KERJAYA
PROSPEK
GROUP
BERHAD

198401010054 (122592-U)

ANNUAL REPORT 2019

VISION

- To Be The Trusted And Preferred Leader In Providing Products And Services In The Construction And Property Industry.

MISSION

- To Pursue Our Businesses With Excellence.
- To Deliver Quality Products And Services To Our Customers On A Timely Basis.
- To Develop Human Capital And Be A Caring Employer.
- To Create Value For Our Shareholders.
- To Be A Responsible Corporate Citizen.

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Corporate Information

BOARD OF DIRECTORS

Datuk Tee Eng Ho
(Executive Chairman)

Datin Toh Siew Chuon
(Executive Director)

Tee Eng Seng
(Executive Director)

Khoo Siong Kee
(Senior Independent Non-Executive Director)

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

Datuk Mohamed Razeek bin Md Hussain Maricar
(Independent Non-Executive Director)

AUDIT COMMITTEE

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

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

Datuk Mohamed Razeek bin Md Hussain Maricar - *Member*
(Independent Non-Executive Director)

NOMINATION COMMITTEE

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

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

Datuk Mohamed Razeek bin Md Hussain Maricar - *Member*
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

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

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

Datuk Mohamed Razeek bin Md Hussain Maricar - *Member*
(Independent Non-Executive Director)

COMPANY SECRETARIES

Seow Fei San
(MAICSA 7009732)
(SSM Practising Certificate No. 201908002299)

Mok Mee Kee
(MAICSA 7029343)
(SSM Practising Certificate No. 201908002288)

REGISTERED OFFICE

802, 8th Floor, Block C,
Kelana Square 17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : 603-7803 1126
Fax : 603-7806 1387

AUDITORS

Ong & Wong
Chartered Accountants Malaysia
Unit C-20-5, Block C
20th Floor, Megan Avenue 2
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur Malaysia
Tel : 603-2161 1000
Fax : 603-2166 9131

SHARE REGISTRAR

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

PRINCIPAL BANKERS

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

CORPORATE OFFICE

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

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Stock Name : KERJAYA
Stock Code : 7161

Corporate Structure

As at 31 May 2020

KERJAYA PROSPEK
GROUP BERHAD
198401010054 (122592-U)

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

Profile of Board of Directors

DATUK TEE ENG HO

Nationality: Malaysian | **Age:** 55 | **Gender:** Male

Date Appointed on Board: 31 March 2011

Designation: Executive Chairman

Length of Service: 9 years 3 months

Board Committee: Nil

Present Directorship in Listed Entities: Eastern & Oriental Berhad (Non-Independent Non-Executive Director)

Academic/ Professional Qualifications: Diploma in Technology (Building) from Tunku Abdul Rahman College

Working Experience: Datuk Tee has more than 30 years of experience in Civil & Building Construction. He is also an indirect major shareholders of Kerjaya Prospek Property Berhad (formerly known as GSB Group Berhad) which involves in property development and has undertaken various remarkable residential and mix development projects in Malaysia.

Board Skills Matrix:
- Engineering
- Business Management

TEE ENG SENG

Nationality: Malaysian | **Age:** 50 | **Gender:** Male

Date Appointed on Board: 31 March 2011

Designation: Executive Director

Length of Service: 9 years 3 months

Board Committee: Nil

Present Directorship in Listed Entities: Kerjaya Prospek Property Berhad (formerly known as GSB Group Berhad) (Executive Director)

Academic/ Professional Qualifications: Sijil Pelajaran Malaysia

Working Experience: Mr. Tee Eng Seng started his career working in construction related companies and has more than 20 years of experience in Civil and Building Construction. Mr. Tee is also an indirect major shareholders of Kerjaya Prospek Property Berhad (formerly known as GSB Group Berhad) which involves in property development and has undertaken various remarkable residential and mix development projects in Malaysia.

Board Skills Matrix:
- Engineering
- Business Management

DATIN TOH SIEW CHUON

Nationality:	Age:	Gender:
Malaysian	54	Female

Date Appointed on Board: 15 November 2011

Designation: Executive Director

Length of Service: 8 years and 7 months

Board Committee: Nil

Present Directorship in Listed Entities: Kerjaya Prospek Property Berhad (formerly known as GSB Group Berhad) (Executive Chairman)

Academic/ Professional Qualifications:
- Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)
- Member of the Malaysian Associate of Certified Chartered Accountants

Working Experience: Datin Toh started her career as practice in audit firm focusing on auditing and taxation. She has also accumulated more than 20 years of experience in a construction company after left auditing and taxation line. She is also an indirect major shareholders of Kerjaya Prospek Property Berhad (formerly known as GSB Group Berhad) which involves in property development and has undertaken various remarkable residential and mix development projects in Malaysia.

Board Skills Matrix:
- Accounting & Finance Management
- Engineering
- Business Management

KHOO SIONG KEE

Nationality:	Age:	Gender:
Malaysian	70	Male

Date Appointed on Board: 25 April 2011

Designation: Senior Independent Non-Executive Director

Length of Service: 9 years 2 months

Board Committee:
- Audit Committee (Chairman)
- Nomination Committee (Chairman)
- Remuneration Committee (Chairman)

Present Directorship in Listed Entities: Nil

Academic/ Professional Qualifications:
- Fellow Member of Chartered Accountants Australia and New Zealand
- Associate Member of Malaysian Institute of Accountants (MIA)
- Associate Member of The Malaysian Institute of Certified Public Accountants (MICPA)
- Member of The Institute of Internal Auditors of Malaysia
- Fellow Member of Chartered Tax Institute of Malaysia (CTIM)
- Member of Financial Planning Association of Malaysia
- Member of Malaysian Association of Company Secretaries
- B.A. (Major in Accounting) Macquarie University, Australia

Working Experience: Mr. Khoo is a Chartered Accountant trained in Australia with more than 30 years of experience in the profession. He is a Licensed Liquidator and Receiver and Tax Agent issued by the Ministry of Finance Malaysia. Mr. Khoo is a Managing Audit Partner of Mustapha, Khoo & Co (Audit Firm AF:0599).

