u>	<u>N/A<sup>#</sup></u>

# The gearing ratio is not applicable as there is no borrowing obligation as at 31 December 2014.

There were no changes in the Group's approach to capital management during the financial year.

The Group and the Company are not subject to any externally imposed capital requirements.

## 32. Significant Events During the Financial Year

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



## 32. Significant Events During the Financial Year (Cont'd)

- (c) On 28 July 2015, JKI has entered into a Joint Venture Agreement with Fivestar Development (Puchong) Sdn. Bhd. ("FDPSB") to develop a piece of freehold land owned by FDPSB into a new development comprising of inter alia three hundred seventy seven (377) units of service apartments together with facilities, amenities and infrastructure. The estimated total gross development cost of the project is RM147,200,000.00 inclusive of FDPSB entitlement.

## 33. Material Litigation

On 3 November 2015, the Company received a sealed Writ dated 27 October 2015 and Statement of Claim dated 21 October 2015 respectively ("the Writ") from Megaharta Real Estate Sdn Bhd and Hartanah Realty ("Plaintiffs") claiming that the Company has failed to settle the outstanding sum of RM848,000 for the professional services provided by the Plaintiffs as the real estate broker for the Company. The court has fixed the first hearing on 18 April 2016.

## 34. Comparative Figures

The financial statements of the Company for the financial year ended 31 December 2014 were audited by another firm of chartered accountants.

## 35. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 7 April 2016.

# Notes To The Financial Statements

31 December 2015 (Cont'd)

## 36. Supplementary information on the disclosure of realised and unrealised profits or losses

The following analysis of realised and unrealised accumulated losses of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total accumulated losses of the Company and its subsidiary companies				
- Realised	(19,270,258)	(20,193,244)	(6,827,701)	(6,032,353)
- Unrealised	4,864,169	6,441,869	(10,812,977)	(10,812,977)
	<u>(14,406,089)</u>	<u>(13,751,375)</u>	<u>(17,640,678)</u>	<u>(16,845,330)</u>
Add : Consolidation adjustments	3,023,131	3,023,131	-	-
Total retained earnings	<u>(11,382,958)</u>	<u>(10,728,244)</u>	<u>(17,640,678)</u>	<u>(16,845,330)</u>

## Properties of the Group as at 31 December 2015

Location	Description, Built-Up Area & Usage	Age of Building	Tenure	Net Book Value (RM)	Date of Revaluation (Acquisition Date)
Unit No. 3, 4, 5 & 6 on Level 1 and Unit No. 2, 3, 4, 5, 6 & 7 on Level 2 of Block 1 (Long Xian Ge) and Unit No. 2 & 3 on Level 1 and Unit No. 3 & 4 on Level 2 of Block 2 (Long He Ge), Dragon Mall, Danshui, Bai Yun 2nd Road, Huiyang District, Huizhou City, Guangdong Province, the People's Republic of China	The properties comprise 14 shops in two buildings completed in 2010  The properties have a total gross floor area of approximately 1,467.39 m <sup>2</sup>  The properties are partial rented	4 years	The land use rights were granted for a term of 70 years commencing from 1 December 2004 until 1 December 2074 for commercial and residential uses	26,123,728	26 November 2015/ 29 December 2009
H.S. (D) 153315 to 153407 PT No. 71831 to 71923 Mukim Kajang, Daerach Ulu Langat, Negeri Selangor	Proposed residential development	N/A	Freehold	22,500,000	6 April 2015



# Analysis Of Shareholdings

As At 24 March 2016

## SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00 divided into 400,000,000 ordinary shares
Issued and Paid-up Capital	:	RM37,919,379.75 comprising of 151,677,519 ordinary shares
Class of Shares	:	Ordinary Shares of RM0.25 each
Voting Rights	:	One vote for each ordinary share held

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	Number of Holders	%	Number of Shares	%
1 - 99	79	3.073	3,150	0.002
100 - 1,000	1,231	47.898	670,954	0.442
1,001 - 10,000	688	26.770	2,939,211	1.937
10,001 - 100,000	442	17.198	15,800,375	10.417
100,001 to less than 5% of issued shares	128	4.980	100,881,379	66.510
5% and above of issued shares	2	0.077	31,382,450	20.690
<b>Total</b>	<b>2,570</b>	<b>100.00</b>	<b>151,677,519</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

(per Register of Substantial Shareholders)

Name	No. of Ordinary Shares of RM0.25 each held			
	Direct	%	Indirect	%
FS Motorsports Sdn. Bhd.	16,882,450	11.130	-	-
Foong Kah Heng	7,530,000	4.96	16,882,450 <sup>#</sup>	11.13 <sup>#</sup>
Dato' Ir Lim Siang Chai	15,500,000	10.21	1,570,000 <sup>@</sup>	1.035 <sup>@</sup>

### Notes:-

<sup>#</sup> Deemed interest through FS Motorsports Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.

