2018
Annual Report

JIANKUN INTERNATIONAL BERHAD
(111365-U)

CONTENTS

CORPORATE STRUCTURE

Our core business of the Group is in properties development activities. The Group structure of the subsidiaries company are as follows:

JIANKUN INTERNATIONAL BERHAD
(111365-U)

- JKI DEVELOPMENT SDN BHD (Company No. 1146943-M) — 100%
- JKI CONSTRUCTION SDN BHD (Company No. 1147653-A) — 100%
- KEY SUCCESS DEVELOPMENT SDN BHD (Company No. 1160894-X) — 100%
- NAGAMAS BIZWORKS SDN BHD (Company No. 893693-T) — 100%
- NAGAMAS VENTURE SDN BHD (Company No. 907383-X) — 100%
- NADI PANCAR SDN BHD (Company No. 1182496-D) — 100%
- NAGAMAS INTERNATIONAL (HK) LIMITED* — 100%

* Incorporated in Hong Kong

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Ir Lim Siang Chai
Executive Chairman

Foong Kah Heng
Executive Director

Lee Leong Kui
Executive Director

Datuk Lee Kian Seng
Non-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)
Thien Lee Mee (LS 0009760)

REGISTERED OFFICE

Suite 10.02, Level 10,
The Gardens South Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel No. : 03 – 22980263
Fax No. : 03 – 22980268

BOARD COMMITTEES

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

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

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

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

SHARE REGISTRARS

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Wilayah Persekutuan
Malaysia
Tel No. : 03 -27839299
Fax No. : 03 -27839222

PRINCIPAL BANKERS

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

AUDITORS

Messrs. UHY (AF 1411)
Suite 11.05, Level 11,
The Gardens South Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel No. : 603-22793088
Fax No. : 603-22793099

HEAD OFFICE

Unit 106, Block G,
Pusat Dagangan Phileo Damansara 1,
No. 9, Jalan 16/11,
Off Jalan Damansara,
46350 Petaling Jaya, Malaysia
Tel No. : 03 -79323666
Fax No. : 03 -79322866

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector : Properties
Stock Name : JIANKUN
Stock Code : 8923

WARRANTS

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

BOARD OF DIRECTORS' PROFILES

DATO' IR LIM SIANG CHAI

Executive Chairman
64 years of age, Malaysian, Male
Chairman of Risk Management Committee
Member of Remuneration Committee

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

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

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

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

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

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

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

Board of Directors' Profiles
(Cont'd)

FOONG KAH HENG

Executive Director
55 years of age, Malaysian, Male
Member of Risk Management Committee

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

He served 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 five (5) years other than traffic offences, if any.

LEE LEONG KUI

Executive Director
42 years of age, Malaysian, Male
Member of Risk Management Committee

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

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

Mr. Lee 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 five (5) years other than traffic offences, if any.

Board of Directors' Profiles (Cont'd)

DATUK LEE KIAN SENG

Non-Independent Non-Executive Director
57 years of age, Malaysian, Male

Datuk Lee Kian Seng was appointed to the Board on 1 November 2017 as a Managing Director and was subsequently re-designated as Non-Independent Non-Executive Director on 2 November 2018.

He graduated with Bachelor of Science in Business Administration, United States, majoring in Finance.

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

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

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

Datuk Lee 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 five (5) years other than traffic offences, if any.

FATHI RIDZUAN BIN AHMAD FAUZI

Independent Non-Executive Director
54 years of age, Malaysian, Male
Chairman of Audit Committee
Member of Nomination Committee

En. Fathi Ridzuan Bin Ahmad Fauzi was appointed to the Board on 20 April 2012 as an Independent Non-Executive Director.

En. Fathi Ridzuan graduated with a Bachelor of Science Degree in Accounting and Financial Analysis from University of Warwick, Coventry, United Kingdom in 1989.

En. Fathi Ridzuan started his career in 1989 where he worked in various accounting and finance capacities. He has accumulated vast experience in financial, administrative, legal, information technology, risk management and stockbroking operations. Apart from being an independent consultant for Esperanza Management Advisors, presently, he is also the Deputy Chairman of FNW Capital Partners Sdn Bhd, a management consulting and venture capital management company since 2016.

Currently, En. Fathi Ridzuan also sits on the Board of Advancecon Holdings Berhad, N2N Connect Berhad and Alloy Insurance Brokers Sdn 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 five (5) years other than traffic offences, if any.

Board of Directors' Profiles (Cont'd)

KAMIL BIN ABDUL RAHMAN

Independent Non-Executive Director
70 years of age, Malaysian, Male
Chairman of Nomination Committee
Member of Audit Committee and Remuneration Committee

Encik Kamil Bin Abdul Rahman was appointed to the Board on 29 January 2015 as an Independent Non-Executive Director. He graduated with a Bachelor of Commerce degree from the University of Otago, New Zealand and subsequently qualified as a Chartered Accountant of the Institute of Chartered Accountants of New Zealand.

He is also a Fellow Chartered Secretary of the Institute of Chartered Secretaries and Administrators, United Kingdom, and a Chartered Accountant of the Malaysian Institute of Accountants. He attended a Building Contractor Certificate Programme conducted by Universiti Putra Malaysia and Director Accreditation Programme by the Research Institute of Investment Analysts.

His area of specialisation is in corporate governance, corporate finance and risk management.

His previous senior positions were as Senior Vice President of the Bank of Commerce (M) Berhad and as Executive Director of Commerce International Merchant Bankers Berhad. His previous senior positions were Senior Vice President of the Bank of Commerce (M) Berhad and Executive Director of Commerce International Merchant Bankers Berhad.

Currently, En Kamil is a Board member of Khind Holdings Berhad, Brahim's Holdings Berhad, Ire-Tex Corporation Berhad and WDM Holdings Berhad.

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

CHAN FOOK MUN

Independent Non-Executive Director
48 years of age, Malaysian, Male
Chairman of Remuneration Committee
Member of Audit Committee and Nomination Committee

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

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

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

Mr. Chan is not a director of any other public listed companies.

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

PROFILES OF KEY SENIOR MANAGEMENT

The management team is headed by the Executive Chairman, Dato' Ir Lim Siang Chai and two (2) Executive Directors, Mr Foong Kah Heng and Mr Lee Leong Kui.

Their profiles are set out in page 4 to 7 in this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

On Behalf of the Board of Directors of Jiankun International Berhad ("Jiankun", "the Company" or "the Group"), it gives me great pleasure to present the Annual Report together with the Audited Financial Statements of the Group and of the Company for the financial year ended (FYE) 31 December 2018 together with the Management Discussion and Analysis ("MD&A").

The following MD&A of the operating performance and financial position of the Group and of the Company for the FYE 31 December 2018, should be read in conjunction with the Audited Financial Statements and related notes thereto.

The information presented in the MD&A, including information relating to comparative periods in 2017, is presented in accordance with the Malaysian Financial Reporting Standards ("MFRS") unless otherwise stated.

Overview of Business and Operations

Jiankun is a company listed on the main market of Bursa Security under the Property category with an issued and fully paid up capital of RM44,655,645 represented by 166,845,219 ordinary shares.

For the FYE 31 December 2018, Jiankun has completed its Bayu Heights 2 project of 84 units of 3-strorey terrace house. Amani Residences project with 377 units of service apartment is in construction stage.

In the financial year ended December 2018, Jiankun recorded a revenue of RM32.4 million (2017: RM62.3 million) and a profit before tax of RM2.3 million (2017: Loss before tax of RM1.4 million). The significant decrease in revenue was mainly due to the fact that most of the Bayu Heights 2 revenues were recognised in FYE 31 December 2017. For the current year, Bayu Heights 2 and Amani Residences revenues were RM12.9 million and RM18.6 million respectively.

With regards to Jiankun's properties in China, Jiankun has appointed a qualified valuer to revalue the properties on 18 December 2018. The valuation had resulted in a surplus of RM1.0 million of profit after tax.

The Group has fully adopted the new MFRS after the transitional period, resulting in a RM5.3 million adjustment to the previous year's accumulated losses. The first time adoption of this standard has significantly brought down the accumulated losses for the Group from RM18.3 million to RM13.0 million.

The operation cost had also reduced significantly.

Corporate Objective and Strategies

The vacant possession of Bayu Heights 2 units have been delivered to its purchasers in the 4th quarter of 2018.

With the completion of the Bayu Heights 2 project, the Management is currently active in sourcing for new development opportunities to ensure the business continuity of the Group.

Management Discussion and Analysis
(Cont'd)

Financial Results

The Group's key financial information for the year ended 31 December 2018 and 2017 are summarized as follows:

	2018 RM Million	2017 RM Million
Turnover	32.44	62.36
Earnings Before Interest, Depreciation, Armotisation and Taxation (EBITDA)	2.78	(1.35)
Profit /(Loss) Before Taxation	2.28	(1.42)
Taxation	(1.50)	(2.06)
Profit/(Loss) After Taxation and Minority Interest	0.78	(3.48)
Total Comprehensive Income / (Loss)	1.20	(5.78)
Net Tangible Assets	50.42	43.76

Turnover

For the financial year ended 31 December 2018, the Group achieved a turnover of RM32.4 million (2017: RM62.4 million). The revenue was mainly derived from property development and construction activity of two projects, namely Bayu Heights 2 of RM18.6 million (2017:RM44.6 million) and Amani Residences of RM12.9 million (2017: RM16.1 million) respectively.

Results

For the financial year ended 31 December 2018, the Group recorded EDITDA of RM2.8 million and profit before taxation of RM2.3 million. The improvement from the previous year was mainly due to the completion of 84 units of 3 storey terrace house for Bayu Heights 2 at Sri Kembangan and profit recognition from 377 units high rise development for Amani Residences.

The other comprehensive income of RM0.4 million (2017: other comprehensive loss of RM2.3 million) was derived from the foreign currency translation of a foreign subsidiary which is holding investment properties in foreign currency.

Financing and Expansion

In support of the development projects, the Group's borrowing stood at RM23.31 million, with the entire facilities obtained from Malayan Banking Berhad for the development of the joint venture project for Amani Residences. The total facilities granted by Malayan Banking Berhad were RM49.8 million.

For the continued growth of the business, Jiankun will continue to explore for potential development projects.

Non-financial indicator

Beside financial indicator to evaluate the Group performance, non-financial indicator such as staff turnover, sales take up rate and number of successful loan approval granted are also the important indicators of the Group.

Significant changes in performance, financial position & liquidity

The Group will not anticipate any significant changes in the performance, financial position and liquidity for the year 2018. However, the Group will ensure continued growth and enlarge the current development portfolio, and improve the financial performance. Reasonable funding facilities are required to support the growth, and therefore the financial position & liquidity need to improve in order to facilitate the expansion. However, the management would take reasonable care to safeguard the company's assets and will ensure future interest of shareholders and stakeholders are protected.

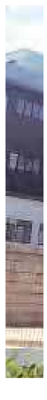
Capital expenditure requirement, structure & resources

Jiankun will continue with its current business model, where capital expenditure requirement is expected to be negligible. Major resources and other requirements would be provided by our vendor when it involves the construction of our new properties.

Business and industries trend

In accordance with the National Property Information Centre information, the number of inventories has increased, mainly due to potential home buyers' facing difficulty in obtaining financing. Financial institutions have stringent loan requirements and this has resulted in lower demand for residential project.

The supply of houses has remained consistent with greater activities in larger cities. The government's proposal to boost public servants' housing loan eligibility may stimulate some residential sales, apart from other plans to increase the number of low and medium cost development. It is expected that residential development will continue to be active within Klang Valley, especially supported by the major infrastructure development, such as MRT 2 and LRT 3



Management Discussion and Analysis (Cont'd)

Associated risk and mitigation plans & strategies

Business Risk

a) Foreign currency risk

The Group's exposure to foreign currency risk is minimal except for investment properties in China. 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 property development businesses require 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, any restrictions imposed by the Government of Malaysia as well as 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 where for all major financing decision, consultation and approval of the Board will be made and obtained.

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 properties 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 rectifying any setbacks in order to ensure timely completion of the development.

Forward looking statement

Possible trend, outlook & sustainability of each principal business segment

Despite the current economic conditions, the weak property market sentiment and high inventory carry forward from 2018, demand for affordable residential properties will continue. The management is fully cognizant of the current challenges and will continue to focus on opportunities to meet the market needs.

Since Bayu Heights 2 had been fully completed, the construction team will concentrate on Amani Residences at Bandar Puteri, Purchong as the project will be the main contributor to the Group's performance for financial year ended 31 December 2019.

Prospects of new businesses or investments

There are numerous development opportunities that are being pursued by the Management. The Management will work closely with the Board to evaluate all potential new businesses or investments to optimize the interest of the Group as well as the shareholders and stakeholders.

Dividend/distribution policy & factors contributing

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

Conclusion

The Management expect 2019 will be a challenging year. The Management remain confident with the business opportunities identified and will proceed cautiously to ensure continued business growth.

Corporate Sustainability Statement

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

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

I) Environment

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

II) Workplace

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

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

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

III) Market place

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

IV) Community

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Jiankun International Berhad ("Jiankun" or "the Company") values the importance of good corporate governance and upholds the principles and good practices contained in the Malaysian Code on Corporate Governance ("MCCG"), where applicable.

MCCG serves as a fundamental guide to the Board in discharging its duty to act in the best interest of the Group while enhancing long-term shareholders' value and interests of other stakeholders.

This overview statement is prepared in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and is to be read together with the Corporate Governance Report of the Company for the financial year ended 31 December 2018, which is available on the Company's website at www.jki.com.my.

The Board wishes to share the following statement on the extent to which principles and good corporate practices of MCCG were applied during the financial year ended 31 December 2018.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Principle A: Part 1 – Board Responsibilities

Intended Outcome 1.0

- **Every company is headed by a Board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.**

The Board is responsible for the leadership, oversight and overall management of the Company. An effective Board is the one that made up of a combination of Executive Director with intimate knowledge of the business and Non-Executive Directors from diversified industry/business background to bring broad business and commercial experience to the Group.

The Board has the overall responsibility for corporate governance, establishing goals, strategies and direction, reviewing the Group's performance and critical business issues and ultimately the enhancement of long-term shareholders' value. It monitors and delegates the implementation of the strategic direction to the management.

The Directors collectively, with their different background and specialisation, bring with them a diverse wealth of experience and expertise in areas such as business, finance, legal, regulatory and operations which is relevant to the Group. A brief profile of each individual Directors is set out in this Annual Report.

The Board reviews the strategic plan of the Company tabled by Management at its meeting. The review would cover the performance targets and long-term plans of the Company to be met by Management. The Board is satisfied with the strategic plan of the Company as presented by the Management.

The Board would continue to review the plan to ensure its implementation. The Board's role is to oversee the performance of the Management to determine whether the business is properly managed.

The Board gets updates from Management at the quarterly Board meetings when reviewing the unaudited quarterly results. During such meetings, the Board participated actively in the discussion on the performance of the Company and assessed the performance of the Management.

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions and responsibilities to the following respective Board Committees:-

- Audit Committee;
- Nomination Committee;
- Remuneration Committee; and
- Risk Management Committee.

The Chairman of each Board Committee will report to the Board on the outcome of the Committee's meetings which also include the key issues deliberated at the Committee's meetings. The Board Committees discharge their duties in accordance to the Terms of Reference approved by the Board.

1.2 The Chairman of the Board

The Board is led by an experienced Executive Chairman, who is accountable for ensuring the integrity and effectiveness of the governance process of the Board.

The Executive Chairman is primarily responsible for the orderly conduct of the Board meetings and ensure effectiveness of the Board as well as to ensure that all strategic and critical issues are discussed by the Board in a timely manner.

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

1.3 Separation of position of the Chairman and Executive Directors

The Chairman, Dato' Ir Lim Siang Chai and the Executive Directors, Mr Foong Kah Heng and Mr Lee Leong Kui , both holds separate position. There is a clear division of responsibilities between the Chairman and the Executive Directors to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The Chairman is responsible in leading the Board in its collective oversight of Management and ensure effectiveness of the Board matters whilst the Executive Directors are responsible to implement the policies and strategies approved by the Board for the purposes of running the business and the day-to-day management of the Company.