Board Skills Matrix:
- Accounting & Finance Management
- Business Management

LIM KIEN LAI @ LIM KEAN LAI

Nationality: Malaysian

Age: 68

Gender: Male

Date Appointed on Board: 15 November 2011

Designation: Independent Non-Executive Director

Length of Service: 8 years and 7 months

Board Committee:
- Audit Committee (Member)
- Nomination Committee (Member)
- Remuneration Committee (Member)

Present Directorship in Listed Entities: Nil

Academic/ Professional Qualifications:
- Diploma in Technology (Building) from Tunku Abdul Rahman College
- Degree in Master of Science in Construction Management, Aston University, United Kingdom

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

Board Skills Matrix:
- Engineering
- Business Management

DATUK MOHAMED RAZEEK BIN MD HUSSAIN MARICAR

Nationality:	Age:	Gender:
Malaysian	62	Male

Date Appointed on Board: 1 June 2018

Designation: Independent Non-Executive Director

Length of Service: 2 years

Board Committee:
- Audit Committee (Member)
- Nomination Committee (Member)
- Remuneration Committee (Member)

Present Directorship in Listed Entities: Nil

Academic/ Professional Qualifications:
- Bachelor of Science (Civil Engineering) degree from The Polytechnic of the South Bank, London
- Member of the Institute of Engineers Malaysia

Working Experience: Datuk Mohamed Razeek has more than 37 years of experience in the corporate, construction and property industries. He began his carrier as a design engineer in a consulting firm in London in 1981 and later in Malaysia. He joined Sime UEP Berhad in 1987 and joined Land and General Bhd in 1991 for 13 years, where he ultimately served as Executive Director. He was appointed as Project Director with Eastern and Oriental Bhd in 2003 where he managed high end real estate development and the first phase reclamation works at Seri Tanjung Pinang. For 1 year he was based in Dubai and Cairo for DAMAC as Sr. Vice President. He returned to Malaysia for MRCB as Chief Operating Officer ("COO") and was subsequently appointed Chief Executive Officer in 2009. He joined DRB-HICOM Bhd in 2012 as COO with a portfolio covering Services, Education, Property and Defense. He retired from DRB-HICOM Bhd at the age of 60 in 2018.

Datuk Razeek is currently COO of DMIA Sdn Bhd since April 2018.

Board Skills Matrix:
- Engineering
- Business Management

OTHERS INFORMATION ON DIRECTORS
Family Relationship with Directors and/or Major Shareholders
Datuk Tee Eng Ho and Tee Eng Seng are brothers and major shareholders of the Company. Datin Toh Siew Chuon is the spouse of Datuk Tee Eng Ho and sister-in-law to Tee Eng Seng. None of the other directors has any family relationships with each other and/or with any major shareholders of the Company.
Conflict of Interests with the Company
Save for the recurrent related party transactions disclosed on page 134 of this Annual Report, none of the Directors has any conflict of interests with the Company.
Conviction for Offences
None of the Directors has any conviction for offences other than traffic offences within the past 5 years and none of them has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
Attendance of Board Meetings
The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2019 is disclosed in the Corporate Governance Overview Statement contained in this Annual Report.
Directors' Shareholding and Warrant Holdings
All Directors have direct and/or indirect interests in securities of the Company. Details of their interest are disclosed in the Analysis of Shareholdings and Warrant Holdings contained in this Annual Report.

Profile of Key Senior Management

Datuk Tee Eng Ho
Executive Chairman

Tee Eng Seng
Executive Director

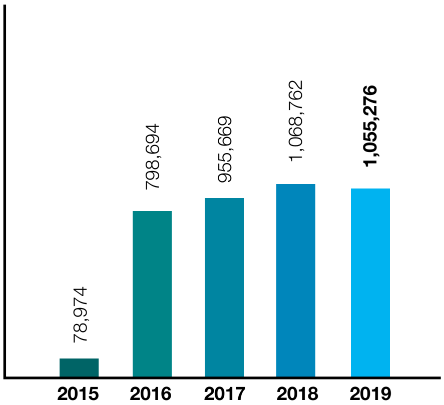
Datin Toh Siew Chuon
Executive Director

The profiles of the Executive Chairman and Executive Directors are outlined in their respective profile on pages 4 to 5.

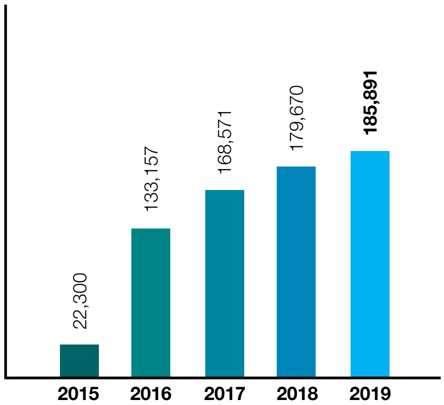
Group Financial Highlights

	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000
Revenue	78,974	798,694	955,669	1,068,762	1,055,276
Profit/(Loss) Before Taxation	22,300	133,157	168,571	179,670	185,891
Profit/(Loss) After Taxation and Minority Interest	16,138	99,624	124,740	138,199	140,180
Total Assets	158,406	1,057,440	1,184,654	1,331,115	1,424,753
Shareholder's Fund	108,319	761,834	877,750	976,753	1,070,953
Net Tangible Assets	108,319	409,143	526,425	623,598	717,744
	sen	sen	sen	sen	sen
Net Tangible Assets per Share	119.07	109.98	98.61	50.25	58.16
Basic Earning per Share	17.74	26.78	23.37	11.13	11.36

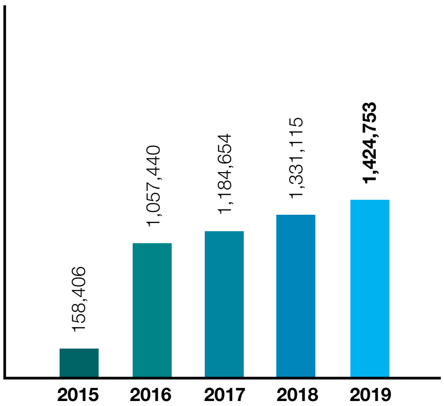
REVENUE (RM'OOO)



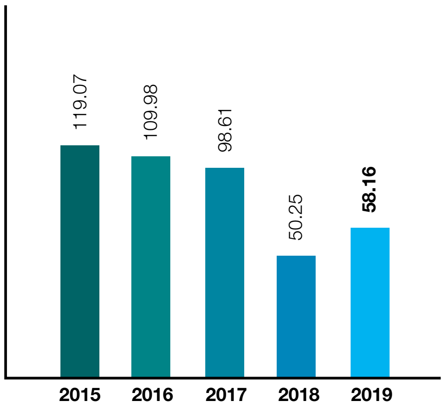
PROFIT BEFORE TAXATION (RM'OOO)



TOTAL ASSETS (RM'000)



NET TANGIBLE ASSETS PER SHARE (Sen)



Chairman's Statement

To Our Valued Shareholders,

On behalf of the Board of Directors ("Board") of Kerjaya Prospek Group Berhad ("Kerjaya Prospek" or the "Group"), I am pleased to present the annual report and audited financial statements of the Group for the financial year ended 31 December 2019 ("FYE2019").

As I look back at the past fiscal 2019 - a period of profound political and economic change - Kerjaya Prospek continued to hold its own despite the tumultuous operating environment, as evidenced by our continued streak of obtaining new contracts from our customers.