<sup>@</sup> Deemed interest through Advance Information Marketing Berhad by virtue of Section 6A of the Companies Act, 1965.

## DIRECTORS' SHAREHOLDINGS

(per Register of Directors' Shareholdings)

Name	No. of Ordinary Shares of RM0.25 each held			
	Direct	%	Indirect	%
Dato' Ir Lim Siang Chai	15,500,000	10.21	1,570,000 <sup>@</sup>	1.035 <sup>@</sup>
Foong Kah Heng	7,530,000	4.96	16,882,450 <sup>#</sup>	11.13 <sup>#</sup>
Lee Leong Kui	-	-	-	-
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	-	-	-	-
Fathi Ridzuan Bin Ahmad Fauzi	-	-	-	-
Kamil Bin Abdul Rahman	-	-	-	-
Chan Fook Mun	-	-	-	-

### Notes:-

<sup>#</sup> Deemed interest through FS Motorsports Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.

<sup>@</sup> Deemed interest through Advance Information Marketing Berhad by virtue of Section 6A of the Companies Act, 1965.

# Analysis Of Shareholdings

As At 24 March 2016 (Cont'd)

## LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

(According to the Record of Depository As At 24 March 2016)

No.	Name	No. of Shares Held	%
1	FS MOTORSPORTS SDN. BHD.	16,882,450	11.130
2	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' IR LIM SIANG CHAI (MARGIN)	14,500,000	9.559
3	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR FOONG KAH HENG (001)	7,530,000	4.964
4	CHAN SIUT HAR	7,050,000	4.648
5	YIP KUM FOOK	6,037,900	3.980
6	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHUAH LEE HONG (CEB)	5,602,500	3.693
7	KOH WEE HOW	5,240,000	3.454
8	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHUA LEE HUAT (CEB)	4,537,800	2.991
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG SWEE PEI (6000078)	3,439,800	2.267
10	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM TWEE YONG	3,138,000	2.068
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE SUE WEN (6000052)	2,812,500	1.854
12	GERBANG MODEN SDN. BHD.	2,630,100	1.734
13	LIM LEE TOOK	2,610,100	1.720
14	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR SHAM CHEW FOONG (MY0398)	2,276,000	1.500
15	TEOW CHEE CHOW	1,797,500	1.185
16	TENG BEE LING	1,791,600	1.181
17	WONG THIEW WAH	1,579,900	1.041
18	ADVANCE INFORMATION MARKETING BERHAD	1,570,000	1.035
19	M & A NOMINEE (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW (M&A)	1,550,000	1.021
20	SHAM CHEW FOONG	1,540,000	1.015
21	CHUA LEE YONG @ BETTY CHUA	1,520,000	1.002
22	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN PENG LAM	1,413,400	0.931

# Analysis Of Shareholdings

As At 24 March 2016 (Cont'd)

## LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

(According to the Record of Depository As At 24 March 2016) (Cont'd)

No.	Name	No. of Shares Held	%
23	WONG KICHIN	1,245,000	0.820
24	WONG THIEW WAH	1,200,000	0.791
25	ANG HUAT KEAT	1,178,500	0.776
26	YIP JIUN HANN	1,133,000	0.746
27	TAN LIK HOUE	1,038,000	0.684
28	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' IR LIM SIANG CHAI	1,000,000	0.659
29	TAN BAN LEONG	1,000,000	0.659
30	SHARIFAH ASIAH BINTI SYED AZIZ BAFTIM	910,050	0.599
<b>Total</b>		<b>105,754,100</b>	<b>69.722</b>