1.4 Qualified and Competent Company Secretaries

In compliance with Practice 1.4 of the MCCG, the Board is supported by two (2) External Secretaries. The Company Secretaries of the Company are qualified to act as Company Secretary under Section 235 of the Companies Act, 2016 ("the Act"). The Company Secretaries provides the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regard to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, MCCG, guidance and legislation.

The Board has ready and unrestricted access to the advice and services of the Company Secretaries, who are considered capable of carrying out the duties to which the post entails. The Directors may seek advice from the management on issues under their respective purview. The Directors may also interact directly with the management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.

The Company Secretaries keep the Board abreast with the latest regulatory updates and ensure that deliberations at Board and Board Committee meetings are well documented.

The Board is satisfied with the performance and support rendered by the two (2) qualified and experienced Company Secretaries to the Board in discharge of its functions.

The Company Secretaries are accountable to the Board on all matters connected with the proper functioning of the Board and responsibility includes:

- assisting the Chairman and the Chairmen of the Board Committees in developing the agendas for the meetings;
- administering, attending and preparing the minutes of meetings of the Board, Board Committees and shareholders,
- acting as liaison to ensure good information flow within the Board, between the Board and its Committees as well as between management and the Directors;
- advising on statutory and regulatory requirements and the resultant implication of any changes that have bearing on the Company and the Directors;
- advising on matters of corporate governance and ensuring Board policies and procedures are adhered to;
- monitoring compliance with the Act, the MMLR and the Constitution of the Company;
- facilitating orientation of new director;
- disseminating suitable training courses and arranging for Directors to attend such courses when requested.

Corporate Governance Overview Statement (Cont'd)

1.5 Access of Information and Advice

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

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

In addition, all Directors have direct access to the advice and services of the Company Secretaries who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulatory are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior Management team from different business units will also be invited to participate in the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team.

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

Senior Management staff may be invited to attend Board meetings to provide the Board detailed explanations and clarifications on certain matters that are tabled to the Board.

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

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities.

During the financial year under review, seven (7) Board meetings were held and the record of attendance of each Board Member as follows: -

Name of Directors	No. of Meetings Attended	%
Dato' Ir Lim Siang Chai	7/7	100%
Datuk Lee Kian Seng	7/7	100%
Mr Lee Leong Kui	7/7	100%
Mr Foong Kah Heng	5/7	71%
Mr Fathi Ridzuan Bin Ahmad Fauzi	7/7	100%
Mr Kamil Bin Abdul Rahman	7/7	100%
Mr Chan Fook Mun	7/7	100%

All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meeting as stipulated in the Listing Requirement. In the intervals between Board Meetings, for any matters requiring Board's decisions, the Board's approvals are obtained through circular resolutions. The resolutions passed by way of such circular resolutions are then noted at the next Board Meeting.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Principle A: Part 1 – Board Responsibilities

Intended Outcome 2.0

- **There is demarcation of responsibilities between the board, board committees and management.**
- **There is clarity in the authority of the board, its committees and individual directors.**

2.1 Board Charter

The Board understands the importance of the roles and responsibilities between the Board and Management. As part of the good corporate governance process, the Board has documented these roles and responsibilities in the Board Charter to ensure accountability of both parties and to provide reference for directors in relation to the Board's role, powers, duties and functions.

The Board Charter was recently reviewed and approved by the Board on 16 April 2019 to re-align the existing governance policies in the Company with the good standard of corporate governance practices prescribed by MCCG and Listing Requirements, where possible or relevant.

The Board reviews the Board Charter periodically, where necessary, to ensure it remains relevant and effective at the prevailing time and business environment. The Board Charter clearly set outs the functions, responsibilities, and processes of the Board and ensures that all Board members are aware of their roles and duties. In order to ensure that the direction and control of the Group are in the hands of the Board, it had adopted a formal schedule of matters reserved for the Board's deliberation and decision which is set out in the Board Charter. The Board Charter is available on the Company's website at www.jki.com.my.

Intended Outcome 3.0

- **The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.**
- **The Board, management, employees and other stakeholders are clear on what is considered acceptable behavior and practice.**

3.1 Code of Ethics and Conduct

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

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

3.2 Whistle Blowing Policy and Procedures

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

The main objectives of the policy are:

i) Be committed to the Company's business ethics of Honesty, Integrity and Transparency;

ii) To provide a transparent and confidential process for all parties to give information on non compliances to the Code of Conduct and Ethics, or any misconduct regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions; and

Corporate Governance Overview Statement (Cont'd)

iii) To uphold the moral duty being a Company by protecting the interest of all its stakeholders. The details of the Whistle-blowing Policy are available for reference at the Company's website at www. jki. com.my.

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

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

Principle A: Part 2 – Board Composition

Intended Outcome 4.0
- **Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.**

4.1 Board Composition

During the financial year under review, the Board of Jiankun currently comprises of seven (7) members which includes the following:

a) one (1) Executive Chairman;
b) two (2) Executive Directors;
c) one (1) Non-Independent Non-Executive Director; and
d) three (3) Independent Non-Executive Directors.

The Board is of the opinion that the current size and composition constitute an effective Board in view of the nature of business and the scale of its Group's business operation.

The composition of the Board complies with Paragraph 15.02(1) of the MMLR of Bursa Securities. The profile of each Director is presented separately in Directors' Profile of this Annual Report 2018.

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

The Board, through the Nomination Committee, having reviewed the size and complexity of the Group's operations, is of the view that the number of members in the Board is appropriate. Nevertheless, the Board is receptive to revamp the composition of members to ensure that the Board can function more effectively.

4.2 Tenure of Independent Director

The tenure of Independent Directors of the Company is as follows:-

As at 31 December 2018	> 1 - 3	> 3 - 5	> 5 - 7
Independent Non-Executive Directors	-	2	1

Under the MCCG, the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a non-independent Director.

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

Nevertheless, in the event where any Independent Director has served the Board for a cumulative term of nine years, the Nomination Committee, will access and decide whether he/she can remain as an Independent Director. In such situation, the Board will make a recommendation and provide strong justification to the shareholders in a general meeting to provide the shareholders with sufficient insight to enable them to assess the merits of the Board's decision to retain the services of the Independent Directors beyond the nine-year tenure.

In the event where an Independent Director has served the Board for a cumulative term of twelve years, the Nomination Committee will access and decide whether he/she can remain as an Independent Director. In such situation, the Board will make a recommendation and provide strong justification to the shareholders in a general meeting to provide the shareholders with sufficient insight to enable them to assess the merits of the Board's decision to retain the services of the Independent Directors beyond the twelve-year tenure. Under these circumstances, the Board will seek shareholders' approval under a two-tier voting process.

Where the Board has determined that the said Independent Director shall not remain as an Independent Director, then he/she will be re-designated as a Non-Independent Director accordingly.

As the end of the financial year, none of the Independent Non-Executive Director have served on the Board for more than nine years.

4.3 Diversity of the Board and Senior Management

The Company does not practice any form of gender, ethnicity and age group biasness as all candidates for either Board or Senior Management team shall be given fair and equal treatment.

The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Group.

Notwithstanding with the above, the Board affirms its commitment to boardroom diversity as a truly diversified board can enhance the board's effectiveness, perspective, creativity and capacity to thrive in good times and to weather the tough times. In identifying suitable candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

4.4 Boardroom and Gender Diversity

The Board does not have a policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the Group. However, the Board Charter specifies that, as a matter of policy, the Board shall consist of qualified individuals with diverse experience, background, and perspective and the Board has taken into consideration the varied mix of board diversity, skill-set and qualification of candidates chosen to be members of the Board.

4.5 Appointments to the Board

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

The Nomination Committee is also empowered to bring to the Board, recommendation as to the appointment of any new Director or to fill board vacancies as and when they arise. In making its recommendation, the Nomination Committee will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which Directors of the Company should bring to the Board.

Corporate Governance Overview Statement (Cont'd)

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

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

4.6 Criteria for Recruitment

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

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

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

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

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

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

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

4.7 Nomination Committee

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

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

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

The Nomination Committee had undertaken the following activities for the financial year ended 31 December 2018:

(i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;
(ii) Reviewed the Independence of Independent Directors;
(iii) Reviewed and recommended to the Board, the re-election of the Directors who will be retiring at the forthcoming Annual General Meeting ("AGM") of the Company; and
(iv) Reviewed of the Terms of Reference of the Nomination Committee.

In line with the amendment of Listing Requirements and MCCG, the Terms of Reference of Nomination Committee has been revised and updated by the Board on 16 April 2019.

4.8 Directors' Training

Due to the ever-increasing complexities in doing business, Directors are expected to upgrade their skill sets and keep themselves abreast with the developments in the business environment as well as with any new relevant regulatory and statutory requirements to maximise their effectiveness as members of the Board.

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

The Directors are briefed by the Company Secretary on the letters and circulars issued by Bursa Securities 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 MCCG, the Act and the MMLR 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.

Corporate Governance Overview Statement (Cont'd)

All Directors have complied with the Continuous Training Programme prescribed by Bursa Securities. Training programmes, courses, seminars, conferences, talks, briefings attended by the Directors during the financial year ended 31 December 2018 were as follows: -

Director	Title	Date
Dato' Ir Lim Siang Chai	Practical Approach And Guidelines For Risk Management And Internal Control	27/11/2018
Datuk Lee Kian Seng	The Annual Report Of Tomorrow – Guide To Forward-Looking Information	30/10/2018
Mr Lee Leong Kui	Travel & Tours Enhancement Course	26/04/2018
Mr Foong Kah Heng	Practical Approach And Guidelines For Risk Management And Internal Control	27/11/2018
Mr Fathi Ridzuan Bin Ahmad Fauzi	• Implementing The Companies Act 2016 & The Malaysian Code of Corporate Governance 2017 – What Every Directors Need To Know • Audit Committee Conference 2018 – Internal Auditing In The Age of Disruption • Corporate Rescue Mechanism And Duties & Responsibilities Of Company Directors And Officers Under Companies Act 2016	23/01/2018 27/03/2018 27/07/2018
Mr Kamil Bin Abdul Rahman	Mergers & Acquisitions : Getting It Right & Making It Work	13/09/2018
Mr Chan Fook Mun	International Architecture Conference KL - Architecture Of Business, Business Of Architecture	30/06/2018 – 01/07/2018

Intended Outcome 5.0

- **Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.**

5.1 Annual assessment of the Directors, Board as a whole and Board Committees

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

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

Corporate Governance Overview Statement (Cont'd)

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

During the financial year ended 31 December 2018, the Nomination Committee conducted an annual assessment of its Directors and the effectiveness of the Board of Directors as a whole in terms of board mix and composition, boardroom activities and board's relationship with management. It also conducted an assessment of the Directors who are subject to retirement by rotation at the forthcoming 35th AGM in accordance with the provisions of the Constitution of the Company.

Upon recommendation by the Nomination Committee of the proposed re-election of the relevant directors, the Board had recommended the re-election of the relevant Directors to be tabled at the forthcoming 35th AGM for shareholders' approval.

Principle A: Part 3 – Remuneration

Intended Outcome 6.0

- **The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.**
- **Remuneration policies and decisions are made through a transparent and independent process.**

6.1 Directors' remuneration procedures and policies

Directors' remuneration is generally benchmarked against the market average of comparable companies to attract talent and retain the Directors to run the Company. It has established a Remuneration Committee ("RC") to review and ensure that the remuneration of its members fairly reflect the Board's and members' responsibilities, the expertise required by the Company and the complexity of its operations. The said remuneration should also be in line with the business strategy and long-term objectives of the Company.

6.2 Remuneration Committee

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

Chairman	:	Mr Chan Fook Mun (Independent Non-Executive Director)
Member	:	Dato' Ir Lim Siang Chai (Executive Chairman)
Member	:	Mr Kamil Bin Abdul Rahman (Independent Non-Executive Director)

The Remuneration Committee is primarily responsible for recommending the policy and framework of the remuneration of the directors and senior management, including the terms and remuneration of the executive director(s), to the Board in order to align with the business strategy and long-term objectives of the Company.

The remuneration of Directors and Senior Management is determined at levels which enable the Company to attract and retain Directors and senior management with the relevant experience and expertise to govern the Group effectively.

In line with the amendment of Listing Requirements and new MCCG, the Terms of Reference of Remuneration Committee has been revised and updated by the Board on 16 April 2019.

Corporate Governance Overview Statement (Cont'd)

Intended Outcome 7.0

- **Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance**

7.1 Details of the remuneration of Directors

The Board collectively determines the remuneration for the Non-Executive Directors to ensure the same is appropriately reflective of experience and the level of responsibilities and contributions including the number of the scheduled meetings for the Board, board of subsidiaries and Board committees; and competitive compared with the prevalent market practices. Each of the Non-Executive Directors abstains from deliberating and voting on his own remuneration.

A summary of the remuneration of the Directors (including benefit-in-kind) in the Company for services rendered to the Group for the financial year ended 31 December 2018 is analysed as follows:-

Directors	Fees (RM)	Salaries and other emoluments* (RM)	Total (RM)
Dato' Ir Lim Siang Chai	-	320,000	320,000
Datuk Lee Kian Seng	6,000	250,500	256,500
Mr Lee Leong Kui	-	255,000	255,000
Mr Foong Kah Heng	-	255,000	255,000
Mr Fathi Ridzuan Bin Ahmad Fauzi	42,000	3,500	45,500
Mr Kamil Bin Abdul Rahman	36,000	3,500	39,500
Mr Chan Fook Mun	36,000	3,500	39,500

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

7.2 Remuneration of Top Five Senior Management

Senior Management staff are those primarily responsible for managing the business operations and corporate divisions of the Group. The remuneration paid to the top five Senior Management including salary, bonus, benefits-in-kind and other emoluments in band of RM50,000 is as follows:

Range of Remuneration	Total
Below RM50,000	-
RM50,000 – RM150,000	-
RM150,001 – RM250,000	-
RM250,001 – RM350,000	3
RM350,001 – RM450,000	-
RM450,001 – RM550,000	-

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Principle B: Part 1 – Audit Committee

Intended Outcome 8.0
- There is an effective and independent Audit Committee.
- **The board is able to objectively review the Audit Committee's findings and recommendations.**
- **The company's financial statement is a reliable source of information**

8.1 The Chairman of the Audit Committee is not the Chairman of the Board

The Company complied with the Practice 8.1 of the MCCG which stipulates that the Chairman of the Audit Committee is not the Chairman of the Board.

The Audit Committee is chaired by Mr Fathi Ridzuan Bin Ahmad Fauzi, Independent Non-Executive Director, who is not the Chairman of the Board.

8.2 Former audit key partner

Practice 8.2 of the MCCG requires the Audit Committee to have a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as member of the Audit Committee.

As of 31 December 2018, none of the members of the Board, including the members of the Audit Committee, are former key audit partners of the external auditors appointed by the Group.

8.3 Suitability, objectivity and independent of the external auditors

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

The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.

In assess or determine the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of the following:

i) the adequacy of the experience and resources of the External Auditors;

ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;

iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and

iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

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

Corporate Governance Overview Statement (Cont'd)

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

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 December 2018.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs UHY as the External Auditors of the Company for the financial year ending 31 December 2019.

8.4 Qualification of the Audit Committee

All Audit Committee members are financially literate, and its composition and performance are reviewed by the Nomination Committee annually and recommended to the Board for its approval.

Audit Committee members acknowledge the need for continuous education trainings, however, for the year under review, some members of the Audit Committee attended training on the developments in accounting and auditing standards, practices and rules.

8.5 Composition of the Audit Committee

This is in compliance with Paragraph 15.09(1)(b) of the MMLR of Bura Securities, which stipulates that all the audit committee members must be non-executive directors, with a majority of them being independent directors.

The Audit Committee comprises three (3) Independent Non-Executive Directors, of whom all are Independent Directors. The Audit Committee is headed by Mr Fathi Ridzuan Bin Ahmad Fauzi, who is an Independent Non-Executive Director.

All Audit Committee members are financially literate, and its composition and performance are reviewed by the Nomination Committee annually and recommended to the Board for its approval. The duties, functions and responsibilities of the Audit Committee is clearly spelt out in their Terms of Reference.