On this note, I am very pleased to report that Kerjaya Prospek weathered through the challenges and achieved another year of profitable financial performance. The Group continued to deliver earnings growth for six consecutive years despite the uncertainties related to global trade issues as well as the intensified competition in the market. The sequential acceleration of our business year after year suggests that our prudent strategies have proven effective on sustainable profitable growth, whilst successfully navigating through multiple headwinds.

I would now like to share some highlights of 2019.

OPERATING ENVIRONMENT

2019 was a challenging year faced by many construction players. Supply and demand imbalances, growing raw material cost, changes resulting from regulation, uncertainties related to consumers' incomes and continuing turmoil in the external environment have contributed to the tepid construction activity throughout the year. Apart from that, Malaysia's 2019 Gross Domestic Product ("GDP") growth dipped to a decade low of 4.3% against 4.7% in 2018. It was disruptive, but Kerjaya Prospek has emerged as resilient as ever and we are pleased to deliver yet another set of commendable results. Kerjaya Prospek has managed to deliver profitable growth and achieved its targeted order book for 2019 of RM1.2 billion which serves as a testament of our customers' confidence in our expertise of undertaking high-rise buildings construction works.

We will continue to exercise prudence this year through various cost optimisation and innovative technologies to boost the Group's operational performance. Our transformation efforts will ensure an improved safety in the work site and attain better construction quality and productivity. Beyond the safety, cost and time benefits, our people will be better equipped for the rapid pace of change that lies ahead.

REVIEW OF FINANCIAL PERFORMANCE

Results for the FYE2019 saw the Group registered a commendable revenue of RM1.06 billion while net profit attributable to shareholders increased to RM140.18 million as compared to RM138.20 million achieved in the preceding year.

The Group's margins during the year under review are well into the double digits. Profit after tax ("PAT") margin rose to 13.3% from 12.9% a year ago supported by the timely delivery of works in the construction segment, of which all on-going projects' progress are according to schedule. The construction segment contributed a total of 95.36% to the Group's total revenue. This was followed by the property segment which delivered 4.61% to the Group's total revenue.

Our balance sheet remains healthy and robust. We have consistently achieved strong net cash position over the past few years, having RM210.09 million attained in FYE2019 with shareholders' funds coming in at RM1.07 billion. Further details of the Group's financial performance are contained in the Management Discussion and Analysis section within this Annual Report.

LOOKING AHEAD

In 2020, the growth of the global and domestic economy continues to be subject to a high degree of uncertainty, particularly with respect to developments surrounding the Covid-19 pandemic, sharp declines and volatile shifts in crude oil prices and continued supply disruption in the commodities sector.

In response to the Covid-19 pandemic, the Government of Malaysia implemented the Movement Control Order ("MCO") on 18 March 2020, which has since been extended and replaced with Conditional MCO and Recovery MCO up to 31 August 2020. This restriction initially prohibits all government and private businesses from operating except those providing essential services. As a result, all construction projects were halted, and this has affected the construction progress and supply chains of the construction industry. In the third phase of the MCO, we received approval from the Ministry of International Trade and Industry ("MITI") since 19 April 2020 in stages to resume work for 15 of our construction projects under strict labour movement conditions. This enabled us to resume work on our construction projects in early May 2020 after all the standard operating procedures as required by MITI were implemented. Whilst the Group is taking steps to return to normalcy, it will take time to catch up on construction works and gradually operate with full workforce.

The International Monetary Fund has forecasted the global economy to contract sharply by 3% in 2020 while Bank Negara Malaysia ("BNM") projects Malaysia's GDP growth at between -2.0% and +0.5% in 2020 against a highly challenging global economic outlook due mainly to the pandemic. On 5 May 2020, BNM cut its overnight policy rate by 50 basis points to 2%, as recent indicators show that the global economy is already contracting, with global growth projected to be negative for the year. Financial conditions have also tightened amid elevated risk aversion and uncertainty. The outlook for construction and property sectors has also dimmed since the beginning of the year according to research firms, with expectations that the construction industry will remain challenging for 2020 even without taking into consideration the coronavirus outbreak.

On a positive note, to help cushion the effects of Covid-19, the Malaysian Government has implemented multiple economic stimulus packages amounting to RM295 billion to support businesses and affected households, notably the Home Ownership Campaign that introduces stamp duty waiver for purchase of residential property and real property gains tax exemption for the disposal of residential homes in hopes to ease the challenges faced by property developers during this difficult time and to provide financial relief to buyers. BNM, in an effort to strengthen consumer spending has also granted an automatic 6-month moratorium on loan repayments and restructuring on credit card balances to ease the financial uneasiness faced by corporates, SMEs and individuals.

The Group recognises concerns and possibilities of a reoccurring wave of outbreak that may cause second-round effects on the global economy and the existing threat of a lock-down imposed on workers in the event of a Covid-19 cluster on the construction site. Therefore, we will remain cautious and take additional precautionary measures while maintaining a disciplined approach on cost savings and sustainability of operations. With various adversities and challenges in the current market conditions, the Group's operations and financial performance will inevitably be impacted for the coming financial year ending 31 December 2020. The Group will continue to review and revise its business strategies to meet the challenges in the year ahead.

APPRECIATION

I would like to take the opportunity here to extend, on behalf of the Board, our thanks to our shareholders, for the trust you place in us and in Kerjaya Prospek even during such challenging times. To our partners and customers, I would like to extend our appreciation for your willingness to share our vision. To our suppliers and all other stakeholders, we highly value your contributions which underline our sustainability. Finally, I would like to conclude by thanking the entire Kerjaya Prospek family for their dedication and hard work in challenging circumstances. Their determination to improve and develop are the bedrock of our success, and for that, we owe them a great deal of gratitude. Together, we can achieve great things.

Datuk Tee Eng Ho
Executive Chairman

Management Discussion & Analysis

Dear Shareholders,

On behalf of the Board of Directors ("Board") of Kerjaya Prospek Group Berhad ("Kerjaya Prospek" or the "Company") and its subsidiaries ("KP Group" or the "Group"), it is our pleasure to present the management discussion and analysis to offer you an overview and assessment of the financial and operational performance of the Group for the financial year ended 31 December 2019 ("FYE2019"), and our take on the prospects for the coming years.

OVERVIEW

KP Group initially focused on designing, manufacturing, marketing of lighting products and premium kitchen cabinetry. Through the years, the Group expanded its expertise into building construction, project management, property development and other construction related services for the premium residential property.

Today, KP Group is one of the leading construction players with clientele of reputable developers. The Group is involved in three property development projects. Vista Residences at Genting Permai was completed and subsequently handed over to the buyers in year 2019. We have another two condominium projects in Monterez Golf Club, Shah Alam and Dutamas with a combined gross development value ("GDV") of about RM630 million.

KP Group is also into infrastructure projects in Malaysia since winning the reclamation works of the second phase of Seri Tanjung Pinang (STP 2) Penang back in 2016.

