JIANKUN INTERNATIONAL BERHAD

[Registration No. 198301015973 (11365-U)]

ANNUAL REPORT 2020

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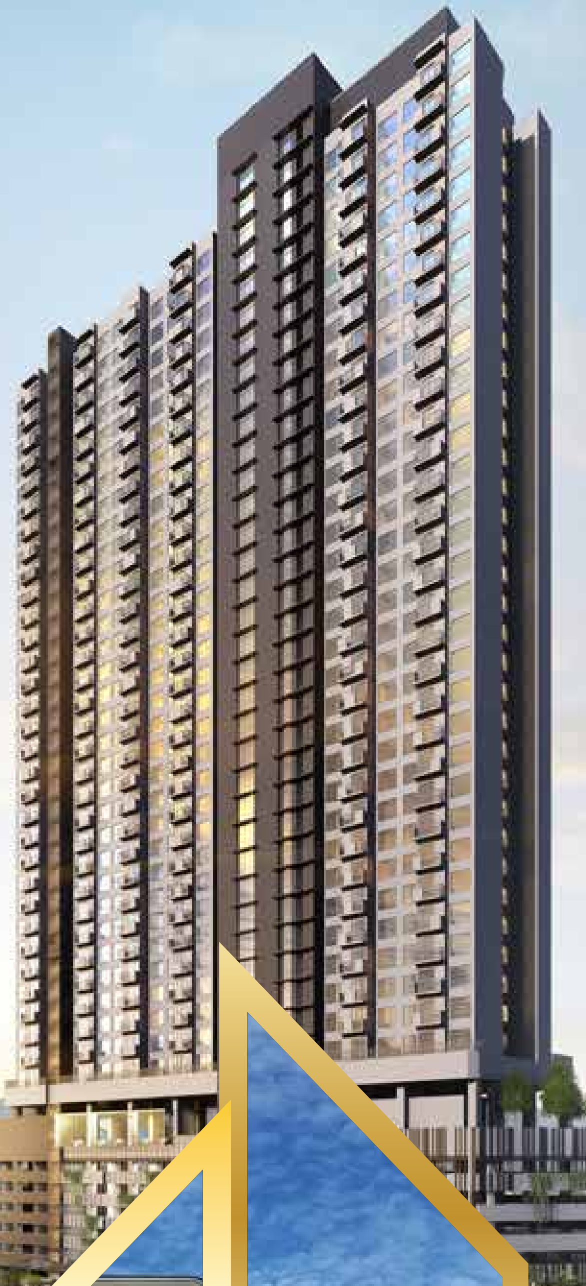


CORPORATE STRUCTURE

Our core business of the Group is in properties development.

The Group structure of the subsidiary companies are as follows:

JIANKUN INTERNATIONAL BERHAD
(Registration No. 198301015973 (111365-U))

- **JKI DEVELOPMENT SDN BHD** (Registration No. 201501021615 (1146943-M)) — 100%
- **NAGAMAS BIZWORKS SDN BHD** (Registration No. 201001009065 (893693-T)) — 100%
- **JKI CONSTRUCTION SDN BHD** (Registration No. 201501022324 (1147653-A)) — 100%
- **NAGAMAS VENTURE SDN BHD** (Registration No. 201001023611 (907383-X)) — 100%
- **KEY SUCCESS DEVELOPMENT SDN BHD** (Registration No. 201501035574 (1160894-X)) — 100%
- **JKI RESOURCES SDN BHD** (FORMERLY KNOWN AS NADI PANCAR SDN BHD) (Registration No. 201601011565 (1182496-D)) — 100%
- **NAGAMAS INTERNATIONAL (HK) LIMITED*** (Registration No. 1112780) — 100%

* *Incorporated in Hong Kong*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Sri Mohamed Apandi Bin Ali
Independent Non-Executive Chairman
(Appointed on 22 December 2020)

Dato' Ir Lim Siang Chai
Deputy Executive Chairman
(Redesignated on 22 December 2020)

Edwin Silvester Das
Executive Director / Chief Executive Officer
(Appointed on 21 December 2020)

Datuk Seri Tan Choon Hwa
Executive Director
(Appointed on 21 December 2020)

Azmi Bin Osman
Independent Non-Executive Director
(Appointed on 29 December 2020)

Kamil Bin Abdul Rahman
Independent Non-Executive Director

Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P
Independent Non-Executive Director
(Appointed on 1 April 2021)

BOARD COMMITTEES

Audit Committee
Azmi Bin Osman (Chairman)
(Appointed on 30 December 2020)
Kamil Bin Abdul Rahman
Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P
(Appointed on 1 April 2021)

Nomination Committee
Tan Sri Dato' Sri Mohamed Apandi Bin Ali (Chairman)
(Appointed on 30 December 2020)
Azmi Bin Osman
(Appointed on 30 December 2020)
Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P
(Appointed on 1 April 2021)

Remuneration Committee
Azmi Bin Osman (Chairman)
(Appointed on 30 December 2020)
Dato' Ir Lim Siang Chai
Tan Sri Dato' Sri Mohamed Apandi Bin Ali
(Appointed on 30 December 2020)

Risk Management Committee
Edwin Silvester Das (Chairman)
(Appointed on 30 December 2020)
Dato' Ir Lim Siang Chai
Azmi Bin Osman
(Appointed on 30 December 2020)

Investment Committee
Dato' Ir Lim Siang Chai (Chairman)
Edwin Silvester Das
Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P
(Appointed on 1 April 2021)
Azmi Bin Osman

COMPANY SECRETARIES

Tan Tong Lang
(MAICSA 7045482/ SSM Practising Certificate No. 201908002253)
Thien Lee Mee
(LS0009760/ SSM Practising Cerificate No. 201908002254)

REGISTERED OFFICE

Level 5, Block B, Dataran PHB,
Saujana Resort, Section U2,
40150 Shah Alam, Selangor
Tel No. : 03-7890 0638
Fax No.: 03-7890 1032

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

SHARE REGISTRAR

Boardroom.com Sdn. Bhd.
Level 5, Block B, Dataran PHB,
Saujana Resort, Section U2,
40150 Shah Alam, Selangor
Tel No. : 03-7890 0638
Fax No.: 03-7890 1032

BOARD OF DIRECTORS' PROFILES

Tan Sri Dato' Sri Mohamed Apandi Bin Ali
Independent Non-Executive Chairman
71 years of age, Malaysian, Male
Chairman of Nomination Committee
Member of Remuneration Committee

Tan Sri Dato' Sri Mohamed Apandi Bin Ali was appointed as an Independent Non-Executive Chairman of Jiankun on 22 December 2020. He has over 46 years of experience in the legal field, which accumulated from the Judicial and Legal Services, private practice, the Judiciary, and as the Attorney General of Malaysia.

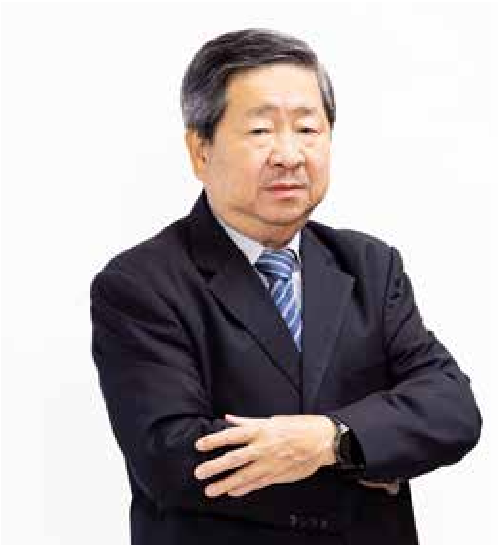
He graduated from the University of London in 1972 with a Bachelor of Laws. Thereafter he has obtained his Bar-at-Law from the Honourable Society of the Inner Temple, London in 1973. He was awarded the Certificate of Legal Drafting from the Institute of Advance Legal Studies, London in 1981.

Upon graduation, he started his career in 1973 as a magistrate at the Magistrates' Court, Kuala Terengganu. Subsequently, he was appointed as director of the Legal Aid Bureau in Kota Bharu, Kelantan in 1975. He later held the position of Deputy Public Prosecutor for the state of Kelantan and Terengganu from 1977 to 1980. He was appointed as the legal adviser to the Ministry of Trade and Industry in 1980 before setting up his own firm in 1982. He was then invited to join Malaysian Judiciary in 2003, starting off as Judicial Commissioner in Kuantan High Court, before being confirmed as a judge in 2004. He was then posted to the Criminal Division of High Court of Malaya, Kuala Lumpur in 2007.

In 2010, he was elevated as a Judge of the Court of Appeal, Putrajaya and then as a Judge of the Federal Court in 2013. He was appointed as the Ninth Attorney General of Malaysia from 2015 until 2018. He is now back to legal practice in his own firm.

He 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)



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

Dato' Ir Lim Siang Chai was appointed to the Board on 1 July 2013 as Executive Chairman and redesignated as Deputy Executive Chairman on 22 December 2020.

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 Honorary Fellow of the ASEAN Federation of Engineering Organisation, and a member of the Malaysian Institute of Management. He also holds a Master of 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)

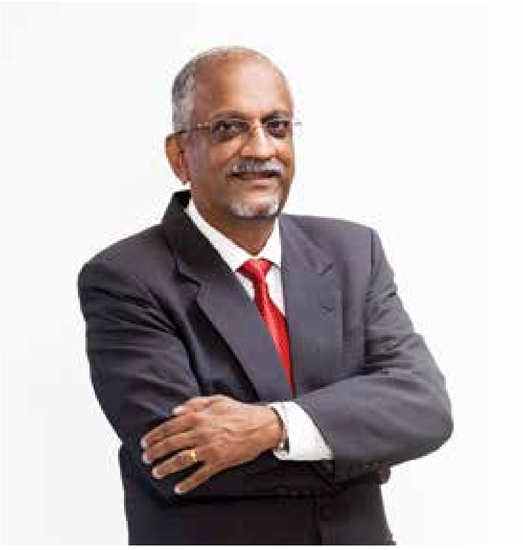
Dato' Ir Lim was the Past President of the Electrical and Electronic Association, Past President of the Subang National Golf Club and Chairman of the Ping Pong Association of Petaling District.

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 is also the Executive Chairman of Advance Information Marketing Berhad.

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

Board Of Directors' Profiles (Cont'd)



Edwin Silvester Das
Executive Director / Chief Executive Officer
63 years of age, Malaysian, Male
Chairman of Risk Management Committee
Member of Investment Committee

Edwin Silvester Das was appointed as Executive Director on 21 December 2020 and later as Chief Executive Officer on 3 February 2021.

Edwin graduated from Southern Illinois University at Carbondale, Illinois, USA. He had a long and distinguished banking and corporate career for more than 35 years both in Malaysia and abroad.

Edwin started his banking career in 1985 and worked in the USA, Europe, Africa, India, Sri Lanka and Malaysia in Operational Banking, Corporate Recovery, Corporate Banking & Corporate Finance, Investment Banking, Restructuring, Human Resource and Management. He was also the Financial and Banking Industry Expert for Oracle Corporation USA.

Edwin held the position as CEO/MD with an international public listed company engaged in infrastructure projects in India, his role was to oversee all the project financing for the Group which included engineering, finance, working with the local government authorities and the overall day to day functions.

Edwin was later appointed as a Board of Director to two International Commercial Banks in North Sudan (Khartoum) and South Sudan (Juba) where he was instrumental to turn-around the banks.

From November 2016 - January 2018, Edwin was the Executive Director to MQ Technology Berhad, a company listed on Bursa Securities Malaysia Berhad.

From August 2017- January 2019, he was the Executive Director of APFT Berhad, a company engaged in aviation, he made waves by bringing back this company to the black with zero-gearing and new businesses within a span of 15 months.

In March 2019, Das was appointed as Non-Executive Director of INIX Technologies Holdings Berhad, a company engaged in technology, manufacturing and investments. Edwin also sits as the Chairman of the Audit Committee.

Edwin is also a member of Institute of Corporate Directors Malaysia (ICDM).

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 Seri Tan Choon Hwa
Executive Director
64 years of age, Malaysian, Male

Datuk Seri Tan Choon Hwa was appointed as Executive Director on 21 December 2020.

Datuk Seri Tan is a businessman with twenty (20) years of experience in various industries such as timber, mining, hotel resort, housing, land development and finance investment holding. He is the Executive Chairman of TCH Resources Group and also holds directorship in Wazlian Group, the Vice President of TA PAY Group as well as IBG Group.

He also holds other chairmanships in several associations, President of Malaysia-China Chamber of Commerce (Kelantan Branch), Vice President of Malaysia-Guangzhou Investment Association, and Advisor to Hongkong Chamber of Commerce and ASEAN Chamber of Commerce (Thailand).

Currently, Datuk Seri Tan sits on the Board of Ni Hsin Resources Berhad as Independent Non-Executive Director, CN Asia Corporation Berhad as Non-Independent Non-Executive Deputy Chairman, Inix Technologies Holdings Berhad as Non-Independent Non-Executive Vice Chairman and Metronic Global Berhad as Independent Non-Executive Deputy Chairman. He also acts as the advisor of Gunung Capital Berhad and Vice Chairman of Gunung Resources Sdn Bhd, a wholly-owned subsidiary of Gunung Capital 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)

Azmi Bin Osman
Independent Non-Executive Director
45 years of age, Malaysian, Male
Chairman of Audit Committee
Member of Nomination Committee,
Remuneration Committee,
Risk Committee and Investment Committee

Encik Azmi Bin Osman was appointed as an Independent Non-Executive Director on 29 December 2020.

He holds a Bachelor of Arts in Accountancy from University of Humberside, Hull, United Kingdom. He is a member of Malaysia Institute of Accountants, Member of Association of Chartered Certified Accountants and Member of Mongolian Institute of Certified Public Accountants.

He started his career as a Team Leader and Country Director in 2000 with KPMG Kuala Lumpur and he was the Audit Partner of Tentsver Orgil Audit LLC from 2006 till 2009. He was the Managing Partner and Shareholder of CNM Audit LLC from 2010 till 2014. He left CNM Audit LLC and joined Asian Metal Exploration Consultancy Sdn Bhd as the Chief Financial Officer till 2016. From 2016 till 2017, he was the Financial Adviser of Malaysia Smelting Corporation Berhad.

He is currently the Managing Partner of ABO Consultancy Sdn Bhd, Advisor of Crowe Horwath Mongolia TMZ LLC and Managing Partner of Wall Bridge Consulting LLC.

He also sits on the Board of SMTrack 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)

Kamil Bin Abdul Rahman
Independent Non-Executive Director
72 years of age, Malaysian, Male
Member of Audit Committee

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

He graduated with a Bachelor of Commerce degree from the University of Otago, New Zealand and subsequently qualified as a Chartered Accountant of the Institute of Chartered Accountants of New Zealand.

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

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

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

Currently, En Kamil is a Board member of Khind Holdings Berhad, Brahim's Holdings 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.

Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P
Independent Non-Executive Director
51 years of age, Malaysian, Male
Member of Audit Committee,
Nomination Committee and Investment Committee

Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P was appointed as an Independent Non-Executive Director on 1 April 2021.