Intended Outcome 9.0

- **Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.**
- **The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.**

9.1 Establishment of risk management and internal control framework

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to access current and emerging risks, respond appropriate to risks of the Group.

As an effort to enhance the system of internal control, the Board together with the assistance of external professional Internal Audit firm adopted on-going monitoring and review to the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

Corporate Governance Overview Statement (Cont'd)

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

The Board of Directors acknowledges its responsibilities for the Company to maintain a sound system of internal controls covering financials, operations and compliance controls and to safeguard shareholders' investments as well as the Group's assets. While every effort is made to manage the significant risk, by its nature, the system can only provide reasonable but not absolute assurance against material misstatement or loss. Ongoing reviews are carried out by the Board, with the assistance of the Audit Committee, International Auditors and External Auditors, to safeguard the Group's assets.

9.2 Features of its risk management and internal control framework

The details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control on page 31 of this Annual Report.

Intended Outcome 10.0
- **Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.**

10.1 Internal Audit Function

The Group has out-sourced the Internal Audit Function to an independent consulting firm to provide an independent assessment of the adequacy, efficiency, effectiveness of the Group's internal control system. The Internal Auditors reports directly to the Audit Committee on its activities based on approved annual Internal Audit plan.

The principal responsibility of the Internal Audit Function is to undertake regular and systematic review of the systems of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. Functionally, the Internal Auditors reviews and assesses the Group's systems of internal control and report to the Audit Committee directly.

Before the commencement of audit reviews for the financial year, an audit plan is produced and presented to the Committee for review and approval. This ensures that the audit direction is in line with the Committee's expectations.

Further details of the activities of the internal audit function are set out in the Audit Committee Report on pages 29 to 30 of this Annual Report 2018.

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

Principle C: Part 1 – Communication with Stakeholder

Intended Outcome 11.0
- **There is continuous communication between the company and stakeholder to facilitate mutual understanding of each other's objectives and expectations.**
- **Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.**

11.1 Effective, transparent and regular communication with its stakeholders

Along with good corporate governance practices, the Group is committed to provide to investors and the public with comprehensive, accurate and material information on a timely basis. The Board recognises the importance of keeping the shareholders informed and updated of development concerning the Group.

Corporate Governance Overview Statement (Cont'd)

In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities. The Group practices open communication with its investors.

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

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

The Group also endeavour to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

11.2 Leverage on Information Technology for Effective Dissemination of Information

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

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

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

Intended Outcome 12.0

- **Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.**

12.1 Notice for an Annual General Meeting

General meeting serves as a principal platform for the Board and Senior Management to engage with shareholders and encourage effective shareholders' communication on the Company's performance, corporate and business developments and any other matters affecting shareholder interests.

The Company Secretaries, by order of the Board, served a notice of AGM to all shareholders of the Company at least 28 days prior to its forthcoming 35th AGM to provide the shareholders sufficient time to consider the proposed resolutions that will be discussed and decided at the 35th AGM. Notice of the 35th AGM clearly sets out details of the resolutions proposed accompanying with explanatory notes on the rationale of each resolution to enable the shareholders to make informed decision in exercising their voting rights.

The Notice of an AGM also provides information to the shareholders with regard to, amongst others their entitlement to attend the AGM, the right to appoint a proxy and also the qualifications of a proxy.

12.2 Attendance of Directors at General Meetings

The general meeting also serves as an avenue for the Chairman and the Board members to engage in a two-way communication with shareholders where the shareholders are encouraged to participate in the question-and-answer session with the Board personally and exercise their right to vote on the proposed resolutions.

The Board will ensure that all Board members, particularly the chairperson of each Board committee will make their endeavours to attend general meeting to facilitate engagement with shareholders and to address any relevant questions and concerns raised by the shareholders.

The external auditors will be present at the AGM to respond to any queries from shareholders on the audit conducted, the preparation and content of the auditors' report, the accounting policies adopted by the Company, and the independent audit review of the Company's financial position.

Corporate Governance Overview Statement (Cont'd)

12.3 Poll Voting

The Company's General Meeting is not held in a remote location. The Company has adopted manual polling for 2018 AGM in line with Paragraph 8.29A of the MMLR of Bursa Securities. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

As for voting in absentia and remote shareholders' participation, the existing proxy form authorizing proxies or Chairman of meeting is an alternative measure adopted by the Company. Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his/her stead at a general meeting.

Practice 12.3 of MCCG encouraged listed companies with a large number of shareholders of which have meetings in remote locations should leverage technology to facilitate: -

- Voting in absentia; and
- Remote shareholders' participation at General Meetings.

As a listed entity on Bursa Securities in Malaysia, the Board noted that majority of the shareholders of the Company reside in Malaysia and predominantly in Kuala Lumpur. Therefore, the general meetings of the Company have always been held in Kuala Lumpur.

COMPLIANCE STATEMENT

The Board is satisfied that to the best of its knowledge, the Company is substantially in compliance with the principles and practices set out in the MCCG as well as the relevant MMLR of Bursa Securities for the financial year ended 31 December 2018. Any practices in the MCCG which have not been implemented during the financial year will be reviewed by the Board and implemented where possible and relevant to the Group's business.

This Statement is made in accordance with the resolution of the Board dated 16 April 2019.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

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

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

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

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

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2018, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") of Jiankun International Berhad ("JIB" or "the Company") is pleased to present the Audit Committee Report for the financial year ended 31 December 2018.

COMPOSITION

The Audit Committee presently comprises the following members:

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

The Committee has clear written Terms of Reference ("TOR") defining its functions, qualifications for membership, scope of duties and responsibilities, governing the manner in which the Committee is to operate and how decisions are to be made.

TERMS OF REFERENCE

The TOR has been reviewed and updated on 16 April 2019 to reflect the requirements of the applicable practices and recommendation of the MCCG and which is available on the Company's website.

ATTENDANCE

During the financial year under review, six (6) meetings were held and the details of the attendance of each member at the AC meeting are as follows:-

Name of Members	Designation	No. of Meetings Attended	%
Mr Fathi Ridzuan Bin Ahmad Fauz	Chairman	6/6	100%
Mr Kamil Bin Abdul Rahman	Member	6/6	100%
Mr Chan Fook Mun	Member	6/6	100%

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

SUMMARY OF ACTIVITIES OF THE AC

The activities of the Audit Committee during the financial year ended 31 December 2018 include the following:

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

b) Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial year ended 31 December 2018;

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

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

e) Evaluated the performance of the external auditors for the financial year ended 31 December 2018 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;

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

Audit Committee Report (Cont'd)

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

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

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

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

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

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

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

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 recognise the importance of good practice of corporate governance and is committed to maintain a sound system of internal control to safeguard shareholders' investments and Group's assets. The Board is pleased to provide the following Statement on Risk Management and Internal Control which has been prepared in accordance with the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers".

BOARD RESPONSIBILITY

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

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

KEY ELEMENTS OF INTERNAL CONTROL

CONTROL ENVIRONMENT AND CONTROL ACTIVITIES

- Organisation 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 formalised and documented for implementation and continuous improvements. These policies are subject to regular reviews to meet new business required.

MONITORING AND COMMUNICATION

- Regular Management meetings are held covering financial performance and operations and to identify, assessment and mitigate any potential risk face by the Group.;
- Regular Board meetings are held to deliberate the information covering financial performance, operation and business strategic;
- 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 recommendation 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.
- Review of non-financial indicator to determine the performance of the Group.

Statement on Risk Management and Internal Control (Cont'd)

RISK MANAGEMENT

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

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

INTERNAL AUDIT FUNCTIONS

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

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

Audit Period	Reporting Month	Audited Areas
1st Quarter (Jan 2018 – Mar 2018)	May 2018	Internal Audit Review on Human Resources Management and Administration function and Management Information System for the Group.
2nd Quarter (Apr 2018 – Jun 2018)	Aug 2018	Follow up reviews on Human Resources Management and Administration and Management Information System for the Group
3rd Quarter (May 2018 – Aug 2018)	Nov 2018	Internal Audit Review on the Material Handling & Quality Control Management, Safety and Health for JKI Construction Sdn. Bhd.
4th Quarter (Aug 2018 – Dec 2018)	Feb 2019	Follow up review on Material Handling and Quality Control Management and Safety and Health for JKI Construction Sdn. Bhd.

For the financial year ended 31 December 2018, the total fee incurred for the outsourced internal audit function were RM30,000.00

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 current internal control system is in place, adequate and effective to safeguard the interests and assets of the Group. The Board will continually assess the adequacy and effectiveness of the Group's risk management and system of internal control. As and when necessary will strengthen it.

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. AUDIT AND NON AUDIT FEES PAID TO EXTERNAL AUDITORS

During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 December 2018 were as follows :

	Company (RM)	Group (RM)
Audit Services Rendered	32,000	129,671
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	10,000	10,000

2. REVALUATION POLICY

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

3. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

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

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 2018.

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.

Financial Results

	Group RM	Company RM
Net profit/(loss) for the financial year	775,170	(572,909)
Attributable to:		
Owners of the parent	775,170	(572,909)

Reserves and Provisions

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

Dividends

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

Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

Directors' Report (Cont'd)

Warrants

The Warrants 2014/2021 were constituted under the Deed Poll dated 2 December 2014.

As at 31 December 2018, the total number of Warrants that remained unexercised was 75,586,889.

The salient terms of the Warrants are disclosed in Note 15(b) to the financial statements.

Options Granted Over Unissued Shares

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

Directors

The Directors in office during the financial year until the date of this report are:

Dato' Ir Lim Siang Chai *
Fathi Ridzuan Bin Ahmad Fauzi
Foong Kah Heng *
Lee Leong Kui *
Kamil Bin Abdul Rahman *
Chan Fook Mun
Datuk Lee Kian Seng *^

** Director of the Company and its subsidiary companies*
^ Datuk Lee Kian Seng had resigned from the Directorship of the subsidiary companies on 30 November 2018.

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

Directors' Interests

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

	Number of ordinary shares			
	At 1.1.2018	Bought	Sold	At 31.12.2018
Interests in the Company				
Direct interests				
Dato' Ir Lim Siang Chai	15,160,000	-	-	15,160,000
Datuk Lee Kian Seng	10,001,500	5,365,800	-	15,367,300
Foong Kah Heng	12,650,000	-	-	12,650,000
Indirect interests				
Datuk Lee Kian Seng*	17,863,600	-	-	17,863,600
Foong Kah Heng#	16,882,450	-	-	16,882,450

	Number of Warrants 2014/2021			
	At 1.1.2018	Bought	Sold	At 31.12.2018
Direct interest				
Dato' Ir Lim Siang Chai	2,750,000	-	-	2,750,000
Datuk Lee Kian Seng	3,525,000	2,682,900	-	6,207,900
Foong Kah Heng	6,405,000	-	-	6,405,000
Indirect interests				
Datuk Lee Kian Seng*	7,653,200	-	-	7,653,200
Foong Kah Heng#	9,661,837	-	-	9,661,837

* *Deemed interest for the shares/Warrants held by his family members pursuant to Section 8, 59(11) and 197(1)(a) of the Companies Act, 2016.*

\# *Deemed interest through FS Motorsports Sdn. Bhd. by virtue of Section 8 of the Companies Act, 2016.*

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

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 remuneration received or due and receivable by Directors as shown in Note 27 to 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 than those arising from Warrants.

Indemnity and Insurance Costs

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

Other Statutory Information

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

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

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

Other Statutory Information (Cont'd)

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

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

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

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

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

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

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

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

(d) In the opinion of the Directors:

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

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

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

Directors' Report (Cont'd)

Subsidiary Companies

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

Auditors' Remuneration

The details of auditors' remuneration are disclosed in Note 24 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 16 April 2019.

DATO' IR LIM SIANG CHAI	LEE LEONG KUI

KUALA LUMPUR

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

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 50 to 156 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 16 April 2019.

DATO' IR LIM SIANG CHAI	LEE LEONG KUI

KUALA LUMPUR

Statement Declaration

Pursuant to Section 251(1) of the Companies Act, 2016

I, WONG KOK FONG (MIA Membership No: 28396), being the Officer primarily responsible for the financial management of Jiankun International Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 50 to 156 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 16 April 2019.	)))

WONG KOK FONG

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

To The Members of Jiankun International Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jiankun International Berhad, which comprise the statements of financial position as at 31 December 2018 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 156.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Independent Auditors' Report

To The Members of Jiankun International Berhad (Cont'd)

Key Audit Matters

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

Key Audit Matters	How we addressed the key audit matters
Investment properties Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. The fair value of the investment properties were determined by the Directors based on valuations advised by the independent valuers by reference to market evidence of transaction prices of similar properties or comparable available market data.	- Reviewed and discussed with management on the carrying amount of investment properties in accordance with MFRS 140 *Investment Properties*. - Evaluated the independent valuer's competence, capabilities, independence and objectivity. - Assessed the methodologies used and the appropriateness of the key assumptions of the valuation report based on our knowledge and also considered the work done by component auditors.
Inventories – property development The Group recognises revenue and expenses from property development using the stage of completion method. The stage of completion is measured using the input method, which is determined by the proportion of the costs incurred, for the work performed to date bear to the estimated total property development costs. The determination of the estimated total property development costs required significant judgement.	- Assessed the reasonableness of management's assumptions used in estimating costs to complete for each project to supporting evidence. - Tested the calculation of stage of completion including testing the costs incurred and recorded for occurrence and accuracy, and re-performed the percentage of completion calculations.

Key Audit Matters (Cont'd)

Key Audit Matters (Cont'd)	How we addressed the key audit matters (Cont'd)
Inventories - property development (Cont'd)	- Agreed gross development revenue/budgeted costs to the original signed contracts, letter of awards and variation orders.

Information Other Than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

Independent Auditors' Report

To The Members of Jiankun International Berhad (Cont'd)

Responsibilities of the Directors for the Financial Statements (Cont'd)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Independent Auditors' Report

To The Members of Jiankun International Berhad (Cont'd)

Report on Other Legal and Regulatory Requirements

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

Other Matters

(1) As stated in Note 2(a) to the financial statements, Jiankun International Berhad, adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial statements as at 31 December 2017 and 1 January 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018 have in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balance as at 1 January 2018 do not contain misstatements that materially affect the financial position as of 31 December 2018 and financial performance and cash flows for the financial year then ended.