## ANALYSIS OF WARRANTS HOLDINGS AS AT 24 MARCH 2016

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

Number of Warrants Holders : 479

## DISTRIBUTION OF WARRANTS HOLDINGS AS AT 24 MARCH 2016

Size of Holding warrants	No. of warrants	% of warrants holders	No. of holders	% of warrants
1 – 99	9	1.878	466	0.000
100 - 1,000	49	10.229	28,933	0.038
1,001 - 10,000	157	32.776	610,826	0.808
10,001 - 100,000	168	35.073	7,785,690	10.300
100,001 - Less than 5% of Issued Warrants	94	19.624	53,515,237	70.799
5% and above of Issued Warrants	2	0.417	13,645,737	18.053
<b>Total</b>	<b>479</b>	<b>100.00</b>	<b>75,586,889</b>	<b>100.00</b>



# Analysis Of Shareholdings

As At 24 March 2016 (Cont'd)

## DIRECTORS' INTERESTS IN WARRANTS AS AT 24 MARCH 2016

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

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

## LIST OF TOP 30 LARGEST WARRANTS HOLDERS AS AT 24 MARCH 2016

(According to the Record of Depository As At 24 March 2016)

No.	Name	No. of Warrants Held	%
1	FS MOTORSPORTS SDN. BHD.	9,661,837	12.782
2	WONG THIEW WAH	3,983,900	5.270
3	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR FOONG KAH HENG (001)	3,765,000	4.981
4	CHAN SIUT HAR	3,525,000	4.663
5	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHUAH LEE HONG (CEB)	2,801,250	3.705
6	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' IR LIM SIANG CHAI (MARGIN)	2,750,000	3.638
7	KOH WEE HOW	2,640,000	3.492
8	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHUA LEE HUAT (CEB)	2,268,900	3.001
9	PANG KIM LOON	2,252,700	2.980
10	GERBANG MODEN SDN. BHD.	2,006,400	2.654
11	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LOW JEAT GHEE	1,860,400	2.461
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG SWEE PEI (6000078)	1,719,900	2.275
13	HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHANG AI LING (CCTS)	1,506,000	1.992
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE SUE WEN (6000052)	1,406,250	1.860
15	LEE BOON KOON	1,138,000	1.505

# Analysis Of Shareholdings

As At 24 March 2016 (Cont'd)

## LIST OF TOP 30 LARGEST WARRANTS HOLDERS AS AT 24 MARCH 2016

(According to the Record of Depository As At 24 March 2016) (Cont'd)

No.	Name	No. of Warrants Held	%
16	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR SHAM CHEW FOONG (MY0398)	1,113,000	1.472
17	SAW GUAT NGOH	710,000	0.939
18	PE TIN FAT	700,000	0.926
19	YOW CHIT WAH	700,000	0.926
20	GAN KIAN SEN	670,300	0.886
21	KWOK TONG LENG	630,000	0.833
22	HO THEN BENG	569,500	0.753
23	SHAM CHEW FOONG	565,000	0.747
24	POON BOON GUAN	553,000	0.731
25	KAN WING HOONG	530,300	0.701
26	LOW YEN CHIH	508,200	0.672
27	NG CHUA BEE	500,000	0.661
28	GOH LENG PEOW	450,000	0.595
29	LAI MING CHUN @ LAI POH LIN	450,000	0.595
30	CHUA HEE HOEY	442,500	0.585
	<b>Total</b>	<b>52,377,337</b>	<b>69.294</b>

# Notice Of Thirty-Second Annual General Meeting

**JIANKUN INTERNATIONAL BERHAD (111365-U)**  
(Incorporated in Malaysia)

## NOTICE OF THIRTY-SECOND ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Thirty-Second (32nd) Annual General Meeting (“AGM”) of Jiankun International Berhad (“the Company”) will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 23 May 2016 at 11.00 a.m. for the following purposes:-

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon. *Please refer to Explanatory Note 1*
2. To approve the payment of Directors’ Fees for the financial year ended 31 December 2015. *Resolution 1*
3. To re-elect the following Director who retire pursuant to Article 88 of the Company’s Articles of Association and being eligible, have offered themselves for re-election:-
  - i) Foong Kah Heng *Resolution 2*
  - ii) Dato’ Ir Lim Siang Chai *Resolution 3*
4. To re-elect the following Directors who retire pursuant to Article 95 of the Company’s Articles of Association and being eligible, has offered himself for re-election:
  - i) Chan Fook Mun *Resolution 4*
5. To re-appoint Messrs. UHY as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. *Resolution 5*