He holds a Degree in Material Engineering (Hons.) from University Science of Malaysia. He began his career as Project Executive in oil & gas industry since 1994. After spending two years in Miri, Sarawak, he joined Projass Engineering Sdn Bhd as a Project Manager from 1997 to 2000. He worked as Project Manager in Javel Engineering Sdn Bhd from 2000 until 2003 before he setting up his own business entity. He currently is the Managing Director of Menara Rezeki Group since year 2003 until present.

He 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.

PROFILES OF KEY SENIOR MANAGEMENT

The Management team is headed by the Deputy Executive Chairman, Dato' Ir Lim Siang Chai, Executive Director / Chief Executive Officer Mr. Edwin Silvester Das and Executive Director, Datuk Seri Tan Choon Hwa.

Their profiles are set out in page 5 to 7 in this Annual Report.

From the left
Ng Chooi Mui, Lee Kuen Loong, Wong Kok Fong, Edwin Silvester Das, Lee Leong Kui, Long Tyan Chee, Chin Chong Pou, Chan Wai Ling

CHAIRMAN STATEMENT

Dear Valued Shareholders,

I am honoured to present you the Annual Report and Financial Statements of the Group and of the Company for the financial year ended 31 December 2020 (FY2020). This would be my first year presenting the report as Jiankun International Bhd (Jiankun)'s Chairman since my appointment in December last year.

BUSINESS OPERATIONS IN THE NEW NORMAL

As with many businesses, 2020 was a year of transformation and adjustment to the "new normal" as the world was struck by the COVID-19 pandemic. I am pleased to say that the management team, board of directors and employees of Jiankun have all taken proactive measures to meet these new challenges. In late March last year, almost all of our office employees have transitioned into Work-From-Home (WFH). Being a property development and construction player, there is a need for employees to work and be present at the construction and development sites. The Group has implemented a strict and effective Standard Operating Procedure (SOP) for both employees and contract employees to ensure that construction works can continue smoothly amidst the pandemic. Some of the SOPs are temperature checks before entry to the sites, as well as a requirement for all employees to wear a mask within the compound of the site and physical distance among workers are being emphasised.

While the COVID-19 pandemic has undoubtedly tested our mettle, I am pleased to report that Jiankun has remained committed to its pledge to all its stakeholders during this challenging time. For FY2020, the Group managed to maintain three consecutive years of growth since the turnaround in FY2018. The Group's net profit in FY2020 increased by 29.3% to RM5.6 million as compared to RM4.3 million recorded in FY2019. The improvement was mainly due to the higher profit recognition from our existing project. Similarly, Jiankun's revenue for FY2020 jumped by 45.7% to RM58.8 million from RM40.3 million recorded in FY2019. The strong growth in FY2020 was mainly due to the conversion of new sale and overall higher works progress during the financial year as compared to in FY2019.

The strong performance was maintained despite the disruption on work progress in its Amani Residences project in Selangor amidst the Movement Control Order (MCO) last year. Despite the proactive measures taken, the MCO that was imposed to contain the spread of infections had led to some delays in the work progress, which affected the revenue recognition from this project in the 4QFY2020.

What we have shown throughout FY2020 is our commitment to deliver on our projects and add values to our shareholders despite the hurdles thrown at us during the pandemic and its unprecedented global lockdown to contain the spread of COVID-19 infections.

BUSINESS OUTLOOK IN 2021

Going into 2021, we expect to see the Group's financial performance remains challenging amidst the uncertainties of when the COVID-19 pandemic will come to an end. While the development of vaccine and the rollout of vaccines globally indicates that we are at the tail-end of the pandemic, the resurgence of COVID-19 cases in the region and domestically will weigh on the prospect of recovery in 2021. We are also seeing new strains and variants of COVID-19, which could threaten the effectiveness of the vaccines. As the uncertainties revolving around the pandemic remains, the Board and Management is of the view that 2021 will remain a challenging year for the property industry.

In line with this, the Management and Board have taken proactive measures to ensure that SOP remains in place and that on-site permits to operate remains.

We are however confident that the worst is over for the property sector. Also, the property sector is expected

Chairman Statement (Cont'd)

to be buoyed by the Government's measures, including the record low overnight policy rate (OPR) at 1.75%, the Home Ownership Campaign for the year as well as other Home Ownership Schemes that were introduced to enable target audiences to purchase the homes of their dreams. Other stimulus packages announced by the Government will also help to generate recovery for the property sector in 2021.

The Group will also push for the completion of its Amani Residences project by this year. The project was launched back in 2016 and is already at the stage of completion. In the near to mid-term, the Management will actively and selectively be looking out for joint ventures arrangements or project delivery management, delivering quality projects that meet the current market conditions and needs.

Being the player in the property development industry, the Group will focus on the expansion of its landbank in 2021. As the pandemic has a severe impact on the property sector, this puts us in a good position to leverage and negotiate to acquire landbank at an attractive price. The Group has proposed to acquire a leasehold land in the Melaka Tengah District, Melaka to build serviced apartments and a 28-storey hotel. It is also one of Jiankun's strategy to expand its property development outside of the Klang Valley.

Aside from that, the Group will also leverage on its recent diversification into land reclamation business following the acquisition of Embon Global Venture Sdn Bhd in March this year in its strategic measures to increase its landbank. With complete control in Embon Global, the Group gets immediate access to reclamation concession rights for an area spanning 30 acres in Melaka.

Another measure that has been undertaken by the Group recently is the conditional share sale and purchase agreement entered with Limpah Restu Development Sdn Bhd (LRDSB) for RM10 million in March recently. The State of Perak will be alienating a 16-acre leasehold land to LRDSB by second quarter of 2021 and this piece of land is suitable for the business of Private Cemetery, Crematorium and Columbarium.

By the end of 2021, Jiankun has targeted to increase its landbank to around 50 acres.

With our plans for 2021 and beyond set in place, the Board and Management is confident that our aim to be a leading niche property developer in the residential, commercial and industrial segments is well in place. We remain confident that our proactive measures to build our landbank for the future and participate in collaborations with various partners in the near term will help to build sustainable earnings growth going forward.

APPRECIATION

I would like to take this opportunity to acknowledge the continuous efforts and dedication of Jiankun Management team, the Board and the entire workforce in enabling the Company to weather this challenging period amidst the pandemic. I would also like to extend my utmost gratitude to our business partners, associates, suppliers, regulators, authorities as well as customers for their trust in the vision and mission of the company.

With your continued support, I am confident that Jiankun will maintain its positive growth momentum going forward.

Sincerely,
Tan Sri Dato' Sri Mohamed Apandi Bin Ali
Independent Non-Executive Chairman

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 the Company for the financial year ended (FYE) 31 December 2020 together with the Management Discussion and Analysis ("MD&A").

The following MD&A of the operating performance and financial position of the Company and the Group for the FYE 31 December 2020, should be read in conjunction with the Audited Financial Statement and related notes thereto.

The information presented in the MD&A, including information relating to comparative periods in 2019, 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 Malaysia Securities Berhad under the Property category. The Company issued and fully paid up capital is RM 57,499,926.01 represented by 201,872,619 ordinary shares.

For the FYE 31 December 2020, Jiankun operation was construction of Amani Residences project. As at 31 December 2020, the Group Revenue recorded RM58.7 million (2019: RM40.3 million) and the profit before tax of RM7.8 million (2019: RM4.6 million).

The sales rate of the project achieved RM192.0 million (2019: RM187.8 million) or 346 units (2019: 333 units). The improvement was mainly contributed from government introduced Home Ownership Champagne ("HOC") which create a positive encouragement to home buyers grab this opportunity for buying new houses.

The accounting policy for investment properties adopted by the Group is based on valuation method, each year the Company will appoint qualified independent valuer to revalue the investment properties located in China. The valuation of investment properties was neither increase nor decrease in transaction currency (RMB China), however due to translation effect, it was resulting a net profit of RM0.6 million which was included in the consolidated results.

Corporate Objective and Strategies

The Management expected the Amani Residences project will be completed and handover to buyer by 4th quarter of year 2021 instead of 1st Quarter in year 2021 due to COVID-19 slowdown the work progress and the government has granted an extension of time.

The Board and the Management are actively sourcing for feasible lands for future development. Currently a number of lands had been proposed either for outright purchased or joint venture with landowner.

However the Management will perform a details study prior to present to the Board for decision.

Management Discussion And Analysis (Cont'd)

Financial Highlights

The Group's key financial information for the year ended 31 December 2020 and 31 December 2019 are summarized as follows:

	2020 RM million	2019 RM million
Turnover	58.74	40.34
Earnings Before Interest, Depreciation, Armotisation and Taxation (EBITDA)	7.89	4.91
Profit Before Taxation	7.77	4.63
Taxation	(2.16)	(0.30)
Profit After Taxation and Minority Interest	5.60	4.33
Total Comprehensive Income	5.16	4.26
Net Tangible Assets	60.26	54.69

Turnover

For FYE 31 December 2020, the Group achieved a turnover of RM58.74 million (2019: RM40,34 million). The revenue breakdown as follows:

	2020 RM million	2019 RM million
Property development and construction	52.51	36.07
Trading	6.10	4.15
Rental	0.13	0.12
Total Revenue	58.74	40.34

The increase in revenue was due to the Group has achieved sales take up rate of RM192.0 million (2019: RM187.8 million) which represented 89.6% (2019: 87.6%) of the total development value and higher stage of completion for Amani Residences project.

Results

Due to the sales take up rate of RM192.0 million and higher stage of completion, the Group recorded a profit of RM5.60 million (2019: RM4.33 million) and EDITDA of RM7.89 million (2019: RM4.91 million).

Financing Position

In order to continue support the construction and development of the project, continue financing from financial institution is essential for the Group. Due to higher stage of completion and take up rate, the Group borrowing has been fully settled and the bank borrowing of the Group is as follows:

	2020 RM million	2019 RM million
Term Loan	-	-
Bridging Loan	-	17.57
	-	17.57

Management Discussion And Analysis (Cont'd)

Expansion and Strategic

Due to the Movement Control Order ("MCO"), Amani Residences project is expected to complete and hand over to the home buyer in third quarter of 2021.

In first quarter of 2021, the Group announced that the Group has purchased a few pieces of lands for development in order for the Group sustainable. Other than the lands acquired at the beginning of the year, the Group will continue source for suitable lands either base on outright purchase or joint venture with potential land owners.

Internal and external funding will be used to fund the future project.

Non-financial indicator

Other than financial indicator, non-financial indicators are important to judge the Group performance. The non-financial indicators use by the Group are staff turnover, sales take up rate, economy and number of successful loan approval granted.

In view of the continue of COVID-19 pandemic this year, the challenge facing by the Group will be remain. The Board and Management are expecting the Group performance will be affected, and the Board and Management will take necessary action to mitigate the possible risk during the pandemic period.

Significant changes in performance, financial position & liquidity

The Board anticipated that the continue COVID-19 pandemic may affected the performance, financial position and liquidity in year 2021. The Group is completing its current project and handover to buyers and the Group if facing the challenge of launching new project.

However, the Group will ensure sufficient fund to maintain its performance, financial position and liquidity in order to ensure continued growth and sustainability.

In order to mitigate the financial risk, the Group would take reasonable care to safeguard the company's assets in order to ensure shareholders and stakeholders wealth are protected.

Capital expenditure

Jiankun will continue its current business model. However, the Management may explore into any new business opportunities which may improve the performance of the Group. If such time arises, additional capital expenditure would be requirement. The quantum of additional capital expenditure will depend on the size of new business opportunity. In order to support this business opportunity, the Group may need to explore various financing model.

Business and industries trend

National Property Information Centre information (NAPIC) reported that the number of inventories has increased mainly due to potential home buyers' facing difficulty in obtaining financing. Current COVID-19 outbreak and financial institutions have stringent loan requirements may result lower demand for residential properties.

However, the supply of houses has remained consistent in larger cities. The government will continue to promote affordable development. It is expected that residential development with this type of development will dominant growth in urban city.

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 current economic conditions, expected weak property market sentiment and high inventory carry forward from 2020, demand for affordable residential properties remain higher demand. The management will continue to focus on this sector to meet the market needs.

Since Amani Residences is expected to complete in year 2021, starting of new development will be the main target for the Group.

Management Discussion And Analysis (Cont'd)

Prospects of new business 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 business or investments to optimise the interest of the Group as well as the shareholders and stakeholders.

Dividend/distribution policy & factors contributing

At this moment, the Company has not formalised any dividend/distribution policy in rewarding the shareholders. After taking into consideration of the Group's financial performance, cash flow position and fund 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 expected 2021 will be challenging year bearing all the unforeseen circumstances, 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 acknowledges the importance of corporate sustainability in doing business. Sustainability is an integral part of our business and the Group's to strike a balance between business objective and corporate social responsibility ("CSR") and strives to fulfill the expectation of its stakeholders by enhancing its social environmental and economical performance while ensuring the sustainability and operational success of the company.

The Groups' CSR will be focus on four major areas involve the workplace, environmental, market place and community services.

i. Workplace

The Management believes the important of human capital development and the employees are the important assets of the Group. As such, the Management will ensure that the workplace provided to employees' is safe, pleasant and conductive working environment. During the period of COVID-19 pandemic the Management has sanitised the office and provided free COVID-19 test to staffs to ensure all the employees had a safety working environment.

The Management acknowledges that the employees are coming from multi races, different cultures and religions. The Group recruitment policy will ensure that selection of employees was based on the merits, competency, skill and experience to fill the job requirement in order for employees to contribute their effort in achieving overall business sustainability.

In order to optimise the employees' capabilities and competency in discharging their duties, employees to continue participating various jobs related training programmes and seminars to equip themselves with latest knowledge and technique to discharge the duties in more productively and efficiently manner.

ii. Environmental

The Management recognised that day to day business may give negative impact to the environment. As such, the Management will continue to adhere to regulatory requirements in reducing the harmfulness to the environment.

The Management will ensure the employees and service providers are adhered to Environmental Act in force in Malaysia.

iii. Market Place

The Group emphasises on transparent and good corporate governance practices and accountability to meet the shareholders' expectation. However, the Management acknowledges that stakeholders, analysts, bankers, customers, suppliers, authorities and public is equally important to the Group, hence the Group committed and will ensured that they are taken care of.

iv. Community

The Group recognises the co-relationship between business growth, social well-being and public welfare; therefore the Group will continue to contribute to vulnerable groups in helping their living quality.

The Management understands that the important of youth being the future sustainability of Group. The Management endeavours to continue provide training to the youth to equip with necessary to face the challenge in new economic climate.

The Group will continue to focus on its CSR on enhancing the community sustainability.

v. CSR

The Group has embarked in providing on-job training for university/college interns. At present the Group has engage four accounting Interns who are doing their internship in the Corporate Finance, Accounting, Treasury, Contract and Project function.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Jiankun values the importance of good corporate governance and upholds the principles and good practices contained in the Malaysian Code on Corporate Governance 2017 ("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 2020, which is available on the Company's website at www.jki.com.my.