Kerjaya Prospek was included in Forbes Asia's Best Under A Billion list in 2017 and 2018. Kerjaya Prospek added another feather to its cap when it won the sectoral corporate awards in The Edge Billion Ringgit Club for three consecutive years in 2017, 2018 and 2019 for attaining the highest return to shareholders over three years under the Construction Category. On top of that, in 2019 the Company won the 'highest growth in profit after tax over three years' under the Construction Category. In addition, one of Kerjaya Prospek's subsidiaries, Kerjaya Prospek (M) Sdn Bhd ("KPM") won the Best Main Contractor title in the Prestigious Developer Awards 2018 and the Best Premium Main Contractor title in the Prestigious Developer Awards 2019 by Property Insight.

Further recognition of the Group's capabilities, KPM's Eco Sky Project received a commendable CONQUAS score of 83.6 mark, which is the highest mark secured in Malaysia under the high-rise building category. Additionally, its Sky88 Johor Project received the Setia Quality Excellence Award with CONQUAS scores of 81.6 (Phase 1) and 83.3 (Phase 2) marks, ranking the second and fourth highest respectively in Malaysia, in the high-rise building category.

KPM was recently 'QLASSIC' certified with a score of 84% for its Eco Terrace project. This assessment, which is evaluated by the Construction Industry Development Board Malaysia, is based on the workmanship quality of the building construction works.

OBJECTIVES AND STRATEGIES

Kerjaya Prospek's growth strategy has never been about being the biggest nor the price, but rather about how we can create additional value for our clients. As one of the leading high-rise building contractors, the Group constantly strives to better understand our clients' needs, so that not only can we deliver exceptional value to them, but also become their partner of choice. We stand ready to ensure we meet their requirements, achieving project completion within budget and to the highest standards of quality without compromising on safety. Our reputation to execute is important in every project, big or small, and we thrive on building the relationships necessary to be awarded further projects with the same clients.

The Group's success can be attributed to the expertise of our team, forged by the team's profound understanding of the local markets in which the Group operates in. The technology landscape of the construction industry over the years, has evolved rapidly with a greater reliance on digital techniques. At Kerjaya Prospek, we have pioneered innovative forward-thinking techniques as conventional construction methods have been known and proven to be more wasteful in building materials, more reliance on labour and less efficient operationally. Moreover, given the competitive and challenging market environment, we strongly believe the utilisation of construction technology is key in driving business success. The Group's leading efforts in continuous investment and commitment in the usage of "Industrialised Building System" ("IBS") is in line with Malaysia's Industry 4.0 policy. Our IBS approach reduces construction time as building components are prefabricated off-site, which subsequently leads to the decreasing number of labours needed. As a result, IBS produces a superior quality finish on top of its environmentally friendly feature which has lower wastage of building materials - leaving a cleaner, healthier and safer building site.

We started investing in IBS since 2011, and currently bearing fruit as compared to other contractors. Additionally, we managed our supply chain, manpower allocation, administration costs and operational efficiency closely as these factors, amongst others, contributed and helped us in achieving above average industry construction margin.

On our journey to becoming a premier contractor in our industry, we need to attract and retain the best talents. As our people and our reputation are synonymous, the industry's skills and talents must keep pace with these changes. Kerjaya Prospek has refocused the way we attract talents into the industry and continued to develop the means to best support the training they need to be successful. It binds the many operational disciplines together and drive our talents to the next level, allowing us to achieve the highest standards of client service and project delivery.

All in all, through selective bidding, differentiated solutions and efforts of our people, Kerjaya Prospek is well positioned to manoeuvre the future market.

REVIEW OF GROUP'S FINANCIAL PERFORMANCE

We are pleased to report another set of solid results for the FYE2019, despite having to mitigate turbulent macro-economic factors and intense price competition.

For the financial year under review, the Group achieved a revenue of RM1.06 billion, translating into a subdued decline of 1.26% as compared the previous year's RM1.07 billion. The Group recorded profit before tax ("PBT") and profit after tax ("PAT") of RM185.89 million and RM140.25 million respectively for FYE2019, representing a year-on-year increase of 3.46% and 1.35% from the financial year ended 2018 ("FYE2018"). The growth in profits was supported by the timely delivery of works in the construction segment, of which in the past year realised a substantial order book comprising of projects awarded by reputable property developers in Malaysia.

Correspondingly, the construction division remains as the Group's largest revenue contributor, followed by the property development and manufacturing divisions. As at 31 December 2019, the Group's financial condition remains robust given its healthy balance sheet, which can be attributed to the net cash of RM210.09 million. The Group's net cash position since 2012 in return helped minimise finance costs and exposure to risks arising from interest rates. This cash war chest enables the Group to explore and capitalise on business opportunities for the near future.

CONSTRUCTION DIVISION

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

The construction division's full year revenue remained resilient, coming in at RM1.00 billion with a growth of 3.97% from RM967.83 million last year. The core construction segment accounted for 95.36% of the Group's total revenue. In tandem with the stronger segmental revenue, this led to higher segmental earnings of RM122.33 million, a 4.15% increase, as compared to RM117.45 million recorded in FYE2018. The Group, in 2019, successfully secured a total contract wins worth approximately RM1.22 billion. Throughout the year, Kerjaya Prospek was awarded contracts by reputable property developers, some of whom the Group has a long working history with, such as Aspen Group, Eastern & Oriental Group, HCK Capital Group, Nusmetro Group, Enduring Power Sdn Bhd, BBCC Development Sdn Bhd and Low Yat Group.

With that in mind, the Group has maintained its momentum into year 2020, clinching three contracts with year-to-date contracts win amounting to RM990.40 million. As of now, the Group currently has 26 on-going construction projects with an outstanding order book of approximately RM3.50 billion. This huge order book will continue to provide clear earnings visibility for next few financial years.

PROPERTY DEVELOPMENT DIVISION

The property development division retained its place as the second largest contributor to the Group's revenue in the financial year under review after the construction segment.

The tail end of the Group's sole property project in Genting Permai led to lower revenue contribution by 51.10% to RM48.62 million in comparison to RM99.44 million recorded in FYE2018. As such, the Group recorded a 56.20% dip in segmental earnings to RM8.60 million from RM19.64 million in the previous financial year. This division accounts for approximately 4.61% of the Group's revenue.

To recap, the Group's maiden development project, Vista Residences @ Genting Highlands was launched in January 2016 and was completed in FYE2019. As at 31 December 2019, Vista Residences has achieved a take-up rate of more than 98.94% in respect of its residential units.

Vista Residences, which sits on 1.4 acres of land, has a GDV of approximately RM300 million. The Monterez project, located in Shah Alam, bears a GDV of approximately RM250 million and is scheduled to be launched in the second half of 2021. Additionally, the Group's latest 90% acquisition, Yakin Land Sdn Bhd owns 4.5 acres of land. The land is expected to be turned into a condominium project, scheduled to be launched in the second half of 2021, with a GDV of approximately RM380 million ("Yakin Land Development").