Independent Auditors' Report

To The Members of Jiankun International Berhad (Cont'd)

Other Matters (Cont'd)

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

UHY
Firm Number: AF 1411
Chartered Accountants

DATUK TEE GUAN PIAN
Approved Number: 01886/05/2020 J
Chartered Accountant

KUALA LUMPUR
16 April 2019

STATEMENTS OF FINANCIAL POSITION
As At 31 December 2018

		Group			Company		
	Note	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
ASSETS							
Non-current assets							
Property, plant and equipment	4	166,595	237,017	224,415	28,721	42,548	56,885
Goodwill	5	-	-	-	-	-	-
Investment properties	6	28,193,140	26,558,154	28,092,297	-	-	-
Investment in subsidiary companies	7	-	-	-	18,392,161	18,392,161	18,392,161
Other receivables	8	3,964,832	-	-	-	-	-
		32,324,567	26,795,171	28,316,712	18,420,882	18,434,709	18,449,046

Statements of Financial Position
As At 31 December 2018 (Cont'd)

		Group			Company		
	Note	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Current assets							
Inventories	9	38,945,233	46,353,128	27,279,409	-	-	-
Contract assets	10	14,636,037	9,724,940	-	-	-	-
Trade receivables	11	3,900,409	4,552,504	7,273,644	-	-	-
Other receivables	8	1,630,446	6,496,367	31,194,633	85,114	117,132	60,221
Amount due from subsidiary companies	12	-	-	-	24,876,341	19,694,662	16,803,629
Tax recoverable		264,807	336,139	292,500	-	-	-
Cash and bank balances	13	12,206,957	3,659,842	657,641	23,537	208,116	50,653
		71,583,889	71,122,920	66,697,827	24,984,992	20,019,910	16,914,503
Total assets		103,908,456	97,918,091	95,014,539	43,405,874	38,454,619	35,363,549

Statements of Financial Position
As At 31 December 2018 (Cont'd)

	Note	Group 31.12.2018 RM	Group 31.12.2017 RM	Group 1.1.2017 RM	Company 31.12.2018 RM	Company 31.12.2017 RM	Company 1.1.2017 RM
EQUITY							
Share capital	14	44,655,645	44,655,645	37,919,380	44,655,645	44,655,645	37,919,380
Reserves	15	5,768,380	(894,069)	7,678,465	(7,002,705)	(6,429,796)	(3,113,898)
Total equity		50,424,025	43,761,576	45,597,845	37,652,940	38,225,849	34,805,482
LIABILITIES							
Non-current liabilities							
Finance lease payable	16	-	54,596	64,044	-	-	-
Bank borrowings	17	3,932,023	-	-	-	-	-
Deferred tax liabilites	18	6,578,976	5,905,176	5,812,932	-	-	-
		10,510,999	5,959,772	5,876,976	-	-	-

Statements of Financial Position
As At 31 December 2018 (Cont'd)

	Note	Group 31.12.2018 RM	Group 31.12.2017 RM	Group 1.1.2017 RM	Company 31.12.2018 RM	Company 31.12.2017 RM	Company 1.1.2017 RM
Current liabilities							
Contract liabilities	10	-	2,450,706	-	-	-	-
Trade payables	19	6,548,464	9,004,026	9,130,125	-	-	-
Other payables	20	17,047,240	21,030,124	1,847,641	88,581	119,896	275,530
Finance lease payable	16	-	9,448	8,837	-	-	-
Bank borrowings	17	19,377,728	15,407,793	32,550,000	-	-	-
Amount due to Directors	21	-	-	3,115	-	-	3,115
Amount due to subsidiary companies	12	-	-	-	5,664,353	108,874	279,422
Provision for taxation		-	294,646	-	-	-	-
		42,973,432	48,196,743	43,539,718	5,752,934	228,770	558,067
Total liabilities		53,484,431	54,156,515	49,416,694	5,752,934	228,770	558,067
Total equity and liabilities		103,908,456	97,918,091	95,014,539	43,405,874	38,454,619	35,363,549

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Revenue	22	32,442,925	62,358,009	-	-
Cost of sales		(25,816,560)	(49,094,982)	-	-
Gross profit		6,626,365	13,263,027	-	-
Other income		1,290,930	1,625,600	12,445	38,937
Administrative expenses		(4,817,967)	(6,611,661)	(585,354)	(562,172)
Distribution costs		(376,523)	(9,680,886)	-	-
Other expenses		(1,004)	(11,947)	-	-
Net loss on impairment of financial instruments and contact assets		2,020	-	-	-
Profit/(Loss) from operations		2,723,821	(1,415,867)	(572,909)	(523,235)
Finance costs	23	(443,741)	(4,614)	-	-
Profit/(Loss) before tax	24	2,280,080	(1,420,481)	(572,909)	(523,235)
Taxation	25	(1,504,910)	(2,056,306)	-	-
Net profit/(loss) for the financial year		775,170	(3,476,787)	(572,909)	(523,235)

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2018 (Cont'd)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		421,519	(2,303,084)	-	-
Total comprehensive income/(loss) for the financial year		1,196,689	(5,779,871)	(572,909)	(523,235)
Profit/(Loss) for the financial year attributable to owners of the parent		775,170	(3,476,787)	(572,909)	(523,235)
Total comprehensive income/(loss) attributable to owners of the parent		1,196,689	(5,779,871)	(572,909)	(523,235)
Earning/(Loss) per share (sen)					
Basic	26(a)	0.46	(2.15)	-	-
Diluted	26(b)	0.32	(1.46)	-	-

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2018

		Attributable to the owners of the parent				
		Non-Distributable			Distributable	
	Note	Share Capital RM	Foreign Currency Translation Reserve RM	Warrants Reserve RM	Accumulated Losses RM	Total Equity RM
Group						
At 1 January 2018, as previously reported		44,655,645	3,765,902	13,605,640	(18,265,611)	43,761,576
Effect of adopting MFRS 9 and MFRS 15		-	-	-	5,274,031	5,274,031
At 1 January 2018, as restated		44,655,645	3,765,902	13,605,640	(12,991,580)	49,035,607
Profit for the financial year		-	-	-	775,170	775,170
Other comprehensive income for the financial year		-	421,519	-	-	421,519
Total comprehensive income for the financial year		-	421,519	-	775,170	1,196,689
Exchange translation differences reclassified to profit or loss relating to the disposal of subsidiary companies		-	191,729	-	-	191,729
At 31 December 2018		44,655,645	4,379,150	13,605,640	(12,216,410)	50,424,025

Statements of Changes in Equity
For the Financial Year Ended 31 December 2018 (Cont'd)

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

Statements of Changes in Equity
For the Financial Year Ended 31 December 2018 (Cont'd)

		Attributable to the owners of the parent				
		Non-Distributable			Distributable	
	Note	Share Capital RM	Warrants Reserve RM	Capital Reserve RM	Accumulated Losses RM	Total Equity RM
Company						
At 1 January 2018		44,655,645	13,605,640	-	(20,035,436)	38,225,849
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(572,909)	(572,909)
At 31 December 2018		44,655,645	13,605,640	-	(20,608,345)	37,652,940
At 1 January 2017		37,919,380	13,605,640	2,792,663	(19,512,201)	34,805,482
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(523,235)	(523,235)
Transactions with owners:						
- Issuance of shares pursuant to private placement	14	3,943,602	-	-	-	3,943,602
Transition to no-par value regime on 31 January 2017	14	2,792,663	-	(2,792,663)	-	-
At 31 December 2017		44,655,645	13,605,640	-	(20,035,436)	38,225,849

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash Flows From Operating Activities				
Profit/(Loss) before tax	2,280,080	(1,420,481)	(572,909)	(523,235)
Adjustments for:				
Bad debts written off	21,272	-	-	-
Depreciation of property, plant and equipment	53,452	62,686	17,016	19,337
Reversal of allowance for expected credit loss on trade receivables	(2,020)	-	-	-
Fair value gain on investment properties	(1,089,326)	(1,488,794)	-	-
Loss/(Gain) on disposal of:				
- property, plant and equipment	(960)	-	-	-
- subsidiary companies	1,362,421	-	(12,000)	-
Finance costs	443,741	4,614	-	-
Finance income	(277,748)	(60,041)	(445)	(12,556)
Waiver of liabilities	-	-	90,190	-
Operating profit/(loss) before working capital changes	2,790,912	(2,902,016)	(478,148)	(516,454)
Changes in working capital:				
Inventories	7,149,173	(19,073,719)	-	-
Trade receivables	625,541	2,721,140	-	-
Other receivables	(262,055)	24,698,266	32,017	(56,911)
Trade payables	(2,455,562)	(126,099)	-	-
Other payables	(3,981,123)	19,182,483	(31,314)	(155,634)
Contract assets/liabilities	(1,821,748)	(7,274,234)	-	-
Directors	-	(3,115)	-	(3,115)
Subsidiary companies	-	-	283,610	(3,061,581)
	(745,774)	20,124,722	284,313	(3,277,241)

Statements of Cash Flows

For the Financial Year Ended 31 December 2018 (Cont'd)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash generated from/(used in) operations	2,045,138	17,222,706	(193,835)	(3,793,695)
Interest received	277,748	60,041	445	12,556
Interest paid	(443,741)	(4,614)	-	-
Tax refund	80,699	-	-	-
Tax paid	(1,250,197)	251,007	-	-
	(1,335,491)	306,434	445	12,556
Net cash from/(used in) operating activities	709,647	17,529,140	(193,390)	(3,781,139)
Cash Flows From Investing Activities				
Acquisition of property, plant and equipment	(44,070)	(75,288)	(3,189)	(5,000)
Proceeds from disposal of property, plant and equipment	62,000	-	-	-
Net cash inflow from disposal of subsidiary companies	12,000	-	12,000	-
Net cash from/(used in) investing activities	29,930	(75,288)	8,811	(5,000)
Cash Flows From Financing Activities				
Proceeds from borrowings	10,886,310	15,794,407	-	-
Proceeds from issuance of ordinary shares	-	3,943,602	-	3,943,602
Repayment of borrowings	(2,984,352)	(32,936,614)	-	-
Repayment of finance lease payable	(64,044)	(8,837)	-	-
Net cash from/(used in) financing activities	7,837,914	(13,207,442)	-	3,943,602

Statements of Cash Flows

For the Financial Year Ended 31 December 2018 (Cont'd)

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Net increase/(decrease) in cash and cash equivalents		8,577,491	4,246,410	(184,579)	157,463
Cash and cash equivalents at the beginning of the financial year		3,659,842	657,641	208,116	50,653
Effect of exchange translation differences		(30,376)	(1,244,209)	-	-
Cash and cash equivalents at the end of the financial year		12,206,957	3,659,842	23,537	208,116
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances	13	12,206,957	3,659,842	23,537	208,116

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

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 was located at No. 39, Jalan 5/62A, Bandar Menjalara, 52200 Kuala Lumpur. With effect from 7 November 2018, the Company's principal place of business has been relocated to Unit 106, Block G, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the Company was located at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. With effect from 27 August 2018, the Company's registered office has been relocated to Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

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

2. Basis of Preparation

(a) Statement of compliance

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

In the previous financial year, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia. These are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. Subject to certain transition elections disclosed in Note 32, the Group and the Company have consistently applied the same accounting policies in its opening MFRS statements of financial position at 1 January 2018 (transition date) and throughout all years presented, as if these policies had always been in effect.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Comparative figures for 31 December 2017 in these financial statements have been restated to give effect to these changes. Subsequent to the transition in the financial reporting framework to MFRS on 1 January 2018, the restated comparative information has not been audited under MFRS. However, the comparative statements of financial position as at 31 December 2017, comparative statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended have been audited under the previous financial reporting framework, Financial Reporting Standards in Malaysia. Note 32 discloses the impact of the transition to MFRS on the Group's and on the Company's reported financial position, financial performance and cash flows.

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

Adoption of new and amended standards

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

MFRS 9	Financial Instrument (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and measurement of Share-based payment Transactions
Amendments to MFRS 4*	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 15	Clarification to MFRS 15
Amendments to MFRS 140	Transfer of Investment Property
Annual Improvements to MFRSs 2014 – 2016 Cycle	Amendments to MFRS 1 Amendments to MFRS 128

Note:

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

Notes To The Financial Statements
31 December 2018 (Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for:

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

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company.

The Group and the Company applied MFRS 9 retrospectively, and have elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 January 2018.

(a) Classification of financial assets and liabilities

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") and replaces the existing MFRS 139 Financial Instruments: Recognition and Measurement categories of loans and receivables, held-tomaturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

(b) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company require to record ECL on all of its debt instruments, loans and receivables, either on a 12-months or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Group and the Company do not expect any significant increase in impairment losses.

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

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for: (Cont'd)

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

(c) Effect of changes in classification and measurement of financial assets on 1 January 2018.

	As at 31.12.2017 RM	Remeasurement RM	Reclassification to MFRS 9 AC RM
Group			
Financial Assets			
Loans and receivables			
Trade receivables	4,552,504	(7,302)	4,545,202
Other receivables	6,496,367	-	6,496,367
Cash and bank balances	3,659,842	-	3,659,842
	14,708,713	(7,302)	14,701,411
Company			
Financial Assets			
Loans and receivables			
Other receivables	117,132	-	117,132
Amount due from subsidiary companies	19,694,662	-	19,694,662
Cash and bank balances	208,116	-	208,116
	20,019,910	-	20,019,910

Notes To The Financial Statements
31 December 2018 (Cont'd)

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

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for: (Cont'd)

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

(d) Effect on impairment allowances and fair value adjustment reserve on 1 January 2018.

	RM
Group	
Impairment of financial assets	
Balances under MFRS 139 as at 31 December 2017	-
Impairment losses on trade receivables	7,302
Balances under MFRS 9 as at 1 January 2018	7,302

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

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct goods or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

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

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for: (Cont'd)

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

The Group and the Company using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Accordingly, the comparative information was not restated and the cumulative effects of initial application of MFRS 15 were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2018. The comparative information continued to be reported under the previous accounting policies governed under MFRS 118 and MFRS 111.

The adoption of MFRS 15 resulted in changes in accounting policies and the impact of adoption were included in the opening retained earnings as at 1 January 2018.

(a) Changes to accounting policies

(i) Incremental costs

The Group previously recognised the the commission expenses paid to sales agents in profit or loss as incurred as distribution and marketing expenses. Under MFRS 15, these commission expenses had been capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation.

(ii) Accounting for consideration payable to customer

The Group offers promotions to its customers, including rebates and recognised these as promotion costs in profit or loss as occurred. Under MFRS 15, consideration payable to a customer, which includes cashback, vouchers and gift cards, are accounted for as a reduction of the transaction price and therefore, of revenue.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for: (Cont'd)

Impact arising from the adoption of MFRS 9 and MFRS 15 on the Group's statement of financial position:

	31.12.2017 RM	MFRS 15 adjustments RM	MFRS 9 adjustments RM	1.1.2018 RM
Group				
Assets/(Liabilities)				
Inventories	46,353,128	(258,721)	-	46,094,407
Contract assets	9,724,940	1,625,612	-	11,350,552
Trade receivables	4,552,504	-	(7,302)	4,545,202
Accumulated losses	18,265,611	(5,281,333)	7,302	12,991,580
Contract liabilities	(2,450,706)	3,914,442	-	1,463,736

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new interpretations and amendments to MFRSs 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
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company: (Cont'd)

		Effective dates for financial periods beginning on or after
Annual Improvements to MFRSs 2015 – 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale and Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

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

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis.

The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

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

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

(b) Functional and presentation currency

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

(c) Significant accounting judgements, estimates and assumptions

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

2. Basis of Preparation (Cont'd)

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

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and

(c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

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. The details of property, plant and equipment are disclosed in Note 4.

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 2018 for investment properties. For investment properties, a valuation methodology based on market comparison approach was used. In addition, it measures the investment properties at revalued amounts with changes in fair value being recognised in profit or loss. The investment properties were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

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

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 18.

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

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

Key sources of estimation uncertainty (Cont'd)

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 9.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judegment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of construction contracts are disclosed in Note 10.

Revenue from property development contracts

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

Notes To The Financial Statements

31 December 2018 (Cont'd)

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

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

Key sources of estimation uncertainty (Cont'd)

Revenue from property development contracts (Cont'd)

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgements are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Note 10(b).

Impairment of receivables

The Group review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 8, 11 and 12 respectively.

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.

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2018, the Group has tax recoverable and payable of RM264,807 (31.12.2017: RM336,139; 1.1.2017: RM292,500) and RM Nil (31.12.2017: RM294,646; 1.1.2017: RM Nil) respectively.

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.

Notes To The Financial Statements

31 December 2018 (Cont'd)

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

(a) Basic of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

In the Company's separate financial statements, investment 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(l)(i) to the financial statements on impairment of non-financial assets.

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

(a) Basic of consolidation (Cont'd)

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

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

(iii) Disposal of subsidiary companies

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

(iv) Goodwill on consolidation

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

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

Notes To The Financial Statements
31 December 2018 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(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 Group'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.

(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. 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.

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

(b) Foreign currency translation (Cont'd)

(ii) Foreign operations (Cont'd)

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.

(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(l)(i) to the financial statements on impairment of non-financial assets.

(i) Recognition and measurement

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

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

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.

Notes To The Financial Statements
31 December 2018 (Cont'd)

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

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

(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 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:

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

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

(d) Leases

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

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

(d) Leases (Cont'd)

As lessee

(i) Finance lease

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

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

(ii) Operating lease

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

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

As lessor

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

3. Significant Accounting Policies (Cont'd)

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

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

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

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

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

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

Policy applicable from 1 January 2018

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, and amount due from subsidiary companies.

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Fair value through other comprehensive income

Debt instruments

A debt security is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(f) Financial assets (Cont'd)

Policy applicable from 1 January 2018 (Cont'd)

(b) Fair value through other comprehensive income (Cont'd)

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

Financial assets categorised as FVTOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value adjustment reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

The Group and the Company have not designated any financial assets as FVTOCI.

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

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment.

The Group and the Company have not designated any financial assets at FVTPL.