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 Board 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;
- Risk Management Committee; and
- Investment 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.

Corporate Governance Overview Statement (Cont'd)

1.1 The Chairman of the Board

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

The 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.

1.2 Separation of position of the Chairman and Executive Directors Chief Executive Officer ("CEO")

The position of the Chairman and the CEO are held by separate individual who are not related to each other, to ensure a good balance of power and authority, such that no one individual has unfettered powers in decision making.

The Chairman, Tan Sri Dato' Sri Mohamed Apandi Bin Ali and the Executive Director / CEO, Mr Edwin Silvester Das, both hold 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 Director / CEO 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.

1.3 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)

1.4 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, six (6) Board meetings were held and the record of attendance of each Board Member as follows: -

Name of Directors	No. of Meetings Attended
Tan Sri Dato' Sri Mohamed Apandi Bin Ali *(appointed w.e.f. 22 Dec 2020)*	0/1
Dato' Ir Lim Siang Chai *(re-designated as Deputy Executive Chairman w.e.f 22 Dec 2020)*	6/6
Edwin Silvester Das *(appointed w.e.f. 21 Dec 2020)*	1/1
Datuk Seri Tan Choon Hwa *(appointed w.e.f. 21 Dec 2020)*	0/1

Corporate Governance Overview Statement (Cont'd)

Name of Directors	No. of Meetings Attended
Kamil Bin Abdul Rahman	6/6
Azmi Bin Osman *(appointed w.e.f. 29 Dec 2020)*	1/1
Foong Kah Heng *(resigned w.e.f. 18 Dec 2020)*	5/5
Lee Leong Kui *(resigned w.e.f. 22 Dec 2020)*	5/5
Datuk Lee Kian Seng *(resigned w.e.f. 16 Dec 2020)*	4/4
Fathi Ridzuan Bin Ahmad Fauzi *(resigned w.e.f. 22 Dec 2020)*	5/5
Chan Fook Mun *(resigned w.e.f. 29 Mar 2021)*	6/6

During the financial year under review, Save for newly appointed Directors, all the Directors disclosed above have complied with the minimum 50% attendance requirement in respect of Board Meeting as stipulated in the MMLR. 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.

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 reviewed the Board Charter 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 MMLR, where possible or relevant.

The Board reviews the Board Charter, 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.

Corporate Governance Overview Statement (Cont'd)

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 summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Code of Conduct and Ethics provides guidance for Directors regarding ethical and 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

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 Azmi Bin Osman
Designation : Chairman of Audit Committee
Email : azmi@jki.com.my

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

Corporate Governance Overview Statement (Cont'd)

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 Board of Directors' Profile of this Annual Report 2020.

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

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 Board is mindful that the recommendation in MCCG, the tenure of an Independent Director does not exceed a cumulative term limit of nine (9) years. Upon completion of the 9 years, an Independent Director may continue to serve on the board subject to the Director's re-designation as a Non-Independent Director. If the Board intends to retain an Independent Director beyond 9 years, it should justify and seek annual shareholders' approval.

For the FY2020, none of the INED had served the Company exceeding a cumulative term limit of 9 years.

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

As at the date of this Statement	<1	3-5	> 5 - 7
IIndependent Non-Executive Directors	3	-	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.

Corporate Governance Overview Statement (Cont'd)

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.

During the financial year under review, 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.

Corporate Governance Overview Statement (Cont'd)

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

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	:	Tan Sri Dato' Sri Mohamed Apandi Bin Ali (Independent Non-Executive Chairman) (appointed on 30 December 2020)
Member	:	Azmi Bin Osman (Independent Non-Executive Director) (appointed on 30 December 2020)
Member	:	Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P (Independent Non-Executive Director) (appointed on 1 April 2021)

The Nomination Committee had undertaken the following activities for the financial year ended 31 December 2020:

(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 the background and experienced of proposed new directors and make appropriate recommendation to the Board.

In line with the amendment of Listing Requirements and MCCG, the Terms of Reference of Nomination Committee has been reviewed 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.

Save for newly appointed directors, 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 during 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.

Corporate Governance Overview Statement (Cont'd)

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.

Excepts for newly appointed directors, all other 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 2020 were as follows: -

Director	Title	Date
Dato' Ir Lim Siang Chai	The Quiet Transformation of Corporate Governance	3 December 2020
Kamil Bin Abdul Rahman	Governance in the New Norm	12 May 2020
	Integrated Reporting and Impact of Covid-19 on Value Creation	22 May 2020
	Corporate Liability: Section 17A MACC Act 2009	9 June 2020
	UK Q2 Manufacturing Outlook	16 June 2020
	Digital Transformation for SMEs in a Time of Crisis	18 June 2020
	Awareness of Section 17A MACC Act 2009	18 June 2020
	Covid-10: Audit Implications	19 June 2020
	How to pivot your business your business during Covid-19 with Joseph Barratt	7 July 2020
	Government Grants: Reap the Benefits	28 October 2020
	Violations of the Companies Act 2016: Oversight by Directors & Secretaries	4 November 2020
	Managing Risks through a Global Pandemic	17 & 18 November 2020
Tan Sri Dato' Sri Mohamed Apandi Bin Ali* (appointed w.e.f. 22 December 2020)		
Edwin Silvester Das* (appointed w.e.f. 21 December 2020)		
Datuk Seri Tan Choon Hwa* (appointed w.e.f. 21 December 2020)		
Azmi Bin Osman* (appointed w.e.f. 29 December 2020)		
Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P* (appointed w.e.f. 1 April 2021)		

* newly appointed directors

Corporate Governance Overview Statement (Cont'd)

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 AGM, 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.

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 2020, 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.

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 37th 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.

Corporate Governance Overview Statement (Cont'd)

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	:	Azmi Bin Osman (Independent Non-Executive Director) (appointed on 30 December 2020)
Member	:	Tan Sri Dato' Sri Mohamed Apandi Bin Ali (Independent Non-Executive Chairman) (appointed on 30 December 2020)
Member	:	Dato' Ir Lim Siang Chai (Deputy Executive Chairman)

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 reviewed on 16 April 2019.

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 2020 is analysed as follows:-

Directors	**Fees (RM)**	**Salary (RM)**	**Allowance* (RM)**	**Statutory contribution (RM)**	**Others Benefit**	**Total (RM)**
Tan Sri Dato' Sri Mohamed Apandi Bin Ali (appointed w.e.f. 22 December 2020)	10,000	-	-	-	-	10,000
Dato' Ir Lim Siang Chai	-	240,000	76,800	12,800	20,000	349,600
Edwin Silvester Das (appointed w.e.f. 21 December 2020)	-	5,323	7,000	416	49	12,788
Datuk Seri Tan Choon Hwa (appointed w.e.f. 21 December 2020)	-	2,484	-	100	-	2,584
Kamil Bin Abdul Rahman	36,000	-	2,500	-	-	38,500
Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P (appointed w.e.f. 1 April 2021)	-	-	-	-	-	-
Azmi Bin Osman (appointed w.e.f. 29 December 2020)	-	-	-	-	-	-

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

Corporate Governance Overview Statement (Cont'd)

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	2
RM50,000 – RM150,000	-
RM150,001 – RM250,000	-
RM250,001 – RM350,000	-
RM350,001 – RM450,000	1
RM450,001 – RM550,000	-

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 Encik Azmi Bin Osman, 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 2020, 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.

Corporate Governance Overview Statement (Cont'd)

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 AGM of the Company to response and reply to the shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

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

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 December 2020.

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 2020.

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 Encik Azmi Bin Osman, who is an Independent Non-Executive Director.

Corporate Governance Overview Statement (Cont'd)

The duties, functions and responsibilities of the Audit Committee is clearly spelt out in their Terms of Reference.

In line with the amendment of Listing Requirements and new MCCG, the Terms of Reference of Audit Committee has been reviewed on 16 April 2019.

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.

As an ongoing process, significant business risks faced by the Group are identified, 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 Director 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 pages 39 to 40 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.

Corporate Governance Overview Statement (Cont'd)

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 37 - 38 of this Annual Report 2020.

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. 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.

Corporate Governance Overview Statement (Cont'd)

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 37th AGM to provide the shareholders sufficient time to consider the proposed resolutions that will be discussed and decided at the 37th AGM. Notice of the 37th 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.

12.3 Poll Voting

The Company's General Meeting is not held in a remote location. The Company has adopted manual polling for 2020 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.

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 2020. 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 10 May 2021.

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 2020, 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 ("Jiankun" or "the Company") is pleased to present the Audit Committee Report for the financial year ended 31 December 2020.

COMPOSITION

The Audit Committee presently comprises the following members:

Chairman	:	Azmi Bin Osman *(Appointed on 30 December 2020)*	(Independent Non-Executive Director)
Member	:	Kamil Bin Abdul Rahman	(Independent Non-Executive Director)
Member	:	Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P *(Appointed on 1 April 2021)*	(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 full Terms of Reference of the AC which set out its duties and responsibilities are accessible on the Company's website at www.jki.com.my.

ATTENDANCE

During the financial year under review, four (4) 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	%
Azmi Bin Osman (appointed on 30 December 2020)	Chairman	-	-
Kamil Bin Abdul Rahman	Member	4/4	100%
Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P (appointed on 1 April 2021)	Member	-	-
Chan Fook Mun (resigned on 29 March 2021)	Member	4/4	100%
Fathi Ridzuan Bin Ahmad Fauzi (resigned on 21 December 2020)	Chairman	4/4	100%

Other 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.

Audit Committee Report (Cont'd)

SUMMARY OF ACTIVITIES OF THE AC

The activities of the Audit Committee during the financial year ended 31 December 2020 include the following:

a) Reviewed the unaudited quarterly financial 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 2020;

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

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

e) Evaluated the performance of the external auditors for the financial year ended 31 December 2020 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;

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

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

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

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

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

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

BOARD RESPONSIBILITY

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

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

KEY ELEMENTS OF INTERNAL CONTROL

CONTROL ENVIROMENT AND CONTROL ACTIVITIES

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

MONITORING AND COMMUNICATION

- Regular Management meetings are held covering financial, business development and operations and to identify, assessment and mitigate any potential risk face by the Group timely;
- Regular Board meetings are held to deliberate the financial, operation and business strategic;
- Site visits by Senior Management and the Board member's 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;
- Regularly review the management accounts and reports to monitoring of actual performance; and
- Review of financial and non-financial indicator to determine the Group performance.

RISK MANAGEMENT

The Board and the Management practice risks identification in the operations and activities of the Group particular to undertake with major new proposed transaction, changes in the business activities and as well as the regulatory requirement of the industry which may entail to difference risks in carry out businesses of the Group.

The Deputy Executive Chairman, Executive Director / Chief Executive Officer and Financial Controller will be responsible to update the Audit Committee and the Board on any changes in material risk face by the Group.

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

INTERNAL AUDIT FUNCTIONS

Independent internal auditor reviews the internal control are essential to provide an objective assurance to the Board.

At present, the review mechanism is under the purview of the Audit Committee. The internal auditor report will be directed to the Audit Committee and are responsible to conduct reviews on the systems on risk management and internal control; report the weaknesses of the systems on risk management and internal control; and to provide essential 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 2020, the internal auditor had carried out internal audit reviews and follow up as follow:

Audit Period	Reporting Month	Audited Areas
1st Quarter Jan 2019 – Mar 2020	June 2020	Internal audit review on: • Business Development.
2nd Quarter May 2019 – Jun 2020	August 2020	Follow up report on: • Business Development. • Management Information Services / Information Technology. • Finance and Accounts. • Sales and Marketing. • Project Management and Contract Management.
3rd Quarter Sep 2019 – Aug 2020	November 2020	Internal audit review on: • Safety and Health
4th Quarter May 2019 – Nov 2020	February 2021	Follow up report on: • Safety and Health • Business Development. • Management Information Services / Information Technology. • Finance and Accounts. • Sales and Marketing. • Project Management and Contract Management.

For the financial year ended 31 December 2020, the total fee incurred for the outsourced internal audit function were RM35,000.00

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 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 internal control system. The Board will strengthen the risk management and internal control system as necessary.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

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

ADDITIONAL COMPLIANCE INFORMATION

1. 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 2020 were as follows:

	Company (RM)	Group (RM)
Audit Services Rendered	34,000	119,390
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	5,000	5,000

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.

4. UTILISAION OF PROCEEDS

On 29 March 2021, the Company proposed to undertake the private placement of up to 20% of the enlarged number of issued shares of Jiankun to third-party investors. As at the date of the Annual Report, total listing and quotation of 33,645,400 placement shares at RM0.415, RM0.372 and RM0.3213 per placement share respectively on Main Market of Bursa Securities, the proceeds raised approximately RM12,363,367.

The status of utilisation of proceeds is as follows:

No	Purpose	Proposed Usage RM'000	Actual Utilisation RM'000	Balance unutilised RM'000	Intended time frame for utilisation
i)	Land acquisition costs	13,000	10,000	3,000	Within 6 months
ii)	Development costs	6,000	-	6,000	Within 36 months
iii)	Working capital	3,621	-	3,621	Within 12 months
iv)	Estimated expenses for the Private Placement	410	210	200	Immediate
	Total	**23,031**	**10,210**	**12,821**	

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

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 8 to the financial statements.

Financial Results

	Group RM	Company RM
Net profit/(loss) for the financial year	5,601,856	(1,416,434)
Attributable to:		
Owners of the parent	5,601,856	(1,416,434)

Reserves and Provisions

All material transfers to or from reserves and provisions during the financial year are as disclosed in Note 16 to the financial statements.

Dividends

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

Issue of Shares and Debentures

During the financial year, the Company increased its issued and paid up share capital from RM44,655,645 to RM45,291,145 by way of issuance of 1,271,000 new ordinary shares pursuant to the conversion of Warrants 2014/2021 at the exercise price of RM0.32 per ordinary shares.

The new ordinary shares issued during the financial year ranked pari passu in all respect with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

Warrants

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

During the financial year, the Company converted 1,271,000 warrants at an exercise price of RM0.32 per ordinary share.

The salient terms of the Warrants are disclosed in Note 16(a) to the financial statements.

Directors' Report (Cont'd)

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*	
Kamil Bin Abdul Rahman	
Edwin Silvester Das*	(Appointed on 21 December 2020)
Datuk Seri Tan Choon Hwa*	(Appointed on 21 December 2020)
Tan Sri Dato' Sri Mohamed Apandi Bin Ali	(Appointed on 22 December 2020)
Azmi Bin Osman	(Appointed on 29 December 2020)
Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P	(Appointed on 1 April 2021)
Datuk Lee Kian Seng	(Resigned on 16 December 2020)
Foong Kah Heng	(Resigned on 18 December 2020)
Fathi Ridzuan Bin Ahmad Fauzi	(Resigned on 21 December 2020)
Lee Leong Kui	(Resigned on 21 December 2020)
Chan Fook Mun	(Resigned on 29 March 2021)

** Director of the Company and its subsidiary companies*

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

Directors' Interests in Shares

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 1.1.2020	**Bought**	**Sold**	**At 31.12.2020**
Interests in the Company				
Direct interests				
Dato' Ir Lim Siang Chai	15,160,000	-	(15,160,000)	-

	Number of Warrants 2014/2021			
	At 1.1.2020	**Bought**	**Sold**	**At 31.12.2020**
Direct interest				
Dato' Ir Lim Siang Chai	2,750,000	3,000,000	(5,750,000)	-

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 30(c) 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 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 30(b) 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 RM5,000,000 and RM15,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

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

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

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

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

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

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

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

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

Directors' Report (Cont'd)

Other Statutory Information (Cont'd)

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

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

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

(d) In the opinion of the Directors:

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

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

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

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 8 to the financial statements.