MANUFACTURING DIVISION

The manufacturing division comprises of kitchen solutions and lighting solutions production under the brand names of 'FORTE' and 'BRITE-LITE' respectively.

The manufacturing division realised a revenue from third parties of RM0.35 million, a 76.23% decline, as compared to its preceding year of RM1.49 million. For profit, the Group recorded a 4.29% decline to RM3.93 million in FYE2019 as compared to the RM4.11 million recorded in the previous financial year. This division primarily complements the Group's construction business and the Group will maintain this division as part of its integrated business objective and strategy.

CORPORATE/MAJOR OPERATIONAL ACTIVITIES

On 10 January 2019, the Group has completed the acquisition of Yakin Land Sdn Bhd ("YLSB") after fulfilling the conditions required in the Share Purchase Agreement. The Group had on 11 October 2018 acquired a 90% stake in YLSB to develop the latter's 4.5 acres freehold land. The landowner is entitled a guaranteed sum of RM60.2 million or an amount equivalent to 18.5% of the project's GDV, whichever is higher.

On 17 January 2019, the Group was awarded a contract by HCK Capital Group Berhad's ("HCK Capital Group") subsidiary, Aspen Entity Sdn Bhd, to undertake construction works for a proposed development project located on Lot PT 41466 Persiaran Bestari, Cyber 11, Cyberjaya, Selangor Darul Ehsan for a contract sum of RM155.0 million.

On 12 February 2019, the Group accepted another letter of award from a subsidiary of HCK Capital Group to undertake main building works for a proposed development project located on Lot 74746, Persiaran Subang Permai, Subang Jaya, Selangor Darul Ehsan for a contract sum of RM280.0 million.

On 23 April 2019, the Group was awarded a contract by Kerjaya Property Sdn Bhd (formerly known as Kerjaya Prospek Property Sdn Bhd) for the construction of main building works for the proposed development project located on Lot 45770 (Lot Lama 433), 45771 (Lot Lama 434), 45772 (Lot Lama 435), 2915 and 2917, Jalan Puchong, Kuala Lumpur for a contract sum of RM438.8 million.

On 20 June 2019, the Group was awarded a contract by Enduring Power Sdn Bhd for the construction of Axon Bukit Bintang located on Lot 1351 & 1377, Jalan Padang / Jalan Padang Walter Grenier, Seksyen 67, Bukit Bintang, Kuala Lumpur for a contract sum of RM227.3 million.

On 8 August 2019, the Group accepted a letter of award from BBCC Development Sdn Bhd to undertake main building works for a proposed development project located on Lot 20028 (PN 52924) and Lot 20029 (PN 52925), Seksyen 56 Off Jalan Hang Tuah / Jalan Pudu, Kuala Lumpur for a contract sum of RM94.83 million.

On 2 October 2019, the Group accepted a letter of award from Bintang Holdings Sdn Bhd, a member of the Low Yat Group of companies, to undertake the construction of basement and earthworks for a proposed hotel development project located on Lot 129, 749 & 748, Seksyen 14, George Town, Penang for a contract sum of RM22.6 million.

DIVIDEND

The Board is committed to maximise returns to the shareholders whilst allocating funds for business growth and investment. We are driven to perform well to attain our business objectives as well as to create sustainable value for our key stakeholders and shareholders.

A single-tier final dividend of 2.0 sen per ordinary share was approved by the shareholders at the Annual General Meeting ("AGM") on 30 May 2019 in respect of FYE2018. The total amount of RM24.66 million was paid on 3 July 2019.

The Group has declared a total dividend of RM43.28 million which is approximately 31.3% of FYE2018 PAT, equivalent to 6.3 percentage points above the Group's dividend policy of 25% of PAT.

Subsequently, the Board has approved an interim dividend of 1.5 sen per ordinary share on 25 November 2019 in respect of FYE2019. The total amount of RM18.49 million was paid on 6 January 2020.

Management Discussion & Analysis (Cont'd)

A single tier final dividend of 2.0 sen per ordinary share and a single tier final dividend by way of share dividend of one (1) treasury share for every hundred (100) existing ordinary shares were proposed by the Board on 11 June 2020 and will be tabled for shareholders' approval during the forthcoming AGM. The estimated total amount of RM24.56 million will be paid and estimated 12.28 million units of treasury shares will be transferred on 28 August 2020. Subject to shareholders' approval, total estimated dividend for FYE2019 amounting to RM57.40 million (inclusive of treasury shares), which is approximately 40.9% of FYE2019 PAT, equivalent to 15.9 percentage points above the Group's dividend policy of 25% of PAT.

MOVING FORWARD

The outlook for 2020 is filled with uncertainties surrounding the Covid-19 pandemic. Bank Negara Malaysia ("BNM") said Malaysia's GDP growth is projected at between -2.0% and +0.5% in 2020 against a highly challenging global economic outlook due mainly to the Covid-19 pandemic. Research house Fitch Solutions has also made downward revision to the construction sector growth at a contraction of 5.2% year-on-year comparison. BNM's Q12020 statistics indicated the construction sector shrank by 7.9% year-on-year in real terms, underperforming overall economic growth. On 5 May 2020, BNM cut its overnight policy rate by 50 basis points to 2%, as recent indicators show that the global economy is already contracting, with global growth projected to be negative for the year.

To mitigate the domestic economic fallout, the Malaysian Government has implemented multiple stimulus packages amounting to RM295 billion of which the latest additional RM35 billion of this amount to provide immediate relief to affected households and businesses to recover from the Covid-19 impact, notably the Home Ownership Campaign that introduces stamp duty waiver for purchase of residential property and the real property gains tax for the disposal of residential homes in hopes to ease the challenges faced by property developers during this difficult time.

The outlook for the construction division is supported by an outstanding order book of approximately RM3.50 billion to-date. Despite the present challenging market conditions, the Group will continue to review and revise its business strategies to meet the challenges in the year ahead. We will focus on efficient project execution with timely delivery and also speed up on work progress. Concurrently, the Group will continue to bid for construction projects to replenish our order book but at the same time adopt a prudent approach in our construction tenders.

The outlook for the local property sector is expected to remain challenging in 2020. Given this, the Group will launch the Monterez project and the Yakin Land Development in the second half of 2021.

The Covid-19 situation is still evolving and remains uncertain. With various adversities and challenging landscape, the Group's operations and financial performance will inevitably be impacted for the coming financial year ending 31 December 2020. The Group will continue to monitor and implement appropriate measures in a timely manner to address the adverse risk Covid-19 may have on the Group's operations and financial performance.

Thank You

To our customers, vendors, suppliers, consultants, associates, bankers and business partners, thank you for the trust and support you have placed in us. Thank you to all government agencies and local authorities that have assisted and supported us.