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

(f) Financial assets (Cont'd)

Policy applicable from 1 January 2018 (Cont'd)

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

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

Policy applicable before 1 January 2018

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

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

The Group and the Company classify their financial assets at initial recognition, into the loans and receivables.

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

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

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

(f) Financial assets (Cont'd)

Policy applicable before 1 January 2018 (Cont'd)

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

Policy applicable from 1 January 2018

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

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

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

(g) Financial liabilities (Cont'd)

Policy applicable before 1 January 2018

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

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

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

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

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

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

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

(h) Offsetting the financial instruments

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

3. Significant Accounting Policies (Cont'd)

(i) Inventories

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

(i) Land held for property development

Land held for property development consists of purchase price of land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value can not be determined reliably, these inventories will be stated at the lower of cost or fair value less costs to sell. Fair value is the amount the inventory can be sold in an arm's length transaction.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

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

(ii) Property development costs

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to subcontractors and borrowing costs capitalised for qualifying assets that incurred during the development period. The asset is subsequently recognised as an expenses in profit or loss when and as the control of the asset is transferred to the customer.

Properties development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

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

(i) Inventories (Cont'd)

(iii) Completed properties held for sale

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition.

Net realiasable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

(j) 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.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work-in-progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

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

(k) Cash and cash equivalents

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

(l) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories 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. 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)**

(l) 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.

(ii) Financial assets

Policy applicable from 1 January 2018

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes To The Financial Statements
31 December 2018 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(l) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Policy applicable before 1 January 2018

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

Financial assets carried at amortised cost

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

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

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

3. Significant Accounting Policies (Cont'd)

(m) Share capital

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

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

(n) Employee benefits

(i) Short-term employee benefits

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

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

(ii) Defined contribution plans

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

Notes To The Financial Statements
31 December 2018 (Cont'd)

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

(o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised goods or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Revenue from property development

The Group recognises revenue from property development over time when control over the property has been transferred to the customers. The properties have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue is recognised over the period of the contract using input method (or cost-to-cost method) to measure the progress towards complete satisfaction of the performance obligations under the sale and purchase agreement, i.e. based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

The Group becomes entitled to invoice customers for construction of promised properties based on achieving a series of performance-related milestones (i.e. progress billing). The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised todate, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

Revenue from sales of completed properties is recognised at a point in time, being when the control of the properties has been passed to the purchasers. And, it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the properties sold.

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

(o) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

(b) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using input method (or cost-to-cost method) to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the proportion of construction costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of the construction contract.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised todate, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

(ii) Rental income

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

Notes To The Financial Statements
31 December 2018 (Cont'd)

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

(o) Revenue recognition (Cont'd)

(iii) 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.

(iv) Interest income

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

(p) Borrowing costs

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

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

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

(q) 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 financial 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 financial years.

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

(q) Income taxes (Cont'd)

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

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

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.

(r) 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.

Notes To The Financial Statements
31 December 2018 (Cont'd)

4. Property, Plant and Equipment

	Computer and software RM	Moter vehicles RM	Office equipment and fixtures RM	Renovation RM	Total RM
Group					
31.12.2018					
At cost					
At 1 January 2018	178,447	93,502	112,404	41,431	425,784
Additions	3,130	-	20,595	20,345	44,070
Disposal	-	(87,200)	-	-	(87,200)
Reclassification	2,980	-	(2,980)	-	-
At 31 December 2018	184,557	6,302	130,019	61,776	382,654
Accumulated depreciation					
At 1 January 2018	134,209	23,463	19,345	11,750	188,767
Charge for the financial year	18,704	4,167	19,370	11,211	53,452
Disposal	-	(26,160)	-	-	(26,160)
Reclassification	1,688	-	(1,688)	-	-
At 31 December 2018	154,601	1,470	37,027	22,961	216,059
Carrying amount					
At 31 December 2018	29,956	4,832	92,992	38,815	166,595
31.12.2017					
At cost					
At 1 January 2017	166,549	87,200	55,316	41,431	350,496
Additions	11,898	6,302	57,088	-	75,288
At 31 December 2017	178,447	93,502	112,404	41,431	425,784
Accumulated depreciation					
At 1 January 2017	110,988	5,813	4,788	4,492	126,081
Charge for the financial year	23,221	17,650	14,557	7,258	62,686
At 31 December 2017	134,209	23,463	19,345	11,750	188,767
Carrying amount					
At 31 December 2017	44,238	70,039	93,059	29,681	237,017
At 1 January 2017	55,561	81,387	50,528	36,939	224,415

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

	Computer and software RM	Office equipment and fixtures RM	Renovation RM	Total RM
Company				
31.12.2018				
At cost				
At 1 January 2018	165,980	6,064	-	172,044
Additions	1,292	1,447	450	3,189
At 31 December 2018	167,272	7,511	450	175,233
Accumulated depreciation				
At 1 January 2018	128,464	1,032	-	129,496
Charge for the financial year	16,196	820	-	17,016
At 31 December 2018	144,660	1,852	-	146,512
Carrying amount				
At 31 December 2018	22,612	5,659	450	28,721
31.12.2017				
At cost				
At 1 January 2017	160,980	6,064	-	167,044
Additions	5,000	-	-	5,000
At 31 December 2017	165,980	6,064	-	172,044
Accumulated depreciation				
At 1 January 2017	109,734	425	-	110,159
Charge for the financial year	18,730	607	-	19,337
At 31 December 2017	128,464	1,032	-	129,496
Carrying amount				
At 31 December 2017	37,516	5,032	-	42,548
At 1 January 2017	51,246	5,639	-	56,885

5. Goodwill

	Group		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Cost			
At 1 January/31 December	68,195	68,195	68,195
Accumulated impairment losses			
At 1 January/31 December	68,195	68,195	68,195
Carrying amounts			
At 1 January/31 December	-	-	-

The recoverable amount of goodwill is 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.

6. Investment Properties

	Group		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
At fair value			
At 1 January	26,558,154	28,092,297	26,123,727
Change in fair value recognised in profit or loss	1,089,326	1,488,794	764,176
Foreign currency translation differences	545,660	(3,022,937)	1,204,394
At 31 December	28,193,140	26,558,154	28,092,297

Included in the above are:

(a) Investment properties under leases

Investment properties comprise a number of leasehold land and commercial properties that are leased to third parties. Each of the leases contains a cancellable period ranging from 4 to 10 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

6. **Investment Properties (Cont'd)**

(b) Fair value basis of investment properties

The investment properties are valued annually at fair value based on market values determined by independent qualified valuer amounting to RMB46,868,400 (31.12.2017: RMB42,994,500; 1.1.2017: RMB42,994,500). The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the market comparison approach. Sales prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size.

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

The increase in the fair values of RM1,089,326 (2017: RM1,488,794) has been recognised in the profit or loss during the financial year.

(c) Income and expenses recognised in profit or loss

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

	Group	
	2018	**2017**
	RM	**RM**
Rental income	102,059	136,762
Direct operating expenses:		
- Income generating investment properties	42,781	12,855
- Non-income generating investment properties	16,401	-

7. Investment in Subsidiary Companies

	Company		
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
In Malaysia			
At cost			
Unquoted shares	10,750,004	11,780,002	11,780,002
Less: Accumulated impairment losses	(920,843)	(1,950,841)	(1,950,841)
	9,829,161	9,829,161	9,829,161
Outside Malaysia			
At cost			
Unquoted shares	8,563,000	8,997,800	8,997,800
Less: Accumulated impairment losses	-	(434,800)	(434,800)
	8,563,000	8,563,000	8,563,000
	18,392,161	18,392,161	18,392,161

Movements in the allowance for impairment losses of investment in subsidiary companies are as follows:

	Company	
	31.12.2018	31.12.2017
	RM	RM
At 1 January	2,385,641	2,385,641
Disposal of subsidiary companies	(1,464,798)	-
At 31 December	920,843	2,385,641

7. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows:

Name of company	Place of business /Country of incorporation	Equity interest 31.12.2018	31.12.2017	1.1.2017	Principal activities
		%	%	%	
Mas-Be Travel Services Sdn. Bhd.	Malaysia	-	100	100	Provision of travel, cargo handling and aviation-related business services
Nagamas Aviation Services Sdn. Bhd.	Malaysia	-	100	100	Provision of management services for air cargo transportation and travel ticketing business
Nagamas Venture Sdn. Bhd.	Malaysia	100	100	100	Project management and consultation
Nagamas Bizworks Sdn. Bhd.	Malaysia	100	100	100	Property development and construction
JKI Construction Sdn. Bhd.	Malaysia	100	100	100	General contractor of and for all buildings
JKI Development Sdn. Bhd.	Malaysia	100	100	100	Property development and construction
Nadi Pancar Sdn. Bhd.	Malaysia	100	100	100	General trading, real holding and holding
Key Success Development Sdn. Bhd.	Malaysia	100	100	100	Property development and investment
Nagamas Enterprise (HK) Ltd*	Hong Kong	-	100	100	Agency for air cargo transportation
Nagamas International (HK) Ltd*	Hong Kong	100	100	100	Property development and investment

** Subsidiary companies not audited by UHY Malaysia*

7. Investment in Subsidiary Companies (Cont'd)

Disposal of subsidiary companies

On 9 August 2018, the Company disposed of its 100% equity interest in Mas-Be Travel Services Sdn. Bhd., Nagamas Aviation Services Sdn. Bhd. and Nagamas Enterprise (HK) Ltd for a cash consideration of RM10,000, RM1,000 and RM1,000 respectively. The proposed disposal has been completed on 27 September 2018.

The effect of the disposal of subsidiary companies on the financial position of the Group as at the date of disposal was as follows:

	RM
Other receivables	1,376,182
Other payables	(1,761)
Total net assets disposed	1,374,421
Loss on disposal	(1,362,421)
Proceeds from disposal	12,000
Less: Cash and bank balances disposed	-
Net cash inflows from disposal	12,000

There was no disposal in the previous financial year.

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

8. Other Receivables

	Group 31.12.2018 RM	Group 31.12.2017 RM	Group 1.1.2017 RM
Non-current			
Other receivables (a)	3,964,832	-	-
Current			
Other receivables	332,844	5,765,164	30,398,506
Less: Accumulated impairment losses	(20,000)	(465,162)	(465,162)
	312,844	5,300,002	29,933,344
Deposits	1,085,518	1,022,220	733,299
Prepayments	232,084	174,145	527,990
	1,630,446	6,496,367	31,194,633
Presented as:			
Non-current	3,964,832	-	-
Current	1,630,446	6,496,367	31,194,633
	5,595,278	6,496,367	31,194,633

	Company 31.12.2018 RM	Company 31.12.2017 RM	Company 1.1.2017 RM
Current			
Other receivables	27,786	499,108	445,162
Less: Accumulated impairment losses	-	(445,162)	(445,162)
	27,786	53,946	-
Deposits	38,500	48,500	38,500
Prepayments	18,828	14,686	21,721
	85,114	117,132	60,221

(a) This represents deposit paid by a wholly-owned subsidiary company, Nagamas Venture Sdn. Bhd. to Silverland Capital Sdn. Bhd. in which the amount will converted in properties once the Silverlake's project have been completed.

8. Other Receivables (Cont'd)

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

	Group		Company	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM	RM	RM	RM
At 1 January	465,162	465,162	445,162	445,162
Disposal of subsidiary companies	(445,162)	-	(445,162)	-
At 31 December	20,000	465,162	-	445,162

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

9. Inventories

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Property development costs (a)	38,302,263	46,353,128	27,279,409
Completed properties (b)	642,970	-	-
	38,945,233	46,353,128	27,279,409

9. Inventories (Cont'd)

(a) Property development costs

	Freehold land RM	Development expenditure RM	Total RM
Group			
31.12.2018			
Cumulative property development costs			
At the beginning of the financial year, as previously reported	61,063,055	33,622,859	94,685,914
Effect of adopting MFRS 15	-	5,693,464	5,693,464
At the beginning of the financial year, as restated	61,063,055	39,316,323	100,379,378
Costs incurred during the financial year	(1,081,431)	19,493,111	18,411,680
Transfer to completed properties	(277,798)	(365,172)	(642,970)
Reversal of completed projects	(22,222,202)	(30,177,836)	(52,400,038)
At the end of the financial year	37,481,624	28,266,426	65,748,050
Less: Cumulative costs recognised in profit or loss			
At the beginning of the financial year, as previously reported	(18,248,699)	(30,084,087)	(48,332,786)
Effect of adopting MFRS 15	(1,183,185)	(4,769,000)	(5,952,185)
At the beginning of the financial year, as restated	(19,431,884)	(34,853,087)	(54,284,971)
Recognised during the financial year	(8,950,132)	(16,610,722)	(25,560,854)
Reversal of completed projects	22,222,202	30,177,836	52,400,038
At the end of the financial year	(6,159,814)	(21,285,973)	(27,445,787)
Carrying amount			
At 31 December 2018	31,321,810	6,980,453	38,302,263

Notes To The Financial Statements
31 December 2018 (Cont'd)

9. Inventories (Cont'd)

(a) Property development costs (Cont'd)

	Freehold land RM	Development expenditure RM	Total RM
Group			
31.12.2017			
Cumulative property development costs			
At the beginning of the financial year	22,500,000	4,779,409	27,279,409
Costs incurred during the financial year	38,563,055	28,843,450	67,406,505
At the end of the financial year	61,063,055	33,622,859	94,685,914
Less: Cumulative costs recognised in profit or loss			
At the beginning of the financial year	-	-	-
Recognised during the financial year	(18,248,699)	(30,084,087)	(48,332,786)
At the end of the financial year	(18,248,699)	(30,084,087)	(48,332,786)
Carrying amount			
At 31 December 2017	42,814,356	3,538,772	46,353,128
At 1 January 2017	22,500,000	4,779,409	27,279,409

During the financial year, the following costs are capitalised to property development costs:

	Group	
	2018 RM	2017 RM
Sales commission	87,658	-
Staff costs (Note 27)	375,412	442,062
Finance costs (Note 23)	1,448,165	1,841,463

9. Inventories (Cont'd)

(a) Property development costs (Cont'd)

The Group capitalised sales commission in relation to the property development contracts entered into as incremental costs of obtaining contracts with customers in property development costs. These costs are expected to be recoverable and are amortised to profit or loss as cost of sales when the related revenue are recognised. In the comparative period, such commissions were recognised as selling and marketing expenses when incurred. In the current financial year, RM954,013 was amortised and no impairment was recorded.

(b) Completed properties

	Group	
	31.12.2018 RM	31.12.2017 RM
At the beginning of the financial year	-	-
Transfer from property development costs	642,970	-
At the end of the financial year	642,970	-

10. Contract Assets/(Liabilities)

		Group	
	31.12.2018 RM	31.12.2017 RM	01.01.2017 RM
Current			
Contract assets			
Construction contracts (a)	-	887,688	-
Property development activities (b)	14,636,037	8,837,252	-
	14,636,037	9,724,940	-
Contract liabilities			
Property development activities (b)	-	(2,450,706)	-
	14,636,037	7,274,234	-
At 31 December:			
Contract assets	14,636,037	9,724,940	-
Contract liabilities	-	(2,450,706)	-
	14,636,037	7,274,234	-

10. Contract Assets/(Liabilities) (Cont'd)

	Group 2018 RM	Group 2017 RM
Increase/(Decrease) in contract liabilities balances during the financial year:		
Change in measure of progress	(2,450,706)	2,450,706

There were no significant changes in the contract liabilities during the financial year.

(a) Construction contracts

	Group 31.12.2018 RM	Group 31.12.2017 RM	Group 1.1.2017 RM
Contract costs incurred to date	-	25,425,044	25,383,295
Attributable profits	-	4,798,961	4,513,470
	-	30,224,005	29,896,765
Less: Progress billings	-	(29,336,317)	(29,896,765)
	-	887,688	-
Presented as:			
Contract assets	-	887,688	-

The contract assets represent the unbilled amount for work completed as at the reporting date. This amount will be transferred to trade receivables when the right to bill becomes unconditional.