Auditors

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

The details of auditors' remuneration are disclosed in Note 25 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 10 May 2021.

DATO' IR LIM SIANG CHAI

EDWIN SILVESTER DAS

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 53 to 119 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 2020 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 10 May 2021.

DATO' IR LIM SIANG CHAI

EDWIN SILVESTER DAS

KUALA LUMPUR

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) 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 53 to 119 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 10 May 2021.)

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 2020 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 53 to 119.

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 2020, 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' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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
1. 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.	- We reviewed and discussed with management on the carrying amount of investment properties in accordance with MFRS 140 *Investment Properties*. - We evaluated the independent valuer's competence, capabilities, independence and objectivity. - We assessed the methodologies used and the appropriateness of the key assumptions of the valuation report based on our knowledge and also considered the work done by component auditors.

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

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
2. <u>Revenue and cost recognition for property development activities</u> The Group are involved in property development activities which span more than one accounting period. The revenue from property development activities is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The Group uses the percentage of completion method in accounting for the progress towards complete satisfaction of the performance obligations. We identified revenue, construction and property development costs as key audit matters as significant management judgement and estimates are involved in estimating in total property development costs. Key management judgements include: • Estimating the budgeted costs to complete each project; • The future profitability of each project; and • The percentage of completion at the end of the reporting period. Changes in theses judgements could lead to a material change in the value of revenue recognised.	- We evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15 *Revenue from Contracts with Customers*. - We performed a range of audit procedures which included reviewing contract documentation, variation orders and enquiring of key personnel regarding status of on-going contracts, adjustments for job costing and potential impairment losses. - In relation to property development revenue and costs, we amongst others and where applicable, agreed this to original signed contracts, letter of awards and approved variation orders. We evaluated the project progress include but not limited to verifying third party surveyors' certificates, progress report and interviews with the project team. - In assessing management's assumptions in estimating the costs to completion for contracts, we verified the budgeted cost to sub-contractors' contracts. We verified the property development costs incurred to-date to sub-contractors' progress claims and recalculating the percentage of completion at the reporting date. - We have considered the adequacy of the Group's disclosures regarding this revenue stream and whether they are in accordance with MFRS 15 *Revenue from Contracts with Customers*.

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.

Independent Auditors' Report

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

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.

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.

- 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.

Independent Auditors' Report

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

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

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

- 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, actions taken to eliminate threats or safeguards applied.

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.

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 8 to the financial statements.

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

HO SIEW CHAN
Approved Number: 03485/02/2022 J
Chartered Accountant

KUALA LUMPUR
10 May 2021

STATEMENTS OF FINANCIAL POSITION
As At 31 December 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	123,816	143,813	5,676	10,193
Goodwill	5	-	-	-	-
Investment properties	6	28,861,410	27,571,868	-	-
Right-of-use assets	7	-	196,532	-	-
Investment in subsidiary companies	8	-	-	17,443,627	18,392,161
Other receivables	9	4,244,728	3,964,832	-	-
		33,229,954	31,877,045	17,449,303	18,402,354
Current assets					
Inventories	10	17,629,835	33,150,215	-	-
Contract assets	11	12,981,438	15,613,843	-	-
Trade receivables	12	5,400,762	6,588,109	-	-
Other receivables	9	1,696,059	2,277,414	65,921	29,029
Amount due from subsidiary companies	13	-	-	21,953,765	22,306,956
Tax recoverable		554,952	537,903	-	-
Deposits, bank and cash balances	14	18,951,802	11,421,254	521,633	240,376
		57,214,848	69,588,738	22,541,319	22,576,361
Total assets		90,444,802	101,465,783	39,990,622	40,978,715
EQUITY					
Share capital	15	45,291,145	44,655,645	45,291,145	44,655,645
Reserves	16	14,967,687	10,032,186	(9,135,032)	(7,489,818)
Total equity		60,258,832	54,687,831	36,156,113	37,165,827

Statements of Financial Position

As At 31 December 2020 (Cont'd)

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Deferred tax liabilites	17	7,053,764	6,303,908	-	-
		7,053,764	6,303,908	-	-
Current liabilities					
Trade payables	18	5,150,006	6,119,851	-	-
Other payables	19	17,634,781	16,405,008	64,102	63,778
Bank borrowings	20	-	17,570,872	-	-
Lease liabilities	21	-	200,070	-	-
Amount due to directors	22	21,097	-	21,097	-
Amount due to subsidiary companies	13	-	-	3,749,310	3,749,110
Provision for taxation		326,322	178,243	-	-
		23,132,206	40,474,044	3,834,509	3,812,888
Total liabilities		30,185,970	46,777,952	3,834,509	3,812,888
Total equity and liabilities		90,444,802	101,465,783	39,990,622	40,978,715

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	23	58,744,809	40,343,970	-	-
Cost of sales		(49,405,767)	(32,055,684)	-	-
Gross profit		9,339,042	8,288,286	-	-
Other income		2,398,541	693,337	162,816	3,527
Administrative expenses		(3,737,894)	(4,104,639)	(1,579,250)	(490,640)
Distribution costs		(229,423)	(232,994)	-	-
Profit/(Loss) from operations		7,770,266	4,643,990	(1,416,434)	(487,113)
Finance costs	24	(3,930)	(11,006)	-	-
Profit/(Loss) before tax	25	7,766,336	4,632,984	(1,416,434)	(487,113)
Taxation	26	(2,164,480)	(298,171)	-	-
Profit/(Loss) for the financial year		5,601,856	4,334,813	(1,416,434)	(487,113)
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		(437,575)	(71,007)	-	-
Total comprehensive income/(loss) for the financial year		5,164,281	4,263,806	(1,416,434)	(487,113)
Profit/(Loss) for the financial year attributable to owners of the parent		5,601,856	4,334,813	(1,416,434)	(487,113)
Total comprehensive income/(loss) attributable to owners of the parent		5,164,281	4,263,806	(1,416,434)	(487,113)
Earning per share (sen)					
Basic	27(a)	3.36	2.60	-	-
Diluted	27(b)	3.07	2.60	-	-

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2020

	Attributable to the owners of the parent				
	Non-Distributable				
	Share Capital RM	Foreign Currency Translation Reserve RM	Warrants Reserve RM	Accumulated Losses RM	Total Equity RM
Group					
At 1 January 2020	44,655,645	4,308,143	13,605,640	(7,881,597)	54,687,831
Profit for the financial year	-	-	-	5,601,856	5,601,856
Foreign exchange translation reserve	-	(437,575)	-	-	(437,575)
Total comprehensive (loss)/income for the financial year	-	(437,575)	-	5,601,856	5,164,281
Transaction with owners:					
Issuance of shares pursuant to warrants	635,500	-	(228,780)	-	406,720
At 31 December 2020	45,291,145	3,870,568	13,376,860	(2,279,741)	60,258,832
At 1 January 2019	44,655,645	4,379,150	13,605,640	(12,216,410)	50,424,025
Profit for the financial year	-	-	-	4,334,813	4,334,813
Foreign exchange translation reserve	-	(71,007)	-	-	(71,007)
Total comprehensive (loss)/income for the financial year	-	(71,007)	-	4,334,813	4,263,806
At 31 December 2019	44,655,645	4,308,143	13,605,640	(7,881,597)	54,687,831

Statements of Changes in Equity

For the Financial Year Ended 31 December 2020 (Cont'd)

	Attributable to the owners of the parent			
	Non-Distributable			
	Share Capital RM	Warrants Reserve RM	Accumulated Losses RM	Total Equity RM
Company				
At 1 January 2020	44,655,645	13,605,640	(21,095,458)	37,165,827
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(1,416,434)	(1,416,434)
Transactions with owners:				
Issuance of shares pursuant to warrants	635,500	(228,780)	-	406,720
At 31 December 2020	45,291,145	13,376,860	(22,511,892)	36,156,113
At 1 January 2019	44,655,645	13,605,640	(20,608,345)	37,652,940
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(487,113)	(487,113)
At 31 December 2019	44,655,645	13,605,640	(21,095,458)	37,165,827

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

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 December 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash Flows From Operating Activities				
Profit/(Loss) before tax	7,766,336	4,632,984	(1,416,434)	(487,113)
Adjustments for:				
Depreciation of :				
- property, plant and equipment	50,255	69,227	4,517	18,528
- right-of-use assets	196,532	196,532	-	-
Finance costs	3,930	11,006	-	-
Finance income	(127,510)	(133,152)	(260)	(3,527)
Impairment loss on investment of subsidiary	-	-	1,048,534	-
Property, plant and equipment written off	-	1,811	-	-
Reversal of allowance for impairment loss on investment in subsidiary company	-	-	(100,000)	-
Reversal of allowance for impairment loss on amount due from subsidiary company	-	-	(62,556)	-
Operating profit/(loss) before working capital changes	7,889,543	4,778,408	(526,199)	(472,112)
Changes in working capital:				
Inventories	15,520,380	5,795,018	-	-
Trade receivables	1,187,347	(2,687,700)	-	-
Other receivables	301,459	(646,968)	(36,892)	56,085
Trade payables	(969,845)	(428,613)	-	-
Other payables	1,229,773	(642,232)	324	(24,803)
Amount due to directors	21,097	-	21,097	-
Contract assets/(liabilities)	2,632,405	(977,806)	-	-
	19,922,616	411,699	(15,471)	31,282
Cash generated from/(used in) operations	27,812,159	5,190,107	(541,670)	(440,830)
Interest received	127,510	133,152	260	3,527
Interest paid	(3,930)	(11,006)	-	-
Tax refund	-	337,500	-	-
Tax paid	(1,156,884)	(975,903)	-	-
	(1,033,304)	(516,257)	260	3,527
Net cash from/(used in) operating activities	26,778,855	4,673,850	(541,410)	(437,303)
Cash Flows From Investing Activities				
Acquisition of property, plant and equipment, representing net cash used in investing activities	(30,258)	(48,256)	-	-

Statements of Cash Flows

For the Financial Year Ended 31 December 2020 (Cont'd)

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Cash Flows From Financing Activities					
Advances from subsidiary companies		-	-	415,947	654,142
Increased in fixed deposit pledge		(3,830,000)	-	-	-
Payment of lease liabilities		(200,070)	(192,994)	-	-
Proceeds from borrowings		-	9,978,535	-	-
Repayment of borrowings		(17,570,872)	(15,717,414)	-	-
Proceeds from warrants conversation		406,720	-	406,720	-
Net cash (used in)/from financing activities		(21,194,222)	(5,931,873)	822,667	654,142
Net increase/(decrease) in cash and cash equivalents		5,554,375	(1,306,279)	281,257	216,839
Cash and cash equivalents at the beginning of the financial year		11,421,254	12,206,957	240,376	23,537
Effect of exchange translation differences		(1,853,827)	520,576	-	-
Cash and cash equivalents at the end of the financial year		15,121,802	11,421,254	521,633	240,376
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances	14	1,994,375	1,618,480	521,633	240,376
Housing Development Accounts	14	9,513,862	6,266,150	-	-
Fixed deposits with licensed banks	14	7,443,565	3,536,624	-	-
		18,951,802	11,421,254	521,633	240,376
Less: Fixed deposits pledged to licensed banks	14	(3,830,000)	-	-	-
		15,121,802	11,421,254	521,633	240,376

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020

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 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 are located at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. With effective from 27 January 2021, the Company's registered office have been relocated to Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam Selangor.

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 8 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.

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.

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:

Amendments to References to the Conceptual Framework in MFRS Standard

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Materials

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

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

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 the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Covid-19-Related Rent Concessions	1 June 2020
MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139	Interest rate benchmark reform- phase 2	1 January 2021
Amendments to MFRS 16	Covid-19-Related Rent Concessions 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101 or Non-current	Classification of Liabilities as Current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associates 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 above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company.

(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.

Notes To The Financial Statements
31 December 2020 (Cont'd)

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:

<u>Satisfaction of performance obligations in relation to contracts with customers</u>

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.

<u>Determining the lease term of contracts with renewal and termination options – Group as lessee</u>

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group excludes the renewal period as part of the lease term for leases of building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will not be a significant effect on operation and a replacement asset can be readily available.

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 and right-of-use ('ROU') assets

The Group regularly review the estimated useful lives of property, plant and equipment and ROU 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 and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment. The details of property, plant and equipment and ROU assets are disclosed in Notes 4 and 7 respectively.

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 2020 for investment properties. For investment properties, a valuation methodology based on sales comparison approach was used. 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 17.

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 10.

Notes To The Financial Statements
31 December 2020 (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

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.

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 Notes 10(a) and 11 respectively.

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 judgment 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.

There is no estimation required in determining the transaction price, as revenue from rendering of services are based on invoiced values. Discounts are not considered as they are not only given in rare circumstances.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Provision for expected credit loss of financial assets at amortised cost

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 at the end of each reporting period.

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

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

<u>Income taxes</u>

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 2020, the Group has tax recoverable and payable of RM554,952 (2019:RM537,903) and RM326,322 (2019:RM178,243) 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) Basis of consolidation

(i) Subsidiary companies

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

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

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

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

If the initial accounting for a business combination is incomplete by the end 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.

Notes To The Financial Statements
31 December 2020 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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

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

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

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

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.

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

Notes To The Financial Statements
31 December 2020 (Cont'd)

3. Significant Accounting Policies (Cont'd)

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

(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.

(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.

3. Significant Accounting Policies (Cont'd)

(d) Leases

(i) As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i) to the financial statements on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Buildings	Over the remaining lease period

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

Notes To The Financial Statements
31 December 2020 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(d) Leases

(ii) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. 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.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of MFRS 9 *Financial Instrument,* recognising an allowance for expected credit losses ("ECLs") on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". 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.

(e) Investment properties

Investment properties, including right-of-use assets held by lessee, 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.

3. Significant Accounting Policies (Cont'd)

(e) Investment properties (Cont'd)

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.

(f) Financial assets

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 fair value through profit or loss ("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, amount due from subsidiary companies and deposits, bank and cash balances.

(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 method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Notes To The Financial Statements

31 December 2020 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(f) Financial assets (Cont'd)

(b) Financial assets at fair value through other comprehensive income ("FVTOCI")

Debt instruments

A debt security is measured at fair value through other comprehensive income ("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.

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.

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.

3. Significant Accounting Policies (Cont'd)

(g) Financial liabilities

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.

(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.