Last but not least, thank you to the Board of Directors of Kerjaya Prospek, the senior management team and all our employees for their commitment, determination and hard work throughout the year. We will continue working with all our stakeholders to pursue sustainable progress and business growth, while upholding good corporate governance, social, and environmental responsibility, in order to create value and maximise benefits for all our stakeholders.

Corporate Governance Overview Statement

This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The objective of this statement is to provide an overview of the application of the corporate governance practices ("Practices") of the Group during the financial year ended 31 December 2019 ("Financial Year") up to the date of issuance of this statement with reference to the three (3) main principles, i.e. Board Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders as set out in the Malaysian Code on Corporate Governance ("MCCG").

The Board has also provided specific disclosures on the application of each Practices in its Corporate Governance Report ("CG Report"). The CG Report was announced to Bursa Securities together with the Annual Report of the Company on 30 June 2020. A copy of the CG Report can be obtained from the Company's website at www.kerjayagroup.com. Shareholders are advised to read this overview statement together with the CG Report.

Based on the Company's market capitalisation on the first trading day of the Financial Year, the Company is not a "Large Company" defined in the MCCG. Overall, the Board is of the view that the Company has, in all material aspects, complied with the Principles and Practices as set out in the MCCG. The explanation for the departure of the MCCG practices are reported in the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

i. Roles and Responsibilities of the Board

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

The Board continues to ensure its effectiveness and provides strong leadership to the Group and Management. In order to ensure that business is being properly managed, the Board performs periodic review of the financial results to overseeing the conduct of the business.

The Board is mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary and leadership functions including those reserved for the Board's approval and those which the Board may delegate to the Board Committees and the Management and committed to ethical values and standards. The Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee are entrusted with specific responsibilities to oversee the Group's affairs with authority to act on behalf of the Board and operate within their respective terms of reference. Although specific powers are delegated to the Board Committees, the Board Committees shall report to the Board on matters considered and make recommendation to the Board for further decision. The minutes of the Board Committees are also tabled to the Directors at quarterly Board Meetings for information.

In discharging the Board's duties, the Board is guided by its Board Charter, Code of Conduct, Code of Ethics as well as the terms of reference of the Board Committees as they sets out the Board's roles, duties and responsibilities, the principles and practices of corporate governance to be followed and its commitment of fair practices to its stakeholders. Further information on Board Charter, Code of Conduct and Code of Ethics are discussed in item (v) of this Part of the Statement whilst details on the terms of reference of the Board Committee are published in the Company's website at www.kerjayagroup.com.

ii. Roles and Responsibilities of the Chairman & Separation of Roles between the Chairman and the Chief Executive

The Chairman of the Board is responsible for instilling good governance practices, leadership and effectiveness of the Board through chairing of board meetings, representing the Board to shareholders, and reviewing and approving together with the Board on the strategic issues of the Group.

Presently, the Board Chairman is also the Chief Executive of the Group. The Board is mindful of the dual role of the Board Chairman and Chief Executive held by Datuk Tee Eng Ho but, is satisfied that, having regard to the experience and leadership of Datuk Tee, it is in the interest of the Company to maintain the above arrangement so that the Board could have the benefit of a Chairman who is knowledgeable about the business of the Group and is capable to guide discussion. The combination of the roles of Chairman and Chief Executive enable the Executive Chairman to exercise his power for proper purpose and in good faith in the best interest of the Company, to align the interest of the Board, Management and shareholders for maximising shareholders' wealth. Nonetheless, half of the Board members are Independent Directors on the Board, who are capable to express objective and independent views, the effectiveness of the Board and Board independence in terms of MCCG continues to be considerably enhanced and not in the least compromised.

iii. Roles and Responsibilities of the Company Secretaries

In order to uphold the Board effectiveness, the Board ensures that it is supported by qualified and competent Company Secretaries. Presently, the Board is assisted by two (2) qualified and competent Company Secretaries who are members of Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretaries support the Board in carrying out its fiduciary duties and stewardship role and play an advisory role to the Board, particularly with regard to compliance with regulatory requirements, guidelines, legislations, corporate disclosure and governance related practices. All Directors have unrestricted access to the advice and services of the Company Secretaries. The appointment and removal of Company Secretaries or Secretaries of the Board Committees shall be the prerogative of the Board as a whole.

Further information of the roles and responsibilities carried out by the Company Secretaries during the Financial Year are set out in Practice 1.4 of the Company's CG Report.

iv. Dissemination of Information to Directors

The Board understands that the supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. The Board ensures that each Director is provided with timely notices. Notice of meeting and meeting materials (including meeting minutes) are usually circulated to the Directors/Board Committee Members seven (7) days in advance of the meeting date to enable the Directors to review and consider the agenda items to be discussed and where necessary, to obtain further explanations in order to be fully briefed before the meeting.

All Board members have unrestricted access to timely and accurate information in furtherance to their duties and may seek independent professional advice when necessary in discharging its various duties, at the Company's expense. The Independent Directors may also interact directly with, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from the Management, when needed.

The Company Secretaries ensure that all Board and Board Committees' meetings are properly convened. Draft meeting minutes are circulated to the chairman of the meeting for review as soon as the minute is drafted. Meeting minutes record the proceedings of the meeting and resolutions passed by the Board/Board Committees including the names of the Directors abstained from voting or deliberation on a particular matter.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

v. Establishment and Implementation of Board Charter, Code of Conduct & Code of Ethics and Whistleblowing Policy & Procedures

The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board has formally adopted a Board Charter and it was last reviewed on 13 April 2018. The Board Charter sets out, amongst others, the roles and responsibilities of the Board, the Chairperson, the Executive Director and the Independent Director. It also sets out the processes and procedures for convening board meeting, governance matters, risk management, compliance and internal controls, etc. The Board Charter will be reviewed periodically and updated in accordance with the needs of the Company to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance.

In addition to the above, the Board has also reviewed its Corporate Code of Conduct on 13 April 2018. The said Code of Conduct provides guidance to stakeholders on the ethical behaviour to be expected from the Group and sets out the Board's responsibilities as well as the Management's responsibilities to communicate, measure and monitor its values and performance to achieve objectives and to instil values.

The Board has formally adopted its Code of Ethics which sets out the principles and the expected standard of ethical and behaviour. The Group also practises "No Gift Policy" in dealing with third parties in order to manage conflicts of interest and corruption.

The Group practises an open and honest policy in enabling the employees to report on any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving resources of the Company. Hence, the Board has established its Whistleblowing Policy & Procedure aimed to provide and facilitate a mechanism for any individual to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse. Stakeholders who know of, or suspect a violation of this policy may report the incidence and their concerns to Executive Chairman, Datuk Tee Eng Ho by emailing to teeengho@kerjayaprospek.com.