10. Contract Assets/Liabilities (Cont'd)

(b) Property development activities

	Group	
	31.12.2018 RM	31.12.2017 RM
At 1 January, as previously reported	6,386,546	-
Effect of adopting MFRS 15	5,540,054	-
Balance at 1 January, as restated	11,926,600	-
Property development revenue recognised during the financial year	31,445,584	60,673,568
Less: Billings during the financial year	(28,736,147)	(54,287,022)
At 31 December	14,636,037	6,386,546
Presented as:		
Contract assets	14,636,037	8,837,252
Contract liabilities	-	(2,450,706)
	14,636,037	6,386,546

Contract assets in relation to property development activities is the excess of revenue recognised in profit or loss over billings to purchasers as at the reporting date. This unbilled amount for work completed will be transferred to trade receivables when the right to bill becomes unconditional.

(c) Contract value yet to be recognised as revenue

As of the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) is RM161,698,216. The Group expects to recognise this revenue as the construction contracts are completed, which is expected to occur over the next 1-30 months.

11. Trade Receivables

	Group 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Trade receivables	3,905,691	4,844,565	7,565,705
Less: Accumulated impairment losses	(5,282)	(292,061)	(292,061)
	3,900,409	4,552,504	7,273,644

Trade receivables are non-interest bearing and are generally on 30 to 90 days (31.12.2017: 30 to 90 days, 1.1.2017: 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 31.12.2018 RM	31.12.2017 RM
At 1 January, as previously reported	292,061	292,061
Effect of adopting MFRS 9	7,302	-
At 1 January, as restated	299,363	292,061
Impairment losses recognised	(2,020)	-
Disposal of a subsidiary company	(292,061)	-
At 31 December	5,282	292,061

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

11. **Trade Receivables (Cont'd)**

The aged analysis of the trade receivables as at the end of the reporting period are as follow:

Group	Gross amount RM	Loss allowance RM	Net amount RM
31.12.2018			
Neither past due nor impaired	370,792	-	370,792
Past due not impaired:			
Less than 30 days	3,342,654	(4,734)	3,337,920
31 to 60 days	192,083	(548)	191,535
61 to 90 days	162	-	162
	3,534,899	(5,282)	3,529,617
	3,905,691	(5,282)	3,900,409
31.12.2017			
Neither past due nor impaired	2,201,852	-	2,201,852
Past due not impaired:			
Less than 30 days	632,116	-	632,116
31 to 60 days	877,718	-	877,718
61 to 90 days	141,760	-	141,760
More than 90 days	699,058	-	699,058
	2,350,652	-	2,350,652
	4,552,504	-	4,552,504
Credit impaired:			
Individual impaired	292,061	-	292,061
	4,844,565	-	4,844,565
1.1.2017			
Neither past due nor impaired	878,888	-	878,888
Past due not impaired:			
Less than 30 days	3,362,243	-	3,362,243
31 to 60 days	1,446,159	-	1,446,159
61 to 90 days	964,610	-	964,610
More than 90 days	621,744	-	621,744
	6,394,756	-	6,394,756
	7,273,644	-	7,273,644
Credit impaired:			
Individual impaired	292,061	-	292,061
	7,565,705	-	7,565,705

Notes To The Financial Statements

31 December 2018 (Cont'd)

11. Trade Receivables (Cont'd)

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

As at 31 December 2018, trade receivables of RM3,529,617 (31.12.2017: RM2,350,652, 1.1.2017: RM6,394,756) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM Nil (31.12.2017: RM292,061, 1.1.2017: 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.

12. Amount Due from/(to) Subsidiary Companies

		Company	
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Amount due from subsidiary companies			
Amount due from subsidiary companies	25,015,627	21,028,338	18,137,305
Less: Accumulated impairment losses	(139,286)	(1,333,676)	(1,333,676)
	24,876,341	19,694,662	16,803,629
Amount due to subsidiary companies	(5,664,353)	(108,874)	(279,422)

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

	Company	
	31.12.2018	31.12.2017
	RM	RM
At 1 January	1,333,676	1,333,676
Amount written off	(1,194,390)	-
At 31 December	139,286	1,333,676

12. Amount Due from/(to) Subsidiary Companies (Cont'd)

The Company determines the probability of default for these loans and advances individually using internal information available. Table below provide information about the exposure to credit risk and ECLs as at 31 December 2018:

	Gross amount RM	Loss allowances RM	Net amount RM
Low credit risk	25,015,627	-	25,015,627
Credit impaired	(139,286)	-	(139,286)
	24,876,341	-	24,876,341

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

13. Cash and Bank Balances

	Group		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Cash and bank balances	11,173,234	2,209,617	425,904
Housing Development Accounts	1,033,723	1,450,225	231,737
Total cash and bank balances	12,206,957	3,659,842	657,641

	Company		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Cash and bank balances	23,537	208,116	50,653

Housing Development Accounts pursuant to Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

14. Share Capital

	Group and Company			
	Number of shares		Amount	
	31.12.2018 Unit	31.12.2017 Unit	31.12.2018 RM	31.12.2017 RM
Issued and fully paid:				
At 1 January	166,845,219	151,677,519	44,655,645	37,919,380
Transition to non-par value regime on 31 January 2017 (Note 15(a))				
- Capital reserve	-	-	-	2,792,663
Issued during the financial year	-	15,167,700	-	3,943,602
At 31 December	166,845,219	166,845,219	44,655,645	44,655,645

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

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

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

15. Reserves

	Note	31.12.2018 RM	21.12.2017 RM	1.1.2017 RM
Group				
Capital reserve	(a)	-	-	2,792,663
Warrants reserve	(b)	13,605,640	13,605,640	13,605,640
Foreign currency translation reserve	(c)	4,379,150	3,765,902	6,068,986
Accumulated losses		(12,216,410)	(18,265,611)	(14,788,824)
		5,768,380	(894,069)	7,678,465
Company				
Capital reserve	(a)	-	-	2,792,663
Warrants reserve	(b)	13,605,640	13,605,640	13,605,640
Accumulated losses		(20,608,345)	(20,035,436)	(19,512,201)
		(7,002,705)	(6,429,796)	(3,113,898)

(a) Capital reserve

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

Prior to 31 January 2017, the application of the capital reserve was governed by Section 60 and 61 of the Companies Act, 2016. In accordance with the transitional provisions set out in Section 618(2) of the new Companies Act, 2016 (the "Act"), on 31 December 2017, the amounts standing to the credit of the capital reserve become part of the Company's share capital (Note 14).

(b) Warrants reserve

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

Salient features of the Warrants are as follows:

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

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

Notes To The Financial Statements

31 December 2018 (Cont'd)

15. Reserves (Cont'd)

(b) Warrants reserve (Cont'd)

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

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

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

(c) Foreign currency translation reserve

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

16. Finance Lease Payable

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Minimum lease payments:			
Within one year	-	13,452	13,452
Later than one year and not later than two years	-	13,452	13,452
Later than two years and not later than five years	-	40,356	40,356
Later than five years	-	10,088	23,539
	-	77,348	90,799
Less: Future finance charges	-	(13,304)	(17,918)
Present value of minimum lease payments	-	64,044	72,881

16. Financial Lease Payable (Cont'd)

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Present value of minimum lease payments:			
Within one year	-	9,448	8,837
Later than one year and not later than two years	-	10,100	9,447
Later than two years and not later than five years	-	34,685	32,443
Later than five years	-	9,811	22,154
	-	64,044	72,881
Analysed as:			
Repayable within twelve months	-	9,448	8,837
Repayable after twelve months	-	54,596	64,044
	-	64,044	72,881

The finance lease payable bears interest rate at 3.65% (2017: 3.65%) per annum.

17. Bank Borrowings

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Secured			
Term loans	5,492,081	6,527,514	32,550,000
Bridging loans	17,817,670	8,880,279	-
	23,309,751	15,407,793	32,550,000
Non-current			
Term loans	3,932,023	-	-
	3,932,023	-	-
Current			
Term loans	1,560,058	6,527,514	32,550,000
Bridging loans	17,817,670	8,880,279	-
	19,377,728	15,407,793	32,550,000
	23,309,751	15,407,793	32,550,000

Notes To The Financial Statements

31 December 2018 (Cont'd)

17. Bank Borrowings (Cont'd)

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

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

The Company had obtained a new term loan facility of RM16,800,000 from Malayan Banking Berhad to redeem JVP's current loan facilities during the financial year ended 31 December 2016. The interests will be borne and charged to JVP up to a maximum amount of RM1,250,000.

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

(b) The facilities are secured by the following:

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

(c) The average effective interest rates per annum are as follow:

	Group	
	2018 RM	2017 RM
Term loans	8.15%	7.38%
Bridging loans	8.15%	7.38%

18. Deferred Tax Liabilities

	Group	
	31.12.2018 RM	31.12.2017 RM
At 1 January	5,905,176	5,812,932
Recognised in profit or loss (Note 25)	558,726	744,397
Exchange differences	115,074	(652,153)
At 31 December	6,578,976	5,905,176

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

		Group	
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Deferred tax liabilites	6,592,359	5,922,272	5,844,651
Deferred tax assets	(13,383)	(17,096)	(31,719)
	6,578,976	5,905,176	5,812,932

		Company	
	31.12.2018 RM	31.12.2018 RM	1.1.2017 RM
Deferred tax liabilites	4,368	7,747	11,896
Deferred tax assets	(4,368)	(7,747)	(11,896)
	-	-	-

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

	Revaluation of investment property RM	Accelerated capital allowances RM	Total RM
Group			
Deferred tax liabilities			
At 1 January 2018	5,905,176	17,096	5,922,272
Recognised in profit or loss	558,726	(3,713)	555,013
Effect on changes in exchange rate	115,074	-	115,074
At 31 December 2018	6,578,976	13,383	6,592,359

18. Deferred Tax Liabilities (Cont'd)

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

	Revaluation of investment property RM	Accelerated capital allowances RM	Total RM
Group			
Deferred tax liabilities			
At 1 January 2017	5,812,932	31,719	5,844,651
Recognised in profit or loss	744,397	(14,623)	729,774
Effect on changes in exchange rate	(652,153)	-	(652,153)
At 31 December 2017	5,905,176	17,096	5,922,272

	Accelerated capital allowances RM
Company	
Deferred tax liabilities	
At 1 January 2018	7,747
Recognised in profit or loss	(3,379)
At 31 December 2018	4,368
At 1 January 2017	11,896
Recognised in profit or loss	(4,149)
At 31 December 2017	7,747

	Unabsorbed capital allowances RM
Group	
Deferred tax assets	
At 1 January 2018	(17,096)
Recognised in profit or loss	3,713
At 31 December 2018	(13,383)
At 1 January 2017	(31,719)
Recognised in profit or loss	14,623
At 31 December 2017	(17,096)

18. Deferred Tax Liabilities (Cont'd)

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

	Unabsorbed capital allowances RM
Company	
Deferred tax assets	
At 1 January 2018	(7,747)
Recognised in profit or loss	3,379
At 31 December 2018	(4,368)
At 1 January 2017	(11,896)
Recognised in profit or loss	4,149
At 31 December 2017	(7,747)

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

	Group 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Unabsorbed capital allowances	149,875	118,343	462,418
Unutilised tax losses	12,024,366	11,581,937	7,009,840
	12,174,241	11,700,280	7,472,258

	Company 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Unabsorbed capital allowances	109,787	93,102	66,853
Unutilised tax losses	3,915,137	3,517,947	3,638,360
	4,024,924	3,611,049	3,705,213

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

19. Trade Payables

Credit terms of trade payables of the Group ranged from 30 to 90 days (31.12.2017: 30 to 90 days; 1.1.2017: 30 to 90 days) depending on the terms of the contracts.

20. Other Payables

	Group		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Other payables	15,372,148	20,056,683	1,413,425
Accruals	1,675,092	973,441	434,216
	17,047,240	21,030,124	1,847,641

	Company		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Other payables	42,281	73,596	245,913
Accruals	46,300	46,300	29,617
	88,581	119,896	275,530

Included in other payables are RM13,275,355 (31.12.2017: RM13,288,055; 1.1.2017: RM Nil) being the balance of land owner entitlement payable to Fivestar Development (Puchong) Sdn. Bhd..

21. Amount Due to Directors

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

22. Revenue

	Group 2018 RM	Group 2017 RM
Revenue from contracts with customers:		
- Project management and advisory	108,367	-
- Construction contract revenue	32,232,499	62,221,247
	32,340,866	62,221,247
Revenue from other sources:		
- Rental income from investment properties	102,059	136,762
	32,442,925	62,358,009
Timing of revenue recognition:		
At a point in time	108,367	-
Over time	32,232,499	62,221,247
Total revenue from contracts with customers	32,340,866	62,221,247

Revenue from contracts with customers recognised for the Group in the current financial year included RM2,619,863 that was from performance obligations satisfied (or partially satisfied) in previous financial years, mainly due to change in the estimate of stage of completion of certain construction contracts.

23 Finance Costs

	Group 2018 RM	Group 2017 RM
Interest expenses on:		
Bridging loans	995,327	280,756
Finance lease payable	756	4,614
Term loans	452,838	1,560,707
Financial assets at amortised cost	442,985	-
	1,891,906	1,846,077
Less: Finance costs capitalised in property development costs (Note 9)	(1,448,165)	(1,841,463)
	443,741	4,614

Notes To The Financial Statements
31 December 2018 (Cont'd)

24. Profit/(Loss) Before Tax

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

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Auditors' remuneration				
- Statutory audit				
- Current year provision	129,671	130,272	32,000	22,000
- (Over)/Under provision in prior year	(6,900)	8,000	-	8,000
- Non-audit services	10,000	5,000	10,000	5,000
Bad debts written off	21,272	-	-	-
Depreciation of property, plant and equipment	53,452	62,686	17,016	19,337
Fair value gain on investment properties	(1,089,236)	(1,488,794)	-	-
Gain on disposal of property, plant and equipment	(960)	-	-	-
Loss/(Gain) on disposal of subsidiary companies	1,362,421	-	(12,000)	-
Interest income				
- Late payment interest charge	(224,285)	-	-	-
- Others	(53,463)	(60,041)	(445)	(12,556)
Non-executive Directors' remuneration				
- Fees	120,000	119,500	120,000	119,500
- Other emoluments	11,000	-	11,000	-
Rental expenses				
- Premises	254,800	309,400	-	-
- Sales gallery	95,500	156,000	-	-
Waiver of liabilities	-	-	90,190	-

25. Taxation

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Tax expenses recognised in profit or loss				
Current tax provision				
- Malaysia income tax	915,773	1,272,499		
Under provision in prior years	30,411	39,410	-	-
	946,184	1,311,909	-	-
Deferred tax (Note 18)				
Origination and reversal of temporary differences	558,726	744,397	-	-
	1,504,910	2,056,306	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) 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 2018 (Cont'd)

25. Taxation (Cont'd)

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit/(Loss) before tax	2,280,080	(1,420,481)	(572,909)	(523,235)
At Malaysian statutory tax rate of 24% (2017: 24%)	547,219	(340,915)	(137,498)	(125,576)
Effects of different tax rates in other jurisdictions	423,057	321,510	-	-
	970,276	(19,405)	(137,498)	(125,576)
Expenses not deductible for tax purposes	320,894	557,934	41,048	148,175
Income not subject to tax	(487,043)	(276,899)	(2,880)	-
Fair value gain on investment properties	558,726	744,397	-	-
Deferred tax assets not recognised during the financial year	113,751	1,169,784	99,330	113,242
Utilisation of previously unrecognised tax losses	-	(155,059)	-	(135,841)
Utilisation of previously unrecognised deferred tax assets	(2,105)	(3,856)	-	-
Under provision of tax in prior years	30,411	39,410	-	-
	1,504,910	2,056,306	-	-

25. Taxation (Cont'd)

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

		Group	
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Unabsorbed capital allowances	205,639	189,577	594,580
Unutilised tax losses	12,024,366	11,581,937	7,009,840
	12,230,005	11,771,514	7,604,420

		Company	
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Unabsorbed capital allowances	127,988	125,380	116,420
Unutilised tax losses	3,915,137	3,517,947	3,638,360
	4,043,125	3,643,327	3,754,780

26. Earnings/(Loss) Per Share

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share are calculated based on the consolidated profit/(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	
	2018	**2017**
	RM	**RM**
Gain/(Loss) attributable to owners of the parent	775,170	(3,476,787)
Weighted average number of ordinary shares in issue	166,845,219	161,789,319
Basic earnings/(loss) per shares (in sen)	0.46	(2.15)

26. Earnings/(Loss) Per Share (Cont'd)

(b) Diluted earnings/(loss) per share

Diluted loss per share are calculated based on the consolidated profit/(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	
	2018 RM	2017 RM
Gain/(Loss) attributable to owners of the parent	775,170	(3,476,787)
Weighted average number of ordinary shares in issue	166,645,219	161,789,319
Effect of potential exercise of warrants	75,586,889	75,586,889
Weighted average number of ordinary shares at 31 December	242,232,108	237,376,208
Basic earnings/(loss) per ordinary shares (in sen)	0.32	(1.46)

27. Staff Costs

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries and other emoluments	2,633,197	3,106,811	-	120,938
Social security contributions	17,034	17,798	-	-
Defined contribution plans	289,128	283,255	-	-
Other employee benefits	63,057	51,446	-	8,084
	3,002,416	3,459,310	-	129,022
Less: Staff costs capitalised in property development costs (Note 9)	(375,412)	(442,062)	-	-
	2,627,004	3,017,248	-	129,022

27. Staff Costs (Cont'd)

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Executive Directors				
Existing Directors of the Company				
Salaries and other emoluments	1,080,000	855,000	-	-
Social security contributions	2,617	1,796	-	-
Defined contribution plans	96,000	48,325	-	-
	1,178,617	905,121	-	-

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.