(i) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

(j) Inventories

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

<u>Property under development and completed property</u>

Property under development consists of the cost of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, including common costs such as the cost of constructing mandatory infrastructure, amenities and affordable houses (net of estimated approved selling prices) and other related costs. 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.

Notes To The Financial Statements
31 December 2020 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(j) Inventories (Cont'd)

Property under development and completed property (Cont'd)

Properties development costs attributable to unsold properties, upon completion, are transferred to 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. Cost is determined on a specific identification basis.

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

(k) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(l) 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.

(m) 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.

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

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

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.

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

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").

Notes To The Financial Statements
31 December 2020 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

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 and the economic environment.

(n) 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.

(o) Provisions

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

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

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(p) 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.

3. Significant Accounting Policies (Cont'd)

(p) Employee benefits

(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.

(q) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good 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 to date, 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.

The Group provides warranties for general repairs of defects as required by law. These assurance-type warranties are accounted for under MFRS 137 Provision, contingent Liabilities and Contingent Assets, please refer to accounting policy on warranty provisions in Note 3(o) to the financial statements.

Notes To The Financial Statements
31 December 2020 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(q) Revenue recognition (Cont'd)

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

(b) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(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.

(iii) Interest income

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

(r) 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.

(s) 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.

Notes To The Financial Statements

31 December 2020 (Cont'd)

3. Significant Accounting Policies (Cont'd)

(s) 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.

(t) 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.

(u) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Where the Group receives non-monetary government grants, the asset and the grant are recorded at nominal amount and transferred to profit or loss on a systematic basis over the life of the depreciable asset by way of a reduced depreciation charge.

Notes To The Financial Statements
31 December 2020 (Cont'd)

4. Property, Plant and Equipment

	Computer and software RM	Moter vehicles RM	Office equipment and fixtures RM	Renovation RM	Total RM
Group					
2020					
At cost					
At 1 January 2020	187,857	6,302	156,900	76,796	427,855
Additions	16,437	-	13,821	-	30,258
At 31 December 2020	204,294	6,302	170,721	76,796	458,113
Accumulated depreciation					
At 1 January 2020	172,603	2,730	61,932	46,777	284,042
Charge for the financial year	19,174	1,260	15,230	14,591	50,255
At 31 December 2020	191,777	3,990	77,162	61,368	334,297
Carrying amount					
At 31 December 2020	12,517	2,312	93,559	15,428	123,816
2019					
At cost					
At 1 January 2019	184,557	6,302	130,019	61,776	382,654
Additions	3,300	-	29,936	15,020	48,256
Written off	-	-	(3,055)	-	(3,055)
At 31 December 2019	187,857	6,302	156,900	76,796	427,855
Accumulated depreciation					
At 1 January 2019	154,601	1,470	37,027	22,961	216,059
Charge for the financial year	20,952	1,260	26,299	20,716	69,227
Written off	-	-	(1,244)	-	(1,244)
Reclassification	(2,950)	-	(150)	3,100	-
At 31 December 2019	172,603	2,730	61,932	46,777	284,042
Carrying amount					
At 31 December 2019	15,254	3,572	94,968	30,019	143,813

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

	Computer and software RM	Office equipment and fixtures RM	Renovation RM	Total RM
Company				
2020				
At cost				
At 1 January 2020/At 31 December 2020	167,272	7,511	450	175,233
Accumulated depreciation				
At 1 January 2020	162,154	2,886	-	165,040
Charge for the financial year	3,841	676	-	4,517
At 31 December 2020	165,995	3,562	-	169,557
Carrying amount				
At 31 December 2020	1,277	3,949	450	5,676
2019				
At cost				
At 1 January 2019/At 31 December 2019	167,272	7,511	450	175,233
Accumulated depreciation				
At 1 January 2019	144,660	1,852	-	146,512
Charge for the financial year	17,494	1,034	-	18,528
At 31 December 2019	162,154	2,886	-	165,040
Carrying amount				
At 31 December 2019	5,118	4,625	450	10,193

Notes To The Financial Statements
31 December 2020 (Cont'd)

5. Goodwill

	Group	
	2020 RM	2019 RM
Cost		
At 1 January/31 December	68,195	68,195
Accumulated impairment losses		
At 1 January/31 December	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	
	2020 RM	2019 RM
At fair value		
At 1 January	27,571,868	28,193,140
Foreign currency translation differences	1,289,542	(621,272)
At 31 December	28,861,410	27,571,868
Included in the above are:		
At fair value		
Commercial properties	28,861,410	27,571,868

(a) Investment properties under leases

Investment properties comprise a number of leasehold 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.

(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 (2019: RMB46,868,400). 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 commercial properties 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.

There were no changes in the fair values has been recognised in the profit or loss during current and previous financial year.

6. Investment Properties (Cont'd)

(c) Income and expenses recognised in profit or loss

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

	Group 2020 RM	Group 2019 RM
Rental income	102,469	120,692
Direct operating expenses:		
- Income generating investment properties	6,379	10,147
- Non-income generating investment properties	20,816	15,763

7. Right-of-use Assets

	Buildings RM
Group	
2020	
At cost	
At 1 January/31 December	393,064
Accumulated impairment losses	
At 1 January	196,532
Charge for the financial year	196,532
At 31 December	393,064
Carrying amounts	
At 31 December	-
2019	
At cost	
Addition/At 31 December	393,064
Accumulated impairment losses	
Charge for the financial year/ At 31 December	196,532
Carrying amounts	
At 31 December	196,532

Notes To The Financial Statements
31 December 2020 (Cont'd)

8. Investment in Subsidiary Companies

	Company 2020 RM	Company 2019 RM
In Malaysia		
At cost		
Unquoted shares	10,750,004	10,750,004
Less: Accumulated impairment losses	(1,869,377)	(920,843)
	8,880,627	9,829,161
Outside Malaysia		
At cost		
Unquoted shares	8,563,000	8,563,000
	17,443,627	18,392,161

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

	Company 2020 RM	Company 2019 RM
At 1 January	920,843	920,843
Impairment loss recognised during the year	1,048,534	-
Reversal of impairment loss during the year	(100,000)	-
At 31 December	1,869,377	920,843

Details of the subsidiary companies are as follows:

Name of company	Place of business /Country of incorporation	Equity interest 2020 %	Equity interest 2019 %	Principal activities
Nagamas Venture Sdn. Bhd.	Malaysia	100	100	Project management and consultation
Nagamas Bizworks Sdn. Bhd.	Malaysia	100	100	Property development and construction
JKI Construction Sdn. Bhd.	Malaysia	100	100	General contractor of and for all buildings
JKI Development Sdn. Bhd.	Malaysia	100	100	Property development and construction
JKI Resources Sdn. Bhd. (Formerly known as Nadi Pancar Sdn. Bhd.)	Malaysia	100	100	General trading, real property holding and investment
Key Success Development Sdn. Bhd.	Malaysia	100	100	Property development and investment
Nagamas International (HK) Ltd*	Hong Kong	100	100	Property development and investment

** Subsidiary companies not audited by UHY Malaysia*

Notes To The Financial Statements
31 December 2020 (Cont'd)

9. Other Receivables

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-current				
Other receivables (a)	4,244,728	3,964,832	-	-
Current				
Other receivables	510,564	908,227	11,867	14,808
Less: Accumulated impairment losses	-	(20,000)	-	-
	510,564	888,227	11,867	14,808
Deposits	896,763	1,162,000	1,150	1,150
Prepayments	288,732	227,187	52,904	13,071
	1,696,059	2,277,414	65,921	29,029
Presented as:				
Non-current	4,244,728	3,964,832	-	-
Current	1,696,059	2,277,414	65,921	29,029
	5,940,787	6,242,246	65,921	29,029

(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.

Movements in the accumulated impairment losses in other receivables are as follows:

	Group and the Company 2020 RM	Group and the Company 2019 RM
Current		
At 1 January	20,000	20,000
Written off	(20,000)	-
At 31 December	-	20,000

Notes To The Financial Statements
31 December 2020 (Cont'd)

10. Inventories

	Group 2020 RM	Group 2019 RM
Property development costs (a)	17,629,835	33,150,215

(a) Property development costs

	Freehold land RM	Development expenditure RM	Total RM
Group			
2020			
Cumulative property development costs			
At the beginning of the financial year	37,481,624	52,640,729	90,122,353
Costs incurred during the financial year	-	36,597,189	36,597,189
At the end of the financial year	37,481,624	89,237,918	126,719,542
Less: Cumulative costs recognised in profit or loss			
At the beginning of the financial year	(12,672,537)	(44,299,601)	(56,972,138)
Recognised during the financial year	(11,536,843)	(40,580,726)	(52,117,569)
At the end of the financial year	(24,209,380)	(84,880,327)	(109,089,707)
Carrying amount			
At 31 December	13,272,244	4,357,591	17,629,835
2019			
Cumulative property development costs			
At the beginning of the financial year	37,481,624	28,266,426	65,748,050
Costs incurred during the financial year	-	24,374,303	24,374,303
At the end of the financial year	37,481,624	52,640,729	90,122,353
Less: Cumulative costs recognised in profit or loss			
At the beginning of the financial year	(6,159,814)	(21,285,973)	(27,445,787)
Recognised during the financial year	(6,512,723)	(23,013,628)	(29,526,351)
At the end of the financial year	(12,672,537)	(44,299,601)	(56,972,138)
Carrying amount			
At 31 December	24,809,087	8,341,128	33,150,215

10. Inventories (Cont'd)

(a) Property development costs (Cont'd)

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

	Group 2020 RM	Group 2019 RM
Sales commission	166,262	788,089
Staff costs (Note 28)	910,488	554,404
Finance costs (Note 24)	356,603	1,907,071

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, RM1,874,506 (2019: RM2,059,034) was amortised and no impairment was recorded.

Freehold land with an aggregate carrying amount of RM13,272,244 (2019: RM24,809,807) was pledged as securities for bank borrowings as disclosed in Note 20 to the financial statements. The bank borrowings have been fully settled during the year and pending bank release the pledge.

(b) Completed properties

	Group 2020 RM	Group 2019 RM
At the beginning of the financial year	-	642,970
Disposal during the financial year	-	(642,970)
At the end of the financial year	-	-

11. Contract Assets

	Group 2020 RM	Group 2019 RM
Current		
<u>Contract assets</u>		
Property development activities (a)	12,981,438	15,613,843
	12,981,438	15,613,843
At 31 December:		
Contract assets	12,981,438	15,613,843

Notes To The Financial Statements
31 December 2020 (Cont'd)

11. Contract Assets (Cont'd)

(a) Property development activities

	Group 2020 RM	Group 2019 RM
At 1 January	15,613,843	14,636,037
Property development revenue recognised during the financial year	58,463,037	36,072,763
Less: Billings during the financial year	(61,095,442)	(35,094,957)
At 31 December	12,981,438	15,613,843
Presented as:		
Contract assets	12,981,438	15,613,843

The contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its property development activities. The contract assets will be transferred to trade receivables when the rights become unconditional.

(b) 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 RM67,844,032 (2019:RM127,815,843). The Group expects to recognise this revenue as the construction contracts are completed, which is expected to occur over the next 1-12 months.

12. Trade Receivables

	Group 2020 RM	Group 2019 RM
Trade receivables	5,406,044	6,593,391
Less: Accumulated impairment losses	(5,282)	(5,282)
	5,400,762	6,588,109

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2019: 30 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 2020 RM	Group 2019 RM
At 1 January/31 December	5,282	5,282

Notes To The Financial Statements
31 December 2020 (Cont'd)

12. Trade Receivables (Cont'd)

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.

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

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
2020			
Not past due	3,649,073	-	3,649,073
Past due :			
More than 90 days	1,756,971	(5,282)	1,751,689
	5,406,044	(5,282)	5,400,762
2019			
Not past due	4,883,863	-	4,883,863
Past due :			
61 to 90 days	1,709,528	(5,282)	1,704,246
	6,593,391	(5,282)	6,588,109

Trade receivables that are not past due are creditworthy receivables with good payment records with the Group.

As at 31 December 2020, trade receivables of RM1,751,689 (2019: RM1,704,246) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

13. Amount Due from/(to) Subsidiary Companies

	Company 2020 RM	2019 RM
Amount due from subsidiary companies		
Non-trade related		
Non-interest bearing	22,030,495	22,446,242
Less: Accumulated impairment losses	(76,730)	(139,286)
	21,953,765	22,306,956
Amount due to subsidiary companies		
Non-trade related		
Non-interest bearing	(3,749,310)	(3,749,110)

Notes To The Financial Statements
31 December 2020 (Cont'd)

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

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

	Company	
	2020 RM	2019 RM
At 1 January	139,286	139,286
Reversal of impairment loss during the year	(62,556)	-
At 31 December	76,730	139,286

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

	Gross amount RM	Loss allowances RM	Net amount RM
2020			
Low credit risk	22,030,495	-	22,030,495
Credit impaired	(76,730)	-	(76,730)
	21,953,765	-	21,953,765
2019			
Low credit risk	22,446,242	-	22,446,242
Credit impaired	(139,286)	-	(139,286)
	22,306,956	-	22,306,956

Amount due from /(to) subsidiary companies are unsecured and repayable on demand.

14. Deposits, Bank and Cash Balances

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	1,994,375	1,618,480	521,633	240,376
Housing Development Accounts	9,513,862	6,266,150	-	-
Deposits with license banks	7,443,565	3,536,624	-	-
	18,951,802	11,421,254	521,633	240,376
Less: Deposits pledged with license banks	(3,830,000)	-	-	-
Total deposits, bank and cash balances	15,121,802	11,421,254	521,633	240,376

14. Deposits, Bank and Cash Balances (Cont'd)

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

Fixed deposits pledged with licensed banks of the Company amounting to RM3,830,000 are pledged as performance bond guarantee favouring Kementerian Kesejahteraan Bandar, Perumahan dan Kerajaan Tempatan, Jabatan Perumahan (KPKT) for the development of Amani Residence located in Bandar Puteri Puchong.

The effective interest rates and maturity period of deposits with licensed banks of the Group as at the end of the reporting period is 1.57%-2.98% (2019: 2.9%) per annum and 1 month (2019: 1 month) respectively.

15. Share Capital

	Group and Company			
	Number of shares		Amount	
	2020 Unit	2019 Unit	2020 RM	2019 RM
Issued and fully paid:				
At 1 January	166,845,219	166,845,219	44,655,645	44,655,645
Issuance of shares pursuant to:				
- conversion of warrants	1,271,000	-	406,720	-
Warrants reserve	-	-	228,780	-
At 31 December	168,116,219	166,845,219	45,291,145	44,655,645

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

During the financial year, the Company increased its issued and paid up share capital from RM44,655,645 to RM45,291,145 by way of issuance of 1,271,000 new ordinary shares pursuant to the conversion of Warrants 2014/2021 at the exercise price of RM0.32 per ordinary shares.

16. Reserves

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Group					
Warrants reserve	(a)	13,376,860	13,605,640	13,376,860	13,605,640
Foreign currency translation reserve	(b)	3,870,568	4,308,143	-	-
Accumulated losses		(2,279,741)	(7,881,597)	(22,511,892)	(21,095,458)
		14,967,687	10,032,186	(9,135,032)	(7,489,818)

Notes To The Financial Statements
31 December 2020 (Cont'd)

16. Reserves (Cont'd)

(a) 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.