The Board Charter, Corporate Code of Conduct, Code of Ethics and Whistleblowing Policy & Procedure are published on the Company's website at www.kerjayagroup.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

vi. Board Meeting Attendance and Directors' Training

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

The Board meets at least once every quarter and additional meetings are convened as and when necessary. During the Financial Year, five (5) Board meetings were held. The record of attendance is as follows:

Directors	Number of Meetings Attended by Directors
Datuk Tee Eng Ho	5/5
Tee Eng Seng	5/5
DatinToh Siew Chuon	5/5
Khoo Siong Kee	5/5
Lim Kien Lai @ Lim Kean Lai	5/5
Datuk Mohamed Razeek bin Md Hussain Maricar	5/5
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof (retired on 30 May 2019)	2/2

Directors are encouraged to attend seminars and/or conferences organised by relevant regulatory authorities and professional bodies to keep abreast with latest developments in the market place and new statutory and regulatory requirements. The training needs of each Director is assessed and proposed by the respective Directors.

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

Name of Directors	Training Programmes Attended (Unless Otherwise Stated)	Date
Datuk Tee Eng Ho	• CG Watch: How does Malaysia Rank?	3 May 2019
Tee Eng Seng	• CG Watch: How does Malaysia Rank? • Practical Integrated Reporting Forum & Workshop	3 May 2019 10 September 2019
Datin Toh Siew Chuon	• CG Watch: How does Malaysia Rank? • Practical Integrated Reporting Forum & Workshop • Strata & Planning Management: Planning and Manage for a Better Strata Living	3 May 2019 10 September 2019 12 September 2019
Khoo Siong Kee	• Cyber Security in The Boardroom Accelerating from Acceptance to Action • Biological Assets : Points of Interest (MFRS 141 And MPERS S34) • National Tax Conference 2019 • MFRS 15 – Mastering Revenue Recognition for Construction Contracts and Property Development Activities	27 June 2019 25 July 2019 5 & 6 August 2019 7 & 8 August 2019

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

vi. Board Meeting Attendance and Directors' Training (Cont'd)

Name of Directors	Training Programmes Attended (Unless Otherwise Stated)	Date
Khoo Siong Kee	• Primeglobal Asia Pacific : Transfer Pricing Special Interest Group (SIC) Webinar • Audit Series : Workshop 1 - Audit Opinion & Reporting – ISA 700 (Revised) and Other ISAs (Revised) • Audit Series : Workshop 2 - Audit Documentation for ISA Compliance • MIA International Accountants Conference 2019 • Seminar Percukaian Kebangsaan 2019 • Audit Series : Workshop 3 - Auditing of Inventories and Production Costs • Audit Oversight Board Conversation with Audit Committees • Audit Series: Workshop 4 - Going Concern Indicators and Managing Impairment of Assets and Restructuring Provisions • Audit Series: Workshop 5 - Auditing of Property Developers and Contractors	14 August 2019 21 & 22 August 2019 18 & 19 September 2019 22 & 23 October 2019 24 October 2019 6 & 7 November 2019 8 November 2019 27 & 28 November 2019 2 & 3 December 2019
Lim Kien Lai @ Lim Kean Lai	• MIA's Engagement Session with Audit Committee Members on Integrated Reporting • Cyber Security in the Boardroom: Accelerating from Acceptance to Action • Session on Corporate Governance & Anti-Corruption	30 April 2019 27 June 2019 31 October 2019
Datuk Mohamed Razeek bin Md Hussain Maricar	• Enterprise Resource Planning by Microsoft • Digitalising Companies by Google	23 September 2019 4 November 2019

Details of the Directors' directorships in other listed companies are set out in their respective profiles of this Annual Report.

vii. Board Composition and Independence

In order to drive the Board's leadership and effectiveness, the Board ensures that it has the right board composition to enhance the Board decision making process.

Presently, the Board consists of Executive and Non-Executive Directors with a mixture of suitably qualified and experienced professionals. The Board comprises six (6) members, where half of the Board members are Independent Non-Executive Directors. This is in line with Practice 4.1 of the MCCG where it requires at least half of the Board members comprises independent directors.

The Board is satisfied with the current composition of the Board in providing a check and balance as well as its diversity of perspectives and views in Board's decision-making process through the composition of Independent Non-Executive Directors on the Board. Each Director demonstrating their own skillsets, commitment and functional experiences.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

vii. Board Composition and Independence (Cont'd)

On an annual basis, the Nomination Committee would review the independence of the Independent Directors. Criteria for assessment of independence are based on the requirements and definition of "independent director" as set out in the MMLR. Each Independent Director is required to confirm their independence by giving the Board a written confirmation of their independence. In addition, consideration would also be given to assess whether the independent directors are able to act independently of management and free from any business or other relationship.

viii. Tenure Limit of Independent Directors

MCCG provides that the tenure of an independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the re-designation of the Independent Director as a Non-Independent Director. The Board must provide justification and seek annual shareholders' approval in the event it retains an Independent Director, a person who has served in that capacity for more than nine (9) years. For good governance, the Company has incorporated the following provisions in its Constitution:-

The independent director, as defined by the MMLR, shall be subject to:-

(a) Annual re-appointment by the members at annual general meeting by way of an ordinary resolution, if he has served for a cumulative term of nine (9) years; and

(b) Annual re-appointment by the members at annual general meeting by ordinary resolution through a two-tier voting process as recommended by the MCCG if he has served for a cumulative term of beyond twelve (12) years.

The Board does not have a policy which limits the tenure of its Independent Directors to nine (9) years as it is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their length of service. Independence should be judged based on the integrity and objectivity of the Independent Director in discharging his responsibilities. The Board also believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years.

In embracing good governance, the Board would assess the objectivity of retaining an Independent Director who has served beyond nine (9) years. At the last annual general meeting ("2019 AGM"), the re-appointment of Mr. Khoo Siong Kee ("Mr. Khoo"), who has served the Board as independent director for a cumulative term of eight (8) years as at the 2019 AGM was approved by the members.

As at the date of issuance of this Annual Report, Mr. Khoo and Mr. Lim Kien Lai @ Lim Kean Lai ("Mr. Lim") had served the Board for over 9 years and 8 years respectively. The Board wishes to retain Mr. Khoo and Mr. Lim as Independent Directors and is therefore seeking members' approval at the forthcoming 36th AGM for retaining them as Independent Directors in accordance with Article 90(2) of the Company's Constitution. Subject to the members' approval being obtained at the 36th AGM, Mr. Khoo and Mr. Lim will not be re-designated as Non-Independent Non-Executive Director of the Company and will be subject to annual re-appointment by members at the annual general meeting. The Board's justification for retaining Mr. Khoo and Mr. Lim as Independent Directors are as follows:-

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

viii. Tenure Limit of Independent Directors (Cont'd)