### 6. AS SPECIAL BUSINESS

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

#### ORDINARY RESOLUTION

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

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



# Notice Of Thirty-Second Annual General Meeting

(Cont'd)

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

BY ORDER OF THE BOARD

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

Kuala Lumpur  
Dated: 29 April 2016

## Explanatory Notes to Ordinary and Special Business:-

1. Item 1 of the Agenda

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

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

The Proposed adoption of the Ordinary Resolution, if passed, will empower the Directors of the Company to issue and allot new shares at any time to such persons, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the nominal value of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total issued share capital of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

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

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

3. Tan Sri Abdul Aziz who retires in accordance with section 129(6) of the Companies Act, 1965 has expressed his intention not to seek re-appointment as Director of the Company. Hence, he will retain officer until the close of the Thirty-Second (32nd) Annual General Meeting.

# Notice Of Thirty-Second Annual General Meeting

(Cont'd)

*Notes:*

- 1. In respect of deposited securities, only members whose names appear in the record of depositors on 18 May 2016 shall be eligible to attend the meeting.*
- 2. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
- 3. A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
- 4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
- 5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- 6. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Share Registrar of the Company, Tricor Investor Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding this meeting or any adjournment thereof.*

*Tan Sri Abdul Aziz who retires in accordance with section 129(6) of the Companies Act, 1965 has expressed his intention not to seek re-appointment as Director of the Company. Hence, he will retain officer until the close of the Thirty-Second (32<sup>nd</sup>) Annual General Meeting.*

## **STATEMENT ACCOMPANYING THE NOTICE OF THE THIRTY-FIRST ANNUAL GENERAL MEETING** (Pursuant to Paragraph 8.27(2) of Bursa Malaysia Berhad's Main Market Listing Requirements)

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

The profiles of the Directors who are standing for re-appointment and re-election at the Thirty-Second (32<sup>nd</sup>) Annual General Meeting are set out in the Profile of Directors on pages 9 to 12 of the Annual Report.

No individual other than the retiring Directors are seeking appointment and election as a Director at the Thirty-Second (32<sup>nd</sup>) Annual General Meeting.

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**JIANKUN INTERNATIONAL BERHAD (111365 - U)**  
**(Incorporated in Malaysia)**

**FORM OF PROXY**

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

of .....  
(Full address)

being a member(s) of JIANKUN INTERNATIONAL BERHAD hereby appoint (Proxy 1) .....  
.....(\*NRIC No./Passport No. ....) of  
.....and\* failing him/her \* (Proxy 2)  
.....(\*NRIC No./Passport No.....)

of.....and\* failing him/her \*, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Second (32nd) Annual General Meeting (“AGM”) of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 23 May 2016 at 11.00 a.m. and at any adjournment thereof.

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

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

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

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

Resolutions	Subject	For	Against
1	To approve the payment of Directors’ Fees for the financial year ended 31 December 2015.		
2	To re-elect Mr Foong Kah who is retiring pursuant to Article 88 of the Company’s Articles of Association, and being eligible, has offered himself for re-election.		
3	To re-elect Dato’ Ir Lim Siang Chai who is retiring pursuant to Article 88 of the Company’s Articles of Association, and being eligible, has offered himself for re-election.		
4	To re-elect Mr Chan Fook Mun who is retiring pursuant to Article 95 of the Company’s Articles of Association, and being eligible, has offered himself for re-election.		
5	To re-appoint Messrs. UHY as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.		
6	<b>As Special Business</b> Ordinary Resolution Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		

**Please indicate with an “X” in the spaces provided how you wish your vote to be cast. If no specific instruction is given on the voting, the proxy/proxies will vote or abstain from voting on the resolution at his/her discretion.**

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

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

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

Notes:-

- In respect of deposited securities, only members whose names appear in the record of depositors on 18 May 2016 shall be eligible to attend the meeting.
- A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Share Registrar of the Company, Tricor Investor Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding this meeting or any adjournment thereof.



**Tricor Investor Services Sdn Bhd**  
**The Share Registrar of**  
**JIANKUN INTERNATIONAL BERHAD (111365-U)**  
**Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3,**  
**Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur**

**JIANKUN INTERNATIONAL BERHAD** (111365-U)  
No. 39, Jalan 5/62A, Bandar Menjalara, 52200 Kuala Lumpur  
**Telephone** : 03-62638869 **Facsimile** : 03-62625889  
[www.jki.com.my](http://www.jki.com.my)