Salient features of the Warrants are as follows:

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

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

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

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

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

(b) 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.

17. Deferred Tax Liabilities

	Group	
	2020 RM	2019 RM
At 1 January	6,303,908	6,578,976
Recognised in profit or loss (Note 26)	876,566	(245,379)
Exchange differences	(126,710)	(29,689)
At 31 December	7,053,764	6,303,908

17. Deferred Tax Liabilities (Cont'd)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax liabilites	7,054,823	6,313,073	61	588
Deferred tax assets	(1,059)	(9,165)	(61)	(588)
	7,053,764	6,303,908	-	-

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 2020	6,303,908	9,165	6,313,073
Recognised in profit or loss	876,566	(7,120)	869,446
Effect on changes in exchange rate	(126,710)	-	(126,710)
Over provision in prior years	-	(986)	(986)
At 31 December 2020	7,053,764	1,059	7,054,823
At 1 January 2019	6,578,976	13,383	6,592,359
Recognised in profit or loss	(245,379)	(3,317)	(248,696)
Effect on changes in exchange rate	(29,689)	-	(29,689)
Over provision in prior years	-	(901)	(901)
At 31 December 2019	6,303,908	9,165	6,313,073

	Unutilised tax losses RM	Unabsorbed capital allowances RM	Total RM
Group			
Deferred tax assets			
At 1 January 2020	(8,554)	(611)	(9,165)
Recognised in profit or loss	8,554	(448)	8,106
At 31 December 2020	-	(1,059)	(1,059)
At 1 January 2019	-	(13,383)	(13,383)
Recognised in profit or loss	(559)	3,876	3,317
Over provision in prior years	(7,995)	8,896	901
At 31 December 2019	(8,554)	(611)	(9,165)

Notes To The Financial Statements
31 December 2020 (Cont'd)

17. Deferred Tax Liabilities (Cont'd)

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

	Accelerated capital allowances RM
Company	
Deferred tax liabilities	
At 1 January 2020	588
Recognised in profit or loss	(527)
At 31 December 2020	61
At 1 January 2019	4,368
Recognised in profit or loss	(3,760)
Over provision in prior years	(20)
At 31 December 2019	588
Deferred tax assets	
At 1 January 2020	(588)
Recognised in profit or loss	527
At 31 December 2020	(61)
At 1 January 2019	(4,368)
Recognised in profit or loss	3,760
Over provision in prior years	20
At 31 December 2019	(588)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unabsorbed capital allowances	127,673	123,455	127,363	122,929
Unutilised tax losses	4,992,862	8,722,589	3,774,928	3,517,947
	5,120,535	8,846,044	3,902,291	3,640,876

With effect from year of assessment 2019, unutilised tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under current tax legislation. 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 been arise in subsidiary companies that have a recent history of losses.

Notes To The Financial Statements
31 December 2020 (Cont'd)

18. Trade Payables

	Group 2020 RM	2019 RM
Third parties	5,150,006	6,119,851

Credit terms of trade payables of the Group ranged from 30 to 90 days (2019: 30 to 90 days) depending on the terms of the contracts.

19. Other Payables

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Other payables	17,342,278	15,682,931	15,802	16,478
Accruals	292,503	722,077	48,300	47,300
	17,634,781	16,405,008	64,102	63,778

Included in other payables are RM12,030,639 (2019: RM12,030,639) being the balance of land owner entitlement payable to Fivestar Development (Puchong) Sdn. Bhd.. That amount is subject to payment upon completion and receive of Certificate Completion and Compliance for project Amani Residence.

20. Bank Borrowings

	Group 2020 RM	2019 RM
Secured		
Bridging loans	-	17,570,872
Current		
Bridging loans	-	17,570,872

During the financial year ended 31 December 2020, the loan had been fully settled and pending bank for release of pledge.

(a) The banking 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 of the subsidiary company as disclosed in Note 10 to the financial statements;
(ii) Corporate guarantee by the Company; and
(iii) Individual guarantee by a Director of the Company.

Notes To The Financial Statements
31 December 2020 (Cont'd)

20. Bank Borrowings (Cont'd)

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

	Group 2020 %	Group 2019 %
Bridging loans	6.65	8.10

21. Lease Liabilities

	Group 2020 RM	Group 2019 RM
At 1 January	200,070	-
Additions	-	393,064
Payments	(204,000)	(204,000)
Interest expense recognised in profit or loss	3,930	11,006
At 31 December	-	200,070
Presented as:		
Current	-	200,700

The maturity analysis of lease liabilities of the Group at the end of the reporting period.

	Group 2020 RM	Group 2019 RM
Within one year	-	204,000
Less: Future finance charges	-	(3,930)
Present value of lease liabilities	-	200,070

The Group leases a building. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

22. Amount Due to Directors

This represents unsecured advances, non-interest bearing and is repayable on demand.

Notes To The Financial Statements
31 December 2020 (Cont'd)

23. Revenue

	Group 2020 RM	Group 2019 RM
Revenue from contracts with customers:		
- Property development	58,642,340	40,223,278
	58,642,340	40,223,278
Revenue from other sources:		
- Rental income from investment properties	102,469	120,692
	58,744,809	40,343,970
Timing of revenue recognition:		
Over time	58,642,340	40,223,278
Total revenue from contracts with customers	58,642,340	40,223,278

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

	Property development and construction RM
2020	
Major goods and services	
Property development, representing total revenue from contracts with customers	58,642,340
Geographical market	
Malaysia, representing total revenue from contracts with customers	58,642,340
Timing of revenue recognition	
Over time, representing total revenue from contracts with customers	58,642,340
2019	
Major goods and services	
Property development, representing total revenue from contracts with customers	40,223,278
Geographical market	
Malaysia, representing total revenue from contracts with customers	40,223,278
Timing of revenue recognition	
Over time, representing total revenue from contracts with customers	40,223,278

Notes To The Financial Statements
31 December 2020 (Cont'd)

24. Finance Costs

	Group 2020 RM	Group 2019 RM
Interest expenses on:		
-Bridging loans	325,037	1,686,264
-Lease liabilities	3,930	11,006
-Term loans	31,566	220,807
	360,533	1,918,077
Less: Finance costs capitalised in property development costs (Note 10)	(356,603)	(1,907,071)
	3,930	11,006

25. Profit/(Loss) Before Tax

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

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Auditors' remuneration				
Statutory audit				
- Current year provision	119,390	115,805	34,000	33,000
- Non-audit services	5,000	5,000	5,000	5,000
Depreciation of:				
- property, plant and equipment	50,255	69,227	4,517	18,528
- right-of-use assets	196,532	196,532	-	-
Foreign exchange (gain)/loss				
- Unrealised	(1,753,006)	621,272	-	-
Government subsidy	(46,200)	-	-	-
Interest income	(127,510)	(133,152)	(260)	(3,527)
Impairment loss on investment of subsidiary company	-	-	1,048,534	-
Liquidated ascertained damages	(30,000)	-	-	-
Lease expenses relating to				
- Short-term leases	111,900	120,000	-	-
- Low-value assets	69,251	-	-	-

25. Profit/(Loss) Before Tax (Cont'd)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-executive Directors' remuneration				
- Fees	157,097	150,000	137,500	150,000
- Other emoluments	9,500	9,000	8,000	9,000
Other income	(144,803)	-	-	-
Property, plant and equipment written off	-	1,811	-	-
Reversal of interest expense at amortised costs non-current other receivable	(279,896)	-	-	-
Reversal of impairment loss on				
- investment in subsidiary company	-	-	(100,000)	-
- amount due from subsidiary company	-	-	(62,556)	-
Waiver of rental	(17,000)	-	-	-

During the financial year, government grants of RM46,200 to the Group and the Company were received as part of a Government initiative to provide immediate financial support as a result of Wage Subsidy Program. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

Notes To The Financial Statements
31 December 2020 (Cont'd)

26. Taxation

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Tax expenses recognised in profit or loss				
Current tax provision				
- Malaysia income tax	1,276,645	475,318	-	-
Under provision in prior years	11,269	68,232	-	-
	1,287,914	543,550	-	-
Deferred tax (Note 17)				
Origination and reversal of temporary differences	876,566	(245,379)	-	-
	2,164,480	298,171	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax 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 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Profit/(Loss) before tax	7,766,336	4,632,984	(1,416,434)	(487,113)
At Malaysian statutory tax rate of 24% (2019: 24%)	1,863,921	1,111,916	(339,944)	(116,907)
Effects of different tax rates in other jurisdictions	(132,409)	36,946	-	-
	1,731,512	1,148,862	(339,944)	(116,907)
Expenses not deductible for tax purposes	445,381	219,629	316,218	55,063
Income not subject to tax	(6,125)	(456,208)	(39,013)	-
Deferred tax movement arising from investment property	876,566	(245,379)	-	-
Deferred tax assets not recognised during the financial year	137,494	64,872	62,739	61,844
Utilisation of previously unrecognised deferred tax assets	(1,031,617)	(501,837)	-	-
Under provision of tax in prior years	11,269	68,232	-	-
	2,164,480	298,171	-	-

26. 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		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unabsorbed capital allowances	131,726	127,845	127,619	125,380
Unutilised tax losses	4,992,964	8,722,589	3,774,928	3,517,947
	5,124,690	8,850,434	3,902,547	3,643,327

27. Earnings Per Share

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit 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	
	2020 RM	2019 RM
Profit attributable to owners of the parent	5,601,856	4,334,813
Weighted average number of ordinary shares in issue		
Issued ordinary shares at 1 January	166,845,219	166,845,219
Effect of ordinary shares issued during the financial year	84,850	-
Weighted average number of ordinary shares at 31 December	166,930,069	166,845,219
Basic earnings per shares (in sen)	3.36	2.60

Notes To The Financial Statements
31 December 2020 (Cont'd)

27. Earnings Per Share (Cont'd)

(b) Diluted earnings per share

Diluted earnings per share are calculated based on the adjusted consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group 2020 RM	Group 2019 RM
Profit attributable to owners of the parent	5,601,856	4,334,813
Weighted average number of ordinary shares used in the calculation of basic earnings per share	166,930,069	166,845,219
Effect of potential exercise of warrants	15,536,689	-
Weighted average number of ordinary shares at 31 December (diluted)	182,466,758	166,845,219
Basic earnings per ordinary shares (in sen)	3.07	2.60

28. Staff Costs

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

	Group and the Company 2020 RM	Group and the Company 2019 RM
Salaries and other emoluments	2,708,252	2,521,086
Defined contribution plans	279,238	202,876
Social security contributions	10,347	11,718
Employee Insurance Scheme	297	1,327
Other employee benefits	7,991	-
	3,006,125	2,737,007
Less: Staff costs capitalised in property development costs (Note 10)	(910,488)	(554,404)
	2,095,637	2,182,603

28. Staff Costs (Cont'd)

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

	Group and the Company	
	2020	2019
	RM	RM
Executive Directors		
<u>Existing Directors of the Company</u>		
Salaries and other emoluments	351,607	855,720
Defined contribution plans	13,316	76,200
Social security contributions	50	1,589
Employee Insurance Scheme	-	190
	364,973	933,699
<u>Past Directors of the Company</u>		
Salaries and other emoluments	663,600	-
Defined contribution plans	73,608	-
Social security contributions	1,687	-
Employee Insurance Scheme	190	-
	739,085	-

29. Financial Guarantee

	Company	
	2020	2019
	RM	RM
Unsecured		
<u>Corporate guarantee</u>		
Corporate guarantee given to licensed banks for credit facilities granted to subsidiary companies	20,915,694	20,915,694
Corporate guarantee given to licensed banks for credit facilities granted to subsidiary companies	1,976,572	1,976,572
	22,892,266	22,892,266

Notes To The Financial Statements
31 December 2020 (Cont'd)

30. 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.

(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 Note 13.

(c) Compensation of key management personnel

The remuneration of key management personnel is same as the Directors' remuneration as disclosed in Notes 25 and 28 respectively.

31. 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:

			Non-cash changes	
Group	**At 1 January RM**	**Financing cash flows (i) RM**	**New lease (Note 21) RM**	**At 31 December RM**
2020				
Lease liabilities	200,070	(200,070)	-	-
Bank borrowings	17,570,872	(17,570,872)	-	-
	17,770,942	(17,770,942)	-	-
2019				
Lease liabilities	-	(192,994)	393,064	200,070
Bank borrowings	23,309,751	(5,738,879)	-	17,570,872
	23,309,751	(5,931,873)	393,064	17,770,942

31. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)

	At 1 January RM	Financing cash flows (i) RM	Other changes(ii) RM	At 31 December RM
Company				
2020				
Amount due from subsidiary companies	(18,557,846)	415,947	(62,556)	(18,204,455)
2019				
Amount due from subsidiary companies	(19,211,988)	654,142	-	(18,557,846)

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

(a) proceeds from and repayment of borrowings;

(b) repayment of finance lease liabilities and lease liabilities; and

(c) proceeds from and repayment of amount owing (from)/to subsidiary companies.

(ii) Other changes include reversal of allowance for impairment loss on amount due from subsidiary.

32. Segment Information

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

Property development and construction	Develop and provides construction services for residential, industrial and commercial property
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.