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 10 and 22 to the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Transactions with companies in which the Directors of the Company have substantial financial interest				
- Project management services income	108,367	-	-	-
- Construction revenue	(534,546)	1,547,679	-	-

(c) Compensation of key management personnel

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Salaries and other emoluments	1,080,000	855,000	-	-
Social security contributions	2,617	1,796	-	-
Defined contribution plans	96,000	48,325	-	-
	1,178,617	905,121	-	-

29. Reconciliation of Liabilities Arising from Financing Activities

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

	At 1 January 2018 RM	Financing cash flows (i) RM	At 31 December 2018 RM
Group			
Finance lease payable	64,044	(64,044)	-
Bank borrowings	15,407,793	7,901,958	23,309,751
	15,471,837	7,837,914	23,309,751

	At 1 January 2017 RM	Financing cash flows (i) RM	At 31 December 2017 RM
Group			
Finance lease payable	72,881	(8,837)	64,044
Bank borrowings	32,550,000	(17,142,207)	15,407,793
	32,622,881	(17,151,044)	15,471,837

(i) The net amount of the financing cash flows were make up from the followings:

(a) proceeds and repayment of borrowings; and

(b) repayment of finance lease payable.

Notes To The Financial Statements
31 December 2018 (Cont'd)

30. Segment Information

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

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

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

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

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

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

30. **Segment Information (Cont'd)**

Group	**Property development and construction RM**	**Project management and advisory RM**	**Property management and investment holding RM**	**Total segments RM**	**Adjustments and elimination RM**	**Consolidated RM**
2018						
Revenue						
External customers						
- Project management and advisory	-	108,367	-	108,367	-	108,367
- Construction contract revenue	32,232,499	-	-	32,232,499	-	32,232,499
- Rental income from investment properties	-	-	102,059	102,059	-	102,059
	32,232,499	108,367	102,059	32,442,925	-	32,442,925
Inter-segment	16,493,400	-	-	16,493,400	(16,493,400)	-
Total revenue	48,725,899	108,367	102,059	48,936,325	(16,493,400)	32,442,925
Results						
Interest income	277,303	-	445	277,748	-	277,748
Finance costs	(443,741)	-	-	(443,741)	-	(443,741)
Depreciation	(36,436)	-	(17,016)	(53,452)	-	(53,452)
Fair value gain on investment properties	-	-	1,089,326	1,089,326	-	1,089,326
Other non-cash items	(18,292)	-	-	(18,292)	-	(18,292)
Segment profit	2,963,176	108,367	(32,874)	3,038,669	(2,263,499)	775,170

30. **Segment Information (Cont'd)**

Group	Property development and construction RM	Project management and advisory RM	Property management and investment holding RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
31.12.2018						
Segment assets						
Capital expenditure	41,621,721	-	-	41,621,721	(2,676,488)	38,945,233
Segment assets	36,255,612	-	28,707,611	64,963,223	-	64,963,223
Total assets	77,877,333	-	28,707,611	106,584,944	(2,676,488)	103,908,456
Liabilities						
Segment liabilities	46,607,703	-	6,876,728	53,484,431	-	53,484,431
Other non-cash items						
Bad debts written off	(21,272)	-	-	(21,272)	-	(21,272)
Gain on disposal of property, plant and equipment	960	-	-	960	-	960
Reversal of allowance for expected credit loss on trade receivables	2,020	-	-	2,020	-	2,020
	(18,292)	-	-	(18,292)	-	(18,292)

30. **Segment Information (Cont'd)**

Group	Property development and construction RM	Project management and advisory RM	Property management and investment holding RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
2017						
Revenue						
External customers						
- Construction contract revenue	62,221,247	-	-	62,221,247	-	62,221,247
- Rental income from investment properties	-	-	136,762	136,762	-	136,762
	62,221,247	-	136,762	62,358,009	-	62,358,009
Inter-segment	27,210,395	-	13,459	27,223,854	(27,223,854)	-
Total revenue	89,431,642	-	150,221	89,581,863	(27,223,854)	62,358,009
Results						
Interest income	47,485	-	12,556	60,041	-	60,041
Finance costs	(4,614)	-	-	(4,614)	-	(4,614)
Depreciation	(42,325)	-	(20,361)	(62,686)	-	(62,686)
Fair value gain on investment properties	-	-	1,488,794	1,488,794	-	1,488,794
Segment (loss)/profit	(1,891,859)	-	234,058	(1,657,801)	(1,818,986)	(3,476,787)

30. **Segment Information (Cont'd)**

Group	Property development and construction RM	Project management and advisory RM	Property management and investment holding RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
31.12.2017						
Segment assets						
Capital expenditure	49,028,226	-	-	49,028,226	(1,787,410)	47,240,816
Segment assets	23,439,384	-	27,237,891	50,677,275	-	50,677,275
Total assets	72,467,610	-	27,237,891	99,705,501	(1,787,410)	97,918,091
Liabilities						
Segment liabilities	47,797,268	-	6,359,247	54,156,515	-	54,156,515

30. **Segment Information (Cont'd)**

Group	Property development and construction RM	Project management and advisory RM	Property management and investment properties RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
1.1.2017						
Assets						
Capital expenditure	27,279,409	-	-	27,279,409	-	27,279,409
Segment assets	39,614,616	115,110	28,005,404	67,735,130	-	67,735,130
Total assets	66,894,025	115,110	28,005,404	95,014,539	-	95,014,539
Liabilities						
Segment liabilities	43,429,791	81,334	5,905,569	49,416,694	-	49,416,694

Notes To The Financial Statements
31 December 2018 (Cont'd)

30. **Segment Information (Cont'd)**

<u>Geographic information</u>

Breakdown of the Group's revenue from contract with customers:

Group	**Property development and construction RM**	**Project management and advisory RM**	**Property management and investment properties RM**	**Total segments RM**	**Adjustments and elimination RM**	**Consolidated RM**
Revenue						
Geograhical market:						
2018						
Malaysia						
- Project management and advisory	-	108,367	-	108,367	-	108,367
- Construction contract revenue	48,725,899	-	-	48,725,899	(16,493,400)	32.232,499
	48,725,899	108,367	-	48,834,266	(16,493,400)	32,340,866
People's Republic of China	-	-	102,059	102,059	-	102,059
	48,725,899	108,367	102,059	48,936,325	(16,493,400)	32,442,925
2017						
Malaysia						
- Construction contract revenue	62,221,247	-	-	62,221,247	-	62,221,247
People's Republic of China	-	-	136,762	136,762	-	136,762
	62,221,247	-	136,762	62,358,009	-	62,358,009

30 **Segment Information (Cont'd)**

Geographic information (Cont'd)

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

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Non-current assets			
Malaysia	4,131,520	237,017	224,415
People's Republic of China	28,193,047	26,558,154	28,092,297
	32,324,567	26,795,171	28,316,712

31. Financial Instruments

(a) Classification of financial instruments

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

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

Group	At Amortised cost RM
31.12.2018	
Financial assets	
Trade receivables	3,900,409
Other receivables	5,363,194
Cash and bank balances	12,206,957
	48,028,714
Financial liabilities	
Bank borrowings	23,309,751
Trade payables	6,548,464
Other payables	17,047,240
	46,905,455

Group	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
31.12.2017			
Financial assets			
Trade receivables	4,552,504	-	4,552,504
Other receivables	6,322,222	-	6,322,222
Cash and bank balances	3,659,842	-	3,659,842
	14,534,568	-	14,534,568

31. Financial Instruments (Cont'd)

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

Group	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
31.12.2017			
Financial liabilities			
Bank borrowings	-	15,407,793	15,407,793
Finance lease payable	-	64,044	64,044
Trade payables	-	9,004,026	9,004,026
Other payables	-	21,030,124	21,030,124
	-	45,505,987	45,505,987
1.1.2017			
Financial assets			
Trade receivables	7,273,644	-	7,273,644
Other receivables	30,666,643	-	30,666,643
Cash and bank balances	657,641	-	657,641
	38,597,928	-	38,597,928
Financial liabilities			
Bank borrowings	-	32,550,000	32,550,000
Finance lease payable	-	72,881	72,881
Trade payables	-	9,130,125	9,130,125
Other payables	-	1,847,641	1,847,641
Amount due to Directors	-	3,115	3,115
	-	43,603,762	43,603,762

31. **Financial Instruments (Cont'd)**

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

	At Amortised cost RM
Company	
31.12.2018	
Financial assets	
Other receivables	66,286
Amount due from subsidiary companies	24,876,341
Cash and bank balances	23,537
	24,966,164
Financial liabilities	
Other payables	88,581
Amount due to a subsidiary company	5,664,353
	5,752,934

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
31.12.2017			
Financial assets			
Other receivables	102,446	-	102,446
Amount due from subsidiary companies	19,694,662	-	19,694,662
Cash and bank balances	208,116	-	208,116
	20,005,224	-	20,005,224

31. Financial Instruments (Cont'd)

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

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Company			
Financial liabilities			
Other payables	-	119,896	119,896
Amount due to a subsidiary company	-	108,874	108,874
	-	228,770	228,770
1.1.2017			
Financial assets			
Other receivables	38,500	-	38,500
Amount due from subsidiary companies	16,803,629	-	16,803,629
Cash and bank balances	50,653	-	50,653
	16,892,782	-	16,892,782
Financial liabilities			
Other payables	-	275,530	275,530
Amount due to a subsidiary company	-	279,422	279,422
Amount due to Directors	-	3,115	3,115
	-	558,067	558,067

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and the Company'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.

31. Financial Instruments (Cont'd)

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

(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. 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. There are no significant changes as compared to prior periods.

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. 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.

At each reporting date, the Group and the Company assess whether any if the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

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 for banking facilities.

The Company's maximum exposure in this respect is RM27,450,438 (31.12.2017: RM19,548,480; 1.1.2017: RM33,345,866), 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.

31. **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 and advances to its subsidiary companies where risks of default have been assessed to be low.

There are no significant changes as compared to prior periods.

(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.

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31 December 2018 (Cont'd)

31. 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
Group						
31.12.2018						
Non-derivative financial liabilities						
Trade payables	6,548,464	-	-	-	6,548,464	6,548,464
Other payables	17,047,240	-	-	-	17,047,240	17,047,240
Bank borrowings	21,074,694	1,938,252	2,347,707	-	25,360,653	23,309,751
	44,670,398	1,938,252	2,347,707	-	48,956,357	46,905,455

31. **Financial Instruments (Cont'd)**

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

(ii) Liquidity risk (Cont'd)

	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
Group						
31.12.2017						
Non-derivative financial liabilities						
Trade payables	9,004,026	-	-	-	9,004,026	9,004,026
Other payables	21,030,124	-	-	-	21,030,124	21,030,124
Finance lease payable	13,452	13,452	40,356	10,088	77,348	64,044
Bank borrowings	15,407,793	-	-	-	15,407,793	15,407,793
	45,455,395	13,452	40,356	10,088	45,519,291	45,505,987
1.1.2017						
Non-derivative financial liabilities						
Trade payables	9,130,125	-	-	-	9,130,125	9,130,125
Other payables	1,847,641	-	-	-	1,847,641	1,847,641
Finance lease payable	13,452	13,452	40,356	23,539	90,799	72,881
Bank borrowings	2,827,320	12,438,252	11,095,393	19,693,055	46,054,020	32,550,000
Amount due to Directors	3,115	-	-	-	3,115	3,115
	13,821,653	12,451,704	11,135,749	19,716,594	57,125,700	43,603,762

Notes To The Financial Statements
31 December 2018 (Cont'd)

31. **Financial Instruments (Cont'd)**

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

(ii) Liquidity risk (Cont'd)

	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
Company						
31.12.2018						
Non-derivative financial liabilities						
Other payables	88,581	-	-	-	88,581	88,581
Amount due to subsidiary companies	5,664,353	-	-	-	5,664,353	5,664,353
	5,752,934	-	-	-	5,752,934	5,752,934
31.12.2017						
Non-derivative financial liabilities						
Other payables	119,896	-	-	-	119,896	119,896
Amount due to subsidiary companies	108,874	-	-	-	108,874	108,874
	228,770	-	-	-	228,770	228,770

31. **Financial Instruments (Cont'd)**

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

(ii) Liquidity risk (Cont'd)

	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
Company						
1.1.2017						
Non-derivative financial liabilities						
Other payables	275,530	-	-	-	275,530	275,530
Amount due to a subsidiary company	279,422	-	-	-	279,422	279,422
Amount due to Directors	3,115	-	-	-	3,115	3,115
	558,067	-	-	-	558,067	558,067

31. **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 borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

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 significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

		Group	
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Floating rate instruments			
Term loans	5,492,081	6,527,514	32,550,000
Bridging loans	17,817,670	8,880,279	-
	23,309,751	15,407,793	32,550,000
Fixed rate instrument			
Finance lease payable	-	64,044	72,881

31. **Financial Instruments (Cont'd)**

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

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

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group' profit/(loss) before tax by RM233,098 (2017: RM154,078) 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.

Notes To The Financial Statements
31 December 2018 (Cont'd)

31. Financial Instruments (Cont'd)

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

	Fair value of financial instruments not carried at fair value				Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM
Group					
31.12.2018					
Financial liability					
Bank borrowings	-	19,377,728	-	19,377,728	23,309,751
31.12.2017					
Financial liabilities					
Finance lease payable	-	77,348	-	77,348	64,044
Bank borrowings	-	15,407,793	-	15,407,793	15,407,793
1.1.2017					
Financial liabilities					
Finance lease payable	-	75,702	-	75,702	72,881
Bank borrowings	-	32,550,000	-	32,550,000	32,550,000

31. **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.

32. **Transition from Financial Reporting Standards Framework (FRS) to MFRS**

As stated in Note 2(a) to the financial statements, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 3 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2018, the comparative information presented in these financial statements for the financial year ended 31 December 2017 and in the preparation of the opening MFRS statements of financial position at 1 January 2017 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the financial statements of the Group and of the Company.

33. Capital Management

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

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

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

		Group	
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Total loans and borrowings	23,309,751	15,471,837	32,622,881
Less: Cash and cash equivalents	(12,206,957)	(3,659,842)	(657,641)
Net debts	11,102,794	11,811,995	31,965,240
Total equity	50,424,025	43,761,576	45,597,845
Gearing ratio	0.22	0.27	0.70

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

The Group is not subject to any externally imposed capital requirements.

34. Subsequent Events

On 7 March 2019, a wholly-owned subsidiary company of the Group, JKI Construction Sdn. Bhd. had received a Writ of Summons and Statement of Claim both dated 4 March 2019 from Messrs KH Lim & Co, the solicitor for MKDB Sdn. Bhd. claiming that JKI Construction Sdn. Bhd. (another wholly-owned subsidiary company of the Group) failed, refused and/or neglected to pay the balance sum of RM377,982.58 (being the retention sum) pursuant to the Settlement Agreement dated 20 September 2018. The retention sum was included in trade payables.

35. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 16 April 2019.

LIST OF PROPERTIES

Properties of the Group as at 31 December 2018

Location	Description, Built-Up Area & Usage	Age of Building	Tenure	Net Book Value (RM)	Date of Revaluation (Acquisition Date)
Unit No. 3, 4, 5 & 6 on Level 1 and Unit No. 2, 3, 4, 5, 6 & 7 on Level 2 of Block 1 (Long Xian Ge) and Unit No. 2 & 3 on Level 1 and Unit No. 3 & 4 on Level 2 of Block 2 (Long He Ge), Dragon Mall, Danshui, Bai Yun 2nd Road, Huiyang District, Huizhou City, Guangdong Province, the People's Republic of China	The properties comprise 14 shops in two buildings completed in 2010 The properties have a total gross floor area of approximately 1,467.39 m2 The properties are partial rented	7 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	28,193,140	16 December 2018/ 29 December 2009

ANALYSIS OF SHAREHOLDINGS AS AT 29 MARCH 2019

SHARE CAPITAL

Total Number of Issued Shares	:	166,845,219
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 29 MARCH 2019

Size of Holding	No. of shareholders	% of shareholders	No. of Shares	% of Shares
1 – 99	86	4.089	3,355	0.002
100 - 1,000	1,139	54.160	609,630	0.365
1,001 - 10,000	554	26.343	2,215,030	1.327
10,001 - 100,000	237	11.269	7,991,825	4.789
100,001 - 8,342,259*	83	3.946	92,246,029	55.288
8,342,260 - 5% and above of Issued Shares	4	0.190	63,779,350	38.226
Total	**2,103**	**100.000**	**166,845,219**	**100.000**

* *Less than 5% of Issued Shares*
* *5% and above of Issued Shares*

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company are as follows: -

No.	Name of Director	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	Dato' Ir Lim Siang Chai	15,160,000	9.09	-	-
2	Datuk Lee Kian Seng	15,367,300	9.21	17,863,600@	10.71@
3	Foong Kah Heng	12,650,000	7.58	16,882,450#	10.12#
4	Lee Leong Kui	-	-	-	-
5	Fathi Ridzuan Bin Ahmad Fauzi	-	-	-	-
6	Kamil Bin Abdul Rahman	-	-	-	-
7	Chan Fook Mun	-	-	-	-

Remark:-
@ *Deemed interest for the shares held by his family members pursuant to Section 8, 59(11) and 197(1)(a) of the Companies Act, 2016 ("the Act")*
\# *Deemed interest through FS Motorsports Sdn. Bhd. by virtue of Section 8 of the Act.*

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders (holding 5% or more of the issued capital) based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows: -

No.	Name of Substantial Shareholder	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	FS Motorsports Sdn. Bhd.	16,882,450	10.12	-	-
2	Advance Information Marketing Berhad	16,369,600	9.81	-	-
3	Datuk Lee Kian Seng	15,367,300	9.21	17,863,600@	10.71@
4	Dato'Ir Lim Siang Chai	15,160,000	9.09	-	-

Remark:-
\# *Deemed interest through FS Motorsports Sdn. Bhd. by virtue of Section 8 of the Companies Act, 2016 ("the Act")*
@ *Deemed interest for the shares held by his family members pursuant to Section 8, 59(11) and 197(1)(a) of the Act.*

Analysis of Shareholdings As At 29 March 2019 (Cont'd)

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS
(According to the Record of Depository As At 29 March 2019)

No.	Name of Shareholders	No. of Shares	%
1	FS Motorsports Sdn. Bhd.	16,882,450	10.118
2	Advance Information Marketing Berhad	16,369,600	9.811
3	Lee Kian Seng	15,367,300	9.210
4	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Siang Chai (Margin)	15,160,000	9.086
5	Ang Huat Keat	8,006,900	4.798
6	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chuah Lee Hong (CEB)	7,988,500	4.787
7	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Foong Kah Heng (001)	7,530,000	4.513
8	Yip Kum Fook	6,938,100	4.158
9	Che Abdullah @ Rashidi Bin Che Omar	6,667,700	3.996
10	Chan Siut Har	5,280,000	3.164
11	Foong Kah Heng	5,120,000	3.068
12	Chua Lee Hong	4,537,800	2.719
13	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Sue Wen (6000052)	2,812,500	1.685
14	Teng Bee Ling	2,353,500	1.410
15	CIMB Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Su Kim Ding (MY3082)	2,052,500	1.230
16	Lee Yee Thian	1,668,800	1.000
17	Chan Wan Soon	1,610,000	0.964
18	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB For Lai Ming Chun @ Lai Poh Lin (PB)	1,500,000	0.899
19	Su Kim Ding	1,439,800	0.862
20	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Peng Lam	1,413,400	0.847
21	Wong Thiew Wah	1,383,500	0.829
22	Chiam Yeong Hock	1,249,800	0.749
23	Wong Kichin	1,031,400	0.618
24	Chew Hian Tat	1,000,000	0.599
25	Ong Shiow Yee	1,000,000	0.599
26	Tan Ban Leong	1,000,000	0.599
27	Sharifah Asiah Binti Syed Aziz Baftim	910,050	0.545
28	Lim Lee Took	909,000	0.544
29	Chua Lee Heng	885,000	0.530
30	Chu Poi Tee	828,000	0.496

ANALYSIS OF WARRANTS HOLDINGS AS AT 29 MARCH 2019

Issued Size	:	75,586,889 detachable warrants issued pursuant to the Rights Issue
Number of Warrants Holders	:	392

DISTRIBUTION OF WARRANTS HOLDINGS AS AT 29 MARCH 2019

Size of Holding Warrants	No. of warrants	% of warrants holders	No. of holders	% of warrants
1 – 99	13	3.316	628	0.000
100 - 1,000	48	12.244	29,387	0.038
1,001 - 10,000	138	35.204	560,035	0.740
10,001 - 100,000	118	30.102	4,914,140	6.501
100,001 - 8,342,259	73	18.622	54,212,962	71.722
8,342,260 and above of Issued Warrants	2	0.510	15,869,737	20.995
Total	**392**	**100.000**	**75,586,889**	**100.000**

* *Less than 5% of Issued Warrants*
* *5% and above of Issued Warrants*

DIRECTORS' INTERESTS IN WARRANTS AS AT 29 MARCH 2019

No.	Name of Director	No. of Warrants held Direct	%	No. of Warrants held Indirect	%
1	Dato' Ir Lim Siang Chai	2,750,000	3.64	-	-
2	Datuk Lee Kian Seng	6,207,900	8.21	7,653,200[@]	10.13[@]
3	Foong Kah Heng	6,405,000	8.47	9,661,837[*]	12.78[*]
4	Lee Leong Kui	-	-	-	-
5	Kamil Bin Abdul Rahman	-	-	-	-
6	Fathi Ridzuan Bin Ahmad Fauzi	-	-	-	-
7	Chan Fook Mun	-	-	-	-

Remark:
@ *Deemed interest for the warrants held by his family members pursuant to Section 8, 59(11) and 197(1)(a) of the of the Companies Act, 2016 ("the Act")*
* *Deemed interest through FS Motorsports Sdn. Bhd. by virtue of Section 8 of the Act*

SUBSTANTIAL WARRANTS HOLDERS IN WARRANTS AS AT 29 MARCH 2019

No.	Name of Substantial Shareholder	No. of Warrants held Direct	%	No. of Warrants held Indirect	%
1	FS Motorsports Sdn. Bhd.	9,661,837	12.782	-	-
2	Datuk Lee Kian Seng	6,207,900	8.212	-	-

Analysis of Warrants Holdings As At 29 March 2019 (Cont'd)

LIST OF TOP 30 LARGEST WARRANTS HOLDERS AS AT 29 MARCH 2019
(According to the Record of Depository As At 29 March 2019)

No.	Name of Shareholders	No. of Warrants Held	%
1	FS Motorsports Sdn. Bhd.	9,661,837	12.782
2	Datuk Lee Kian Seng	6,207,900	8.212
3	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Foong Kah Heng (001)	3,765,000	4.981
4	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chuah Lee Hong (CEB)	2,801,250	3.705
5	Wong Thiew Wah	2,759,900	3.651
6	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lim Siang Chai (Margin)	2,750,000	3.638
7	Foong Kah Heng	2,640,000	3.492
8	Su Kim Ding	2,633,000	3.483
9	Lee Boon Koon	2,498,200	3.305
10	Chuah Lee Hong	2,268,900	3.001
11	Kwaan Wei Wei	1,553,000	2.05
12	Ang Lay Mooi	1,500,000	1.984
13	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chang Ai Ling (CCTS)	1,411,000	1.866
14	Lee Leong	1,406,300	1.860
15	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lee Sue Wen (6000052)	1,406,250	1.860
16	Advance Information Marketing Berhad	1,328,400	1.757
17	Siak Wen Cheng	1,259,800	1.666
18	Chai Koon Khow	1,217,600	1.610
19	Soo Hong Lin	1,200,000	1.587
20	Ang Huat Keat	1,195,400	1.581
21	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Ann Gee	1,095,200	1.448
22	Ng Weei Keong	1,000,000	1.322
23	Goh Chwee Lan	900,000	1.190
24	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB For Lai Ming Chun @ Lai Poh Lin	750,000	0.992
25	Saw Guat Ngoh	710,000	0.939
26	Yong Yee Mooi	700,000	0.926
27	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ang He Yam	555,000	0.734
28	Gan Kian Sen	546,200	0.722
29	Wu Song See @ Goh Song See	539,300	0.713
30	Kwok Tong Leng	530,000	0.701

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Fifth (35th) Annual General Meeting of Jiankun Intrenational Berhad ("JIB" or "the Company") will be held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 13 June 2019, at 11.00 a.m. for the purpose of transacting the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. — Please refer to Explanatory Note 1

2. To approve and ratify the additional payment of Directors' Fees amounting to RM13,500, which was in excess of the earlier approved amount of RM169,000 for the period commencing from 1 January 2018 until the conclusion of 35th AGM of the Company scheduled on 13 June 2019. — (Ordinary Resolution 1)

3. To approve the payment of Directors' fees up to RM150,000 and other benefits of up to RM14,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from 14 June 2019 until the conclusion of the next AGM of the Company. — (Ordinary Resolution 2)

4. To re-elect the following Directors who retire by rotation in accordance with Clause 105(1) of the Company's Constitution and who being eligible offer themselves for re-election:

   i) Foong Kah Heng — (Ordinary Resolution 3)
   ii) Chan Fook Mun — (Ordinary Resolution 4)

5. To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. — (Ordinary Resolution 5)

As Special Business:
To consider and, if thought fit, to pass the following resolution:

6. **Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016** — (Ordinary Resolution 6)

   THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

7. To transact any other business of which due notices shall have been given in accordance with the Companies Act 2016.

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482)
THIEN LEE MEE (LS0009760)
Company Secretaries

Kuala Lumpur
Date: 30 April 2019

Notice Of Annual General Meeting (Cont'd)

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member and / or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies.

2. Where a member duly executed the form of proxy but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member.

3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.

4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act 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.

5. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer or attorney, duly authorised.

6. The instrument appointing a proxy must be deposited at the Tricor Investor & Issuing House Services Sdn Bhd, Share Registrar 's Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

7. For the purpose of determining a member who shall be entitled to attend the Thirty-Fifth (35th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 4 June 2019. Only members whose name appears on the Record of Depositors as at 4 June 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/ or vote on his/her behalf.

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS:

1. **Audited Financial Statements for the Financial Year Ended 31 December 2018**

   This Agenda is meant for discussion only as Section 340(1) (a) of the Companies Act, 2016 provide that the Audited Financial Statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda is not put forward for voting.

2. **Ordinary Resolution 1: Additional Payment of Directors' Fees**

   At the Thirty-Fourth AGM of the Company held on 19 June 2018, the shareholders had approved RM169,000 as total Directors' Fees payable to the Directors of the Company for the period commencing from 1 January 2018 up to the next AGM of the Company scheduled on 13 June 2019.

   The total Directors' Fees incurred was amounted to RM182,500. The request on the additional amount of RM13,500 in excess of the RM169,000 is required due to the re-designation of Director of the Company which incurred during the financial year 2018.

3. **Ordinary Resolution 2 : Payment of Directors' Fees and Other Benefits Payable**

   The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

   In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and Board Committees held from 14 June 2019 until the conclusion of the next Annual General Meeting of the Company.

Notice Of Annual General Meeting (Cont'd)

4. **Ordinary Resolution 6 : Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016**

   The Proposed Ordinary Resolution 6, if passed, is a renewal of General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

   The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the Thirty-Fourth (34th) Annual General Meeting held on 19 June 2018 and which will lapse at the conclusion of the Thirty-Fifth (35th) Annual General Meeting to be held on 13 June 2019.

   A renewal of this authority is being sought at the Thirty-Fifth (35th) Annual General Meeting under proposed Ordinary Resolution 6.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Thirty-Fifth (35th) Annual General Meeting.

The Directors who are standing for re-election at the 35th Annual General Meeting of the Company are:

i)	Mr. Foong Kah Heng	Clause 105(1)	(Ordinary Resolution 3)
ii)	Mr. Chan Fook Mun	Clause 105(1)	(Ordinary Resolution 4)

The profile of the Directors standing for re-election for Ordinary Resolutions 3 and 4 is set out on page 6 of the Annual Report 2018.

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

FORM OF PROXY

I/We, ______________________________ NRIC/Company No. ______________________

of ____
(Full address)

being a member(s) of JIANKUN INTERNATIONAL BERHAD hereby appoint (Proxy 1) __________

______________________________________ (*NRIC No./Passport No. ____________) of

____and* failing him/her * (Proxy 2)

________________________________ (*NRIC No./Passport No. ______________________)

of ____ and* failing him/her *, the Chairman of the And* failing him/her *, the Chariman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Fifth (35th) Annual General Meeting ("AGM") of the Company to be held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 13 June 2019 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:-

No.	Agenda	Resolution	*For	*Against
1	To approve and ratify the additional payment of Directors' Fees amounting to RM13,500, which was in excess of the earlier approved amount of RM169,000 for the period commencing from 1 January 2018 until the conclusion of 35th AGM of the Company scheduled on 13 June 2019.	Ordinary Resolution 1		
2	To approve the payment of Directors' fees up to RM150,000 and other benefits of up to RM14,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from 14 June 2019 until the conclusion of the next AGM of the Company.	Ordinary Resolution 2		
3	To re-elect Mr. Foong Kah Heng as Director of the Company.	Ordinary Resolution 3		
4	To re-elect Mr. Chan Fook Mun as Director of the Company.	Ordinary Resolution 4		
5	To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
	As Special Business			
6	Authority to allot shares pursuant to Sections 75 & 76 of the Companies Act, 2016	Ordinary Resolution 6		

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 ________________ 2019

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

____
Signature of shareholder(s)
or Common Seal

Notes

1. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member and/or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies.*
2. *Where a member duly executed the form of proxy but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member.*
3. *Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.*
4. *Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act 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.*
5. *In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer or attorney, duly authorised.*
6. *The instrument appointing a proxy must be deposited at the Tricor Investor & Issuing House Services Sdn Bhd, Share Registrar 's Customer Service Centre, G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysianot less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.*
7. *For the purpose of determining a member who shall be entitled to attend the Thirty-fifth (35th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 4 June 2019. Only members whose name appears on the Record of Depositors as at 4 June 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*

Fold this flap for sealing

Affix
Stamp

The Share Registrar of
Jiankun International Berhad (Company No. 111365-U)
Tricor Investor & Issuing House Services Sdn Bhd
Share Registrar 's Customer Service Centre,
Unit G-3, Ground Floor, Vertical Podium, Avenue 3,
Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

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JIANKUN INTERNATIONAL BERHAD
Unit 106, Block G, Pusat Dagangan Phileo Damansara 1, No 9 Jalan 16/11,
(Off Jalan Damansara), Petaling Jaya, 46350 Selangor Darul Ehsan.
Tel : +60 3-7932 3666 Fax : +60 3-7932 2866

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