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

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

Notes To The Financial Statements

31 December 2020 (Cont'd)

32. Segment Information (Cont'd)

	Property development and construction RM	Property management and investment holding RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
Group					
2020					
Revenue					
External customers					
- Property development	58,642,340	-	58,642,340	-	58,642,340
- Rental income from investment properties	-	102,469	102,469	-	102,469
	58,642,340	102,469	58,744,809	-	58,744,809
Inter-segment	45,747,584	-	45,747,584	(45,747,584)	-
Total Revenue	104,389,924	102,469	104,492,393	(45,747,584)	58,744,809
Results					
Segment result	8,734,362	579,392	9,313,754	(1,670,999)	7,642,755
Finance costs	(3,929)	-	(3,929)	-	(3,929)
Finance income	127,510	-	127,510	-	127,510
Profit/(Loss) before tax	8,857,943	579,392	9,437,335	(1,670,999)	7,766,336
Taxation	(1,280,031)	(884,449)	(2,164,480)	-	(2,164,480)
Profit/(Loss) for the financial year	7,577,912	(305,057)	7,272,855	(1,670,999)	5,601,856
Segment assets	56,460,373	37,319,126	93,779,499	(3,334,697)	90,444,802
Including in the measurement of assets are:					
Capital expenditure relating to:					
-property, plant and equipment	30,258	-	30,258	-	30,258
Segment liabilities	22,623,001	7,562,969	30,185,970	-	30,185,970
Other non-cash items					
Depereciation of:					
- property, plant and equipment	45,738	4,517	50,255	-	50,255
- right-of-use assets	196,532	-	196,532	-	196,532

32. Segment Information (Cont'd)

	Property development and construction RM	Property management and investment holding RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
Group					
2019					
Revenue					
External customers					
- Property development	40,223,278	-	40,223,278	-	40,223,278
- Rental income from investment properties	-	120,692	120,692	-	120,692
	40,223,278	120,692	40,343,970	-	40,343,970
Inter-segment	19,411,867	-	19,411,867	(19,411,867)	-
Total Revenue	59,635,145	120,692	59,755,837	(19,411,867)	40,343,970
Results					
Segment result	3,743,513	(999,261)	2,744,252	1,766,586	4,510,838
Finance costs	(11,006)	-	(11,006)	-	(11,006)
Finance income	129,625	3,527	133,152	-	133,152
Profit/(Loss) before tax	3,862,132	(995,734)	2,866,398	1,766,586	4,632,984
Taxation	(543,550)	245,379	(298,171)	-	(298,171)
Profit/(Loss) for the financial year	3,318,582	(750,355)	2,568,227	1,766,586	4,334,813
Segment assets	74,080,362	28,295,323	102,375,685	(909,902)	101,465,783
Including in the measurement of assets are:					
Capital expenditure relating to:					
- property, plant and equipment	48,256	-	48,256	-	48,256
- right-of-use assets	393,064	-	393,064	-	393,064
Segment liabilities	40,098,491	6,679,461	46,777,952	-	46,777,952
Other non-cash items					
Depereciation of:					
- property, plant and equipment	(50,519)	(18,708)	(69,227)	-	(69,227)
- right-of-use assets	(196,532)	-	(196,532)	-	(196,532)
Property, plant and equipment written off	(1,811)	-	(1,811)	-	(1,811)

Notes To The Financial Statements
31 December 2020 (Cont'd)

32. Segment Information (Cont'd)

Geographic information

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

	Property development and construction RM	Property management and investment holding RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
Group					
Revenue					
Geographical market:					
2020					
Malaysia					
- Property development	104,389,924	-	104,389,924	(45,747,584)	58,642,340
People's Republic of China	-	102,469	102,469	-	102,469
	104,389,924	102,469	104,492,393	(45,747,584)	58,744,809
2019					
Malaysia					
- Property development	59,635,146	-	59,635,146	(19,411,868)	40,223,278
People's Republic of China	-	120,692	120,692	-	120,692
	59,635,146	120,692	59,755,838	(19,411,868)	40,343,970

Non-current assets information based on the geographical location of assets are as follows:

	Group 2020 RM	Group 2019 RM
Non-current assets		
Malaysia	4,368,544	4,305,177
People's Republic of China	28,861,410	27,571,868
	33,229,954	31,877,045

33. 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**
2020	
Financial assets	
Trade receivables	5,400,762
Other receivables	5,652,055
Deposits, bank and cash balances	18,951,802
	30,004,619
Financial liabilities	
Trade payables	5,150,006
Other payables	17,634,781
Amount due to directors	21,097
	22,805,884
2019	
Financial assets	
Trade receivables	6,588,109
Other receivables	6,015,059
Deposits, bank and cash balances	11,421,254
	24,024,422
Financial liabilities	
Bank borrowings	17,570,872
Trade payables	6,119,851
Other payables	16,405,008
Lease Liabilities	200,070
	40,295,801

Notes To The Financial Statements
31 December 2020 (Cont'd)

33. Financial Instruments (Cont'd)

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

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: (Cont'd)

Company	**At Amortised cost RM**
2020	
Financial assets	
Other receivables	13,017
Amount due from subsidiary companies	21,953,765
Deposits, bank and cash balances	521,633
	22,488,415
Financial liabilities	
Other payables	64,102
Amount due to directors	21,097
Amount due to subsidiary companies	3,749,310
	3,834,509
2019	
Financial assets	
Other receivables	15,958
Amount due from subsidiary companies	22,306,956
Deposits, bank and cash balances	240,376
	22,563,290
Financial liabilities	
Other payables	63,778
Amount due to subsidiary companies	3,749,110
	3,812,888

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its 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.

33. 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 and deposits with licensed banks. The Company's exposure to credit risk arises principally from 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 previous financial year.

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

The Company provides unsecured 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 granted to certain subsidiary companies.

The Company's maximum exposure in this respect is RM22,892,266 (2019: RM22,892,266), representing the outstanding banking facilities to the subsidiary companies 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. Nevertheless, the loan had been fully settled in subsidiary and pending bank for release of pledge.

There are no significant changes as compared to previous financial year.

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

Notes To The Financial Statements
31 December 2020 (Cont'd)

33. Financial Instruments (Cont'd)

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

(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.

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	Total contractual cash flows RM	Total carrying amount RM
Group			
2020			
Non-derivative financial liabilities			
Trade payables	5,150,006	5,150,006	5,150,006
Other payables	17,634,781	17,634,781	17,634,781
Amount due to directors	21,097	21,097	21,097
	22,805,884	22,805,884	22,805,884
2019			
Non-derivative financial liabilities			
Bank borrowings	18,783,678	18,783,678	17,570,872
Trade payables	6,119,851	6,119,851	6,119,851
Other payables	16,405,008	16,405,008	16,405,008
Lease liabilities	204,000	204,000	200,070
	41,512,537	41,512,537	40,295,801

33. 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. (Cont'd)

	On demand or within 1 year RM	**Total contractual cash flows RM**	**Total carrying amount RM**
Company			
2020			
Non-derivative financial liabilities			
Other payables	64,102	64,102	64,102
Amount due to subsidiary companies	3,749,310	3,749,310	3,749,310
Amount due to directors	21,097	21,097	21,097
Financial guarantee liabilities*	22,892,266	22,892,266	-
	26,726,775	26,726,775	3,834,509
2019			
Non-derivative financial liabilities			
Other payables	63,778	63,778	63,778
Amount due to subsidiary companies	3,749,110	3,749,110	3,749,110
Financial guarantee liabilities*	22,892,266	22,892,266	-
	26,705,154	26,705,154	3,812,888

* Based on the maximum amount that can be called for under financial guarantee contract.

The Company provides unsecured financial guarantee to banks in respect of credit facilities granted to certain subsidiary companies and monitors on an ongoing basis the performance of the subsidiary companies. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

Financial guarantee have not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their credit facilities is remote.

Notes To The Financial Statements
31 December 2020 (Cont'd)

33. Financial Instruments (Cont'd)

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

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk though fair value valuation of investment properties that denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk is primarily Renminbi (RMB).

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

Group	**Denominated in RMB RM**
2020	
Investment properties	28,861,410
Trade receivables	2,446
Other receivables	493,739
Trade payables	(215,045)
Other payables	(56,055)
	29,086,495

<u>Foreign currency sensitivity analysis</u>

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the RMB exchange rates against RM, with all other variables held constant.

	2020	
Group	**Change in currency rate RM**	**Effect on profit before tax RM**
RMB	Strengthened 1%	290,865
	Weakened 1%	(290,865)

33. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

(b) Interest rate risks

The Group's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's 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 of its deposits with licensed banks by placing them at the most competitive interest rate obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

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

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

	Group	
	2020 RM	**2019 RM**
Fixed rate instruments		
Financial assets	7,443,565	3,536,624
Financial liabilities	-	200,070
Floating rate instrument		
Bank borrowings	-	17,570,872

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 RM Nil (2019: RM175,709) 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.

33. Financial Instruments (Cont'd)

(c) Fair value of financial instruments

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

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

(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).

(iv) Level 3 fair value

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

34. 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.

34. Capital Management (Cont'd)

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		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Total loans and borrowings	-	17,570,872	-	-
Lease liabilities	-	200,070	-	-
	-	17,770,942	-	-
Less: Deposits, bank and cash balances	(18,951,802)	(11,421,254)	(521,633)	(240,376)
Net debts	(18,951,802)	6,349,688	(521,633)	(240,376)
Total equity	60,258,832	54,687,831	36,156,113	37,165,827
Gearing ratio	- *	0.12	- *	- *

* the gearing ratio is not applicable as the Company has sufficient cash and bank balances.

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

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

35. Significant Events

(a) Effect of outbreak of coronavirus pandemic

The Directors of the Company have closely monitored the development of the outbreak of coronavirus pandemic ('COVID-19') infection in Malaysia that may affect the business performance, financial performance and financial position of the Group and of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that affected the Group and Company business operations, as at the date of this report, the directors have assessed the overall impact of this situation towards the Group's and the Company's operations, financial performance and cashflows and concluded there is no material adverse effect on the Group's and the Company's financial statements for the financial year ended 31 December 2020. Nevertheless, the directors will closely monitor the current developments of Covid-19 pandemic and at the present the facilities and site works activities of the Group and Company are in normal and stable operation.

(b) On 31 December 2020, Jiankun International Berhad wholly-owned subsidiary, Key Success Development Sdn Bhd ("KSDSB" or "the Purchaser"), had entered into a Sale and Purchase Agreement ("SPA") with Cash Support Sdn Bhd ("CSSB" or "the Vendor") to acquire a leasehold land held under H.S. (D) 70546, PT 498, Pekan Klebang Sek. II, Daerah Melaka Tengah, Negeri Melaka ("the Land") for a total purchase consideration of RM13,000,000. The transaction still not complete as at the date of the report.

Notes To The Financial Statements
31 December 2020 (Cont'd)

36. Subsequent Events

The following significant and subsequent events took place for the Company and its subsidiary companies subsequent to the financial year

(a) On 14 January 2021, the company announced the proposal to private placement exercises of up to 20% of the total number of issued shares of the Company to third party investors and submitted the plan to Bursa Malaysia Securities Berhad ("Bursa").

On 19 January 2021, Bursa approved the above plan subject to inter alia, the following conditions:

(i) The Company or its advisor must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Private Placement;

(ii) The Company and the advisor to inform Bursa upon completion of the Private Placement; and

(iii) The Company and TA Securities to furnish Bursa with a written confirmation of its compliance with the terms and conditions of Bursa's approval once the Private Placement is completed.

On 18 March 2021, the Board had on to-date ("Price-fixing Date") fixed the issue price for the placement of 14,000,000 Placement Shares at RM0.3720 per Placement Share ("Issue Price"). The Issue Price represents a discount of approximately 9.99% to the 5-day VWAP of Jiankun Shares up to and including 17 March 2021 of RM0.4133, being the last market day immediately preceding the Price-fixing Date.

On 26 April 2021, the Board had on to-date ("Price-fixing Date") fixed the issue price for the placement of 10,645,400 Placement Shares at RM0.3213 per Placement Share ("Issue Price"). The Issue Price represents a discount of 10.00% to the 5-day VWAP of Jiankun Shares up to and including 23 April 2021 of RM0.3570, being the last market day immediately preceding the Price-fixing Date.

(b) On 22 January 2021, the Company announced the proposal to undertake the following:

(i) Establishment of a share issuance scheme of up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) for eligible directors and employees of the Company and its subsidiaries ("Proposed SIS"); and

(ii) Proposed reduction of the issued share capital of the Company pursuant to Section 116 of the Companies Act 2016 ("Proposed Share Capital Reduction"),

On 8 February 2021, Bursa approved the listing and quotation of up to 15% of the total number of issued Shares (excluding treasury shares) to be issued pursuant to the Proposed SIS subject to the following conditions:

(i) TA Securities is required to submit a confirmation to Bursa of full compliance of the Proposed SIS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the Shareholders in general meeting approving the Proposed SIS; and

(ii) Company is required to furnish Bursa on a quarterly basis a summary of the total number of Shares listed pursuant to the Proposed SIS, as at the end of each quarter together with a detailed computation of listing fees payable.

On 24 March 2021, the Proposed SIS and share capital reduction were approved by the shareholders at the Extraordinary General Meeting.

On 28 April 2021, the Board filed the petition to the Court in relation to the Proposed Share Capital Reduction via its legal counsel.

36. Subsequent Events (Cont'd)

(c) On 3 March 2021, the Company announce that its wholly-owned subsidiary, Nagamas Venture Sdn Bhd ("NVSB" or "the Purchaser"), had on 3 March 2021 entered into a conditional share sale and purchase agreement ("SSPA") with Mr Sit Yew Hing and Mr Loh Siew Jiann ("the Vendors") for the acquisition of 2 ordinary shares in Limpah Restu Development Sdn Bhd ("LRDSB")("Sale Shares"), representing 100% equity interest in LRDSB for a total cash purchase consideration of RM10,000,000 ("Proposed Acquisition").

Upon completion of the Proposed Acquisition, LRDSB will become a wholly-owned subsidiary of NVSB and indirect subsidiary of Jiankun.

(d) On 17 March 2021, the Company announce that its wholly-owned subsidiary, Nagamas Bizworks Sdn Bhd ("NBSB" or "the Purchaser") had on 17 March 2021 entered into a Conditional Share Sale and Purchase Agreement ("SSPA") with Encik Abu Hurairah Bin Abdul Aziz and Encik Muhammad Shafiq Bin Jamuri ("the Vendors") for the acquisition of 1,000,000 ordinary shares in Embon Global Venture Sdn Bhd ("EGVSB")("Sale Shares"), representing 100% equity interest in EGVSB for a total cash purchase consideration of RM5,749,920.00 ("Proposed Acquisition").

Upon completion of the Proposed Acquisition, EGVSB will become a wholly-owned subsidiary of NBSB and indirect subsidiary of Jiankun.

37. 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 10 May 2021.

LIST OF PROPERTIES

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 square meter The properties are partial rented	9 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	28,861,410	28 December 2020 / 29 December 2009

ANALYSIS OF SHAREHOLDINGS
AS AT 10 MAY 2021

SHARE CAPITAL

Total Number of Issued Shares	:	201,872,619
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 10 MAY 2021

Size of Holding	No. of shareholders	%	No. of Shares	%
1 – 99	102	2.692	3,841	0.001
100 - 1,000	1,138	30.042	621,849	0.308
1,001 - 10,000	1,234	32.576	7,023,025	3.478
10,001 - 100,000	1,081	28.537	10,659,525	20.141
100,001 – 10,093,629*	231	6.098	119,094,779	58.995
10,093,630 - 5% and above of Issued Shares**	2	0.052	34,469,600	17.074
Total	**3,788**	**100.000**	**201,872,619**	**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 Directors	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	Tan Sri Dato' Sri Mohamed Apandi Bin Ali	-	-	-	-
2	Dato' Ir Lim Siang Chai	-	-	-	-
3	Datuk Seri Tan Choon Hwa	160,000	0.079	-	-
4	Edwin Silvester Das	-	-	-	-
5	Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P	-	-	-	-
6	Kamil Bin Abdul Rahman	-	-	-	-
7	Azmi Bin Osman	-	-	-	-

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 Shareholders	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	Wai Ai Loo	18,100,000	8.966	-	-
2	Advance Information Marketing Berhad	16,369,600	8.108	-	-

Analysis Of Shareholdings (Cont'd)

AS AT 10 MAY 2021

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS
(According to the Record of Depository As At 10 MAY 2021)

No.	Name of Shareholders	No. of Shares	%
1	Wai Ai Loo	18,100,000	8.966
2	Advance Information Marketing Berhad	16,369,600	8.108
3	Chai Kai Yue	8,300,000	4.111
4	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Mun Yin	6,421,800	3.181
5	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chee Keang	6,145,400	3.044
6	Genia Cheah Suan Li	3,971,300	1.967
7	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Yee Ping	3,950,100	1.956
8	Kwan Lee Kam	3,050,000	1.510
9	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sarojini A/P Sivanandam	3,000,000	1.486
10	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Wymin (M09)	2,511,200	1.243
11	Yeat Sew Chuong	2,071,900	1.026
12	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jenny Lim Fen Fua	2,000,000	0.990
13	Lee Khim Hwa	2,000,000	0.990
14	Lee Choon Hooi	1,800,000	0.891
15	Chok Pui Woon	1,694,000	0.839
16	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Hoi Chuan (MP0469)	1,675,500	0.829
17	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Chow Tee (Margin)	1,600,000	0.792
18	Leon Yiemann Jala	1,500,000	0.743
19	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Su Kim Ding (MY3082)	1,430,000	0.708
20	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Jin Chooi (M01)	1,200,00	0.594
21	Ang Huat Keat	1,200,000	0.594
22	Ch'ng Ewe Teat	1,120,000	0.554
23	Lee Tee Thian	1,005,000	0.497
24	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Edric Yap Shi Yuan (Smart)	1,000,000	0.495
25	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Ee Moun (MP0507)	1,000,000	0.495
26	Lim Tuan	1,000,000	0.495
27	Moy Teik Guan	1,000,000	0.495
28	Ong Jue Lean	1,000,000	0.495
29	Tan Ban Leong	1,000,000	0.495
30	Chin Kim Yong	950,000	0.470

ANALYSIS OF WARRANTS HOLDINGS
AS AT 10 MAY 2021

Issued Size : 74,204,889 detachable warrants issued pursuant to the Rights Issue
Number of Warrants Holders : 545

DISTRIBUTION OF WARRANTS HOLDINGS AS AT 10 MAY 2021

Size of Holding warrants	No. of warrants	%	No. of holders	%
1 – 99	28	5.137	1,242	0.001
100 - 1,000	61	11.192	35,536	0.047
1,001 - 10,000	158	28.990	821,774	1.107
10,001 - 100,000	209	38.348	8,538,850	11.507
100,001 - Less than 5% of Issued Warrants	85	15.596	36,585,650	49.303
5% and above of Issued Warrants	4	0.733	28,221,837	38.032
Total	**545**	**100.000**	**74,204,889**	**100.000**

DIRECTORS' INTERESTS IN WARRANTS AS AT 10 MAY 2021

No.	Name of Directors	No. of Warrants held Direct	%	No. of Warrants held Indirect	%
1	Tan Sri Dato' Sri Mohamed Apandi Bin Ali	-	-	-	-
2	Dato' Ir Lim Siang Chai	-	-	-	-
3	Datuk Seri Tan Choon Hwa	130,000	0.175	-	-
4	Edwin Silvester Das	-	-	-	-
5	Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P	-	-	-	-
6	Kamil Bin Abdul Rahman	-	-	-	-
7	Azmi Bin Osman	-	-	-	-

SUBSTANTIAL WARRANTS HOLDERS IN WARRANTS AS AT 10 MAY 2021

No.	Name of Substantial Warrants Holders	No. of Warrants held Direct	%	No. of Warrants held Indirect	%
1	Wai Ai Loo	13,600,000	18.327	-	-
2	Tai Tean Seng	6,195,000	8.348	-	-
3	FS Motorsports Sdn. Bhd.	4,661,837	6.282	-	-
4	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Foong Kah Heng (001)	3,765,000	5.073		

Analysis Of Warrants Holdings (Cont'd)

AS AT 10 MAY 2021

LIST OF TOP 30 LARGEST WARRANTS HOLDERS AS AT 10 MAY 2021
(According to the Record of Depository as at 10 May 2021)

No.	Name of Warrants Holders	No. of Warrants Held	%
1	Wai Ai Loo	13,600,000	18.327
2	Tai Tean Seng	6,195,000	8.348
3	FS Motorsports Sdn. Bhd.	4,661,837	6.282
4	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Foong Kah Heng (001)	3,765,000	5.073
5	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Yap Yee Ping	3,083,000	4.154
6	Foong Kah Heng	2,640,000	3.557
7	Low Pit Koon	1,824,6000	2.458
8	Yuen Chin Luen	1,515,100	2.041
9	Cita Realiti Sdn Bhd	1,295,700	1.746
10	Secepat Mutiara Sdn Bhd	1,226,000	1.652
11	Soo Hong Lin	1,200,000	1.617
12	Ong Jue Lean	1,150,000	1.549
13	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Wymin (M09)	1,078,200	1.453
14	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Choo Kok Poon (E-KBU)	1,000,000	1.347
15	Goh Chwee Lan	900,000	1.212
16	Advance Information Marketing Berhad	849,000	1.144
17	Lee Yeong Tat	800,000	1.078
18	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Gan Chow Tee (Margin)	700,000	0.943
19	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad For Edric Yap Shi Yuan (Smart)	549,800	0.740
20	Low Pit Koon	500,000	0.673
21	Loh Khoon Huat	483,600	0.651
22	Chan Siut Har	474,000	0.638
23	Bong Hon Liong	473,1000	0.637
24	Chan Poh Cheng	470,000	0.633
25	Wu Song See @ Goh Song See	449,300	0.605
26	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Kok Leong	410,000	0.552
27	Chong Chow Lim	409,000	0.551
28	Kwa Kian Chai	400,000	0.539
29	Loh Hoi Chuan	397,000	0.535
30	Lim Phaik Yee	387,000	0.521

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Seventh (37th) Annual General Meeting ("AGM") of Jiankun International Berhad ("Jiankun" or "the Company") will be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at Unit 106, Block G, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 30 June 2021 at 10.00 a.m. or at any adjournment thereof, for the purpose of transacting the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 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 RM138,000, which was in excess of the earlier approved amount of RM150,000 for the period commencing from 4 September 2020 until the conclusion of 37th AGM of the Company ***(Ordinary Resolution 1)***

3. To approve the payment of Directors' fees up and other benefits of up to RM370,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the following day after AGM until the conclusion of the next AGM of the Company. ***(Ordinary Resolution 2)***

4. To re-elect the following Directors who retire in accordance with Clause 105(1) of the Company's Constitution and being eligible, have offer themselves for re-election:

   i. Dato' Ir Lim Siang Chai ***(Ordinary Resolution 3)***
   ii. Kamil Bin Abdul Rahman ***(Ordinary Resolution 4)***

5. To re-elect the following Directors who retire pursuant to Clause 114 of the Company's Constitution and being eligible, have offered themselves for re-election: -

   i. Tan Sri Dato' Sri Mohamed Apandi Bin Ali ***(Ordinary Resolution 5)***
   ii. Datuk Seri Tan Choon Hwa ***(Ordinary Resolution 6)***
   iii. Edwin Silvester Das ***(Ordinary Resolution 7)***
   iv. Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P ***(Ordinary Resolution 8)***
   v. Azmi Bin Osman ***(Ordinary Resolution 9)***

6. 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 10)***

As Special Business:
To consider and, if thought fit, to pass the following resolutions:

Notice Of Annual General Meeting (Cont'd)

7. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016** ***(Ordinary Resolution 11)***

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 ("the Act"), Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 April 2020 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 20% of the issued share capital of the Company for the time being ("20% General Mandate") and that the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued.

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until 31 December 2021, as empowered by Bursa Securities pursuant to its letter dated 16 April 2020 to grant additional temporary relief measures to listed corporations, notwithstanding Section 76(3) of the Act, duly varied and adopted by the Directors of the Company pursuant to Section 76(4) of the Act."

8. **Proposed Renewal of Authority for the Company to purchase its own shares** ***(Ordinary Resolution 12)***

"THAT, subject to the Act, the provisions of the Constitution of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Securities and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

i) the aggregate number of shares purchased or held as treasury shares does not exceed 10% of the total number of issued and paid-up shares of the Company as quoted on Bursa Securities as at the point of purchase;

ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares be backed by an equivalent amount of retained profits; and

iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends;

Notice Of Annual General Meeting (Cont'd)

AND THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:-

i) the conclusion of the next AGM at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

9. To transact any other business of which due notices shall have been given in accordance with the Act.

BY ORDER OF THE BOARD,

Tan Tong Lang
(MAICSA 7045482/ SSM PC No. 201908002253)
Thien Lee Mee
(LS0009760 / SSM PC No. 201908002254)
Company Secretaries

Selangor
Date: 31 May 2021

Notes:

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.

2. The proxy form must be duly completed and deposited at the office of the Share Registrar of the Company, at Level 5, Block B, Dataran PHB, Saujana Resorts, Section U2, 40150 Shah Alam, Selangor not less than forty-eight (48) hours before the time appointed for holding the meeting.

3. A member shall be entitled to appoint one (1) or more proxies to attend and vote at the same meeting.

4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

Notice Of Annual General Meeting (Cont'd)

6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.

7. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors ("ROD") as at 21 June 2021 and only a member whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.

9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS:

1. Audited Financial Statements for the Financial Year Ended 31 December 2020

This Agenda item is meant for discussion only as Section 340(1) (a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Additional Payment of Directors' Fees

At the 36th AGM of the Company held on 3 September 2020, the shareholders of the Company had approved RM150,000 as total Directors' Fees payable to the Directors of the Company for the period commencing from 4 September 2020 up to the next AGM of the Company.

The total Directors' Fees incurred was amounted to RM288,000. The request on the additional amount of RM138,000 in excess of the RM150,000 is required due to the Company incurred an additional Directors' Fees resulted from the additional directors appointed during the financial year.

3. Payment of Directors' Fees and Other Benefits Payable

The proposed Ordinary Resolution 2 is to facilitate the payment of Directors' Fees and Other Benefits payable to Directors.

The other benefits comprise the allowances and other benefits. The total estimated amount of other benefits payable is calculated based on the number of scheduled Board's and Board Committees' meetings for the period from the conclusion of the 37th AGM until the next AGM of the Company.

Notice Of Annual General Meeting (Cont'd)

2. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Act**

The proposed Ordinary Resolution 11, if passed, will empower the Directors of the Company to allot and issue ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2021. With effect from 1 January 2022, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The authority for the Proposed General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

As at the date of this Notice, 33,645,400 new ordinary shares in the Company were issued by way of private placement at the Thirty-Sixth ("36th") AGM held on 3 September 2020. The total proceeds raised from the said private placement exercise was approximately RM12,363,367. The details and status of the utilisation of proceeds raised as disclosed on page 41 of the Additional Compliance Information in the Annual Report 2020.

The renewal of the general mandate will provide flexibility to the Company for any possible fund raising activities without the need to convene a separate general meeting to specifically approve such issuance of shares and thereby reducing administrative time and costs associated with the convening of such meeting. However, at this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.

3. **Proposed Renewal of Share Buy-Back Authority**

The proposed Ordinary Resolution 12, if passed, will empower the Directors to purchase the Company's shares through Bursa Securities up to ten percent (10%) of the issued and paid-up capital of the Company for the time being. This authority will be expired at the conclusion of the next AGM unless earlier revoked or varied by ordinary resolution passed by shareholders at a general meeting.

For further information on this resolution, please refer to the Statement to Shareholders dated 31 May 2021.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

1. No notice of nomination has been received to date from any member nominating any individual for election as a Director at the AGM of the Company. There is therefore no individual is standing for election as a Director, save for the above Directors who are standing for re-election at the forthcoming 37th AGM of the Company.

2. The detailed information relating to general mandate for issue of securities pursuant to Paragraph 6.03(3) of the Listing Requirements of Bursa Securities are set out under Explanatory Notes on Special Business for Ordinary Resolution 11 of the Notice of the 37th AGM of the Company.

JIANKUN INTERNATIONAL BERHAD
[Registration No.198301015973 (111365-U)]
(Incorporated in Malaysia)

FORM OF PROXY

I/We, ____
(Full Name in Block Letters)

NRIC No. / Passport No. / Registration No. / Email Address / Tel No. ______________________________

of ____
(Full Address)

being a member(s) of JIANKUN INTERNATIONAL BERHAD, hereby appoint (Proxy 1) ______________________

______________________________ NRIC No. / Passport No. / Email Address / Tel No. ______________________

of ______________________________ and/or* failing him/her * (Proxy 2) ______________________

NRIC No. / Passport No. / Email Address / Tel No. ______________________ of ______________________

And/or* failing him/her *, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Seventh (37th) Annual General Meeting of the Company to be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at Unit 106, Block G, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 30 June 2021 at 10.00 a.m. or at any adjournment thereof, on the following resolutions in the manner indicated below:-

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	Resolutions	For	Against
1.	To approve and ratify the additional payment of Directors' Fees amounting to RM138,000, which was in excess of the earlier approved amount of RM150,000 for the period commencing from 4 September 2020 until the conclusion of 37th AGM of the Company.	Ordinary Resolution 1		
2.	To approve the payment of Directors' fees up and other benefits of up to RM370,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the following day after AGM until the conclusion of the next AGM of the Company.	Ordinary Resolution 2		
3.	To re-elect Dato' Ir Lim Siang Chai as Director of the Company.	Ordinary Resolution 3		
4.	To re-elect Kamil Bin Abdul Rahman as Director of the Company.	Ordinary Resolution 4		
5.	To re-elect Tan Sri Dato' Sri Mohamed Apandi Bin Ali as Director of the Company.	Ordinary Resolution 5		
6.	To re-elect Datuk Seri Tan Choon Hwa as Director of the Company.	Ordinary Resolution 6		
7.	To re-elect Edwin Silvester Das as Director of the Company.	Ordinary Resolution 7		
8.	To re-elect Dato' Saiful Nizam Bin Mohd Yusoff, D.I.M.P as Director of the Company.	Ordinary Resolution 8		
9.	To re-elect Azmi Bin Osman as Director of the Company.	Ordinary Resolution 9		
10.	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 10		
As Special Business:				
11.	Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	Ordinary Resolution 11		
12.	Proposed Renewal of Authority for the Company to purchase its own shares	Ordinary Resolution 12		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Signed this __________ day of ____________________, 2021.

Signature : ____

(If shareholder is a corporation, this form should be executed under seal)

No. of Shares held	
CDS Account No.	

Notes:
1. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.
2. The proxy form must be duly completed and deposited at the office of the Share Registrar of the Company, Level 5, Block B, Dataran PHB, Saujana Resorts, Section U2, 40150 Shah Alam, Selangor not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint one (1) or more proxies to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors ("ROD") as at 21 June 2021 and only a member whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Fold this flap for sealing

AFFIX
STAMP

The Share Registrar of
JIANKUN INTERNATIONAL BERHAD
[Registration No. 198301015973 (111365-U)]
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam, Selangor

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1st fold here

JIANKUN INTERNATIONAL BERHAD
[Registration No. 198301015973 (11365-U)]

Unit 106, Block G, Pusat Dagangan Phileo Damansara 1,
No. 9, Jalan 16/11, Off Jalan Damansara,
46350 Petaling Jaya, Selangor, Malaysia.

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