- They have fulfilled the criteria under the definition of Independent Director as stated in the MMLR;
- Mr. Khoo is an experienced Chartered Accountant and is a member of the Malaysian Institute of Accountants and a member of the Chartered Tax Institute of Malaysia. His diverse range of experiences provide confidence to the Board as Chairman of the Audit Committee who oversees the periodic review of the financial results of the Group thus it is of the best interest of the Group to maintain the current appointment;
- Mr. Lim's technical knowledge on construction sector is a valuable asset to the Group. With his expertise and knowhow in project management, he contributes ideas, design and technical knowledge which continuously improves the efficiency and effectiveness of the Group's operations;
- They have continued demonstrated their independence, integrity and due care during Board meetings; and
- They had not entered into any related party transactions with the Group.

ix. Diversity of the Board and Senior Management

At present, the Board does not have formal gender diversity policy. Nonetheless, the Board support the gender diversity policy although the Company is not a "Large Company" as defined in the MCCG and has a female Executive Director in the Board (i.e. 17% women directors). To achieve 30% women directors on Board as recommended in the MCCG, the Board will require to add one (1) more woman director to the present composition but the Board did not set a timeframe to fulfil the said MCCG's recommendation as the Board opined that finding a female candidate that is right fit for the Company is more important than other factors. Nevertheless, the Board is mindful of the said recommendation in the MCCG and would continue to assess and explore the opportunities. At management level, a few senior management positions are held by women employees. The Board will continue to provide a working environment that is conducive, fair and with equal opportunities within the Group and to commit to zero tolerance of workplace harassment, age, religious, ethnicity, race or gender discrimination.

The appointment of Board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The current diversity in the ethnicity, age distribution and skillsets of the existing Board members are as follows:-

	Race/Ethnicity				Nationality		Gender	
	Malay	Chinese	Indian	Others	Malaysian	Foreign	Male	Female
Executive Director	--	3	--	--	3	--	2	1
Independent and Non-Executive Director	1	2	--	--	3	--	3	--

Age Group	50-59 years	60-69 years	70-79 years
Executive Director	3	–	–
Independent and Non-Executive Director	–	2	1

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

ix. Diversity of the Board and Senior Management (Cont'd)

Skill	Accounting & Finance Management	Engineering	Business Management
Executive Director	1	2	3
Independent and Non-Executive Director	1	2	3

It shall be noted that all Executive Directors are also the top senior management.

x. Chairmanship of Nomination Committee, Board Appointment and Annual Evaluation

The Nomination Committee is chaired by a Senior Independent Non-Executive Director. Through the Nomination Committee the Board will consider recommendations from existing Board members, management, major shareholders and third-party sources to identify suitably qualified candidates, when necessary. New board candidates proposed to fill vacancy arises from resignation, retirement or any other reasons will be reviewed by Nomination Committee before recommending to the Board for further deliberation. The evaluation process may include, reviewing the candidate's resume, biographic information, qualifications, skills, knowledge, expertise, experience, competency and his/her understanding of the Group's business environment.

Any Board Member, while holding office, is at liberty to accept other board appointments (outside the Group) so long as the appointment is not in conflict with the business of the Group and that it would not detrimentally affect his or her performance as a Board member of the Company. Before accepting an offer of appointment of other directorships, the Board members must notify the Chairman of the Board.

The Nomination Committee undertakes annual assessment to evaluate the performance of each individual Directors, the effectiveness of the Board and the Board Committees. The Board acknowledges the recommendation of the MCCG for large company to engage independent experts periodically to facilitate objective and candid Board evaluation. Presently, the annual assessment by the Board on its effectiveness is conducted internally by the Management and the Board opined that the present arrangement is suffice and adequate. The Board would engage the services of independent experts when the need arises.

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

During the annual assessment exercise, the Directors are given a performance evaluation sheets for Individual Director Self/Peer Evaluation and Board Evaluation to complete. In addition, Directors who are members of the Board Committees are given additional performance evaluation sheets for the respective Board Committees to complete. Sufficient time is given to the Directors to complete the forms and upon completion, the forms are submitted to the Chairman for tabling to the Nomination Committee for review in due course. For good corporate governance, the Nomination Committee did not review its own effectiveness and the performance of the Nomination Committee members. Instead, such review was carried out by the Board as a whole with the members of the Nomination Committee abstained from deliberation. In view that the Nomination Committee members are also members of the Remuneration Committee and the Audit Committee, the assessment of the effectiveness and performances of the Remuneration Committee and the Audit Committee were also carried out by the Board.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

x. Chairmanship of Nomination Committee, Board Appointment and Annual Evaluation (Cont'd)

The results of the annual assessment on the Board, the Board Committees and individual Directors for the Financial Year were all satisfactory.

The Directors who are subject to re-election and/or re-appointment at the next Annual General Meeting shall be assessed by the Nomination Committee before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the Nomination Committee would be based on inter-alia the yearly assessment conducted.

xi. Remuneration Committee and Remuneration of the Board & Senior Management

The remuneration policy of the Board provides that all Executive Directors and Senior Management are remunerated based on the Group's and individual's performances, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience, level of responsibilities assumed in the Board Committees, their attendance and/or special skills and expertise they bring to the Board.

The remuneration of the Executive Directors (who are also the Senior Management) is reviewed and recommended by the Remuneration Committee to the Board for approval. All Directors shall abstain from discussions and decisions on their own remuneration.

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

The amount of Directors' fee proposed for the shareholders' approval at the forthcoming AGM is RM204,327. In addition, shareholder's approval will also be sought at the forthcoming AGM for the payment of Directors' benefit (excluding Directors' fees) to the non-executive directors up to an amount of RM50,000 from the forthcoming 36th Annual General Meeting until the following annual general meeting of the Company.

The details of remuneration paid or payable to the Directors for the Financial Year are as follows:

	EXECUTIVE DIRECTORS		
Received from Subsidiaries	**Datuk Tee Eng Ho (RM'000)**	**Datin Toh Siew Chuon (RM'000)**	**Tee Eng Seng (RM'000)**
Directors' Fee	–	–	–
Meeting Allowances	–	–	–
Salaries	1,782.9	1,147.9	1,147.9
Bonus	622.6	400.8	400.8
Benefits-in-Kind	21.2	8.8	21.2
Other Emoluments	331.3	213.9	213.9
Total	**2,758.0**	**1,771.4**	**1,783.8**

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

xi. Remuneration Committee and Remuneration of the Board & Senior Management (Cont'd)

Received from the Company	INDEPENDENT NON-EXECUTIVE DIRECTORS			
	Khoo Siong Kee (RM'000)	Lim Kien Lai @ Lim Kean Lai (RM'000)	Prof Datuk Dr. Nik Mohd Zain Bin Nik Yusof (Retired on 30/5/19) (RM'000)	Datuk Mohamed Razeek bin Md Hussain Maricar (RM'000)
Directors' Fee	79.9	58.2	24.2	42.0
Meeting Allowances	7.5	7.0	4.5	3.5
Salaries	–	–	–	–
Bonus	–	–	–	–
Benefits-in-Kind	–	–	–	–
Other Emoluments	–	–	–	–
Total	**87.4**	**65.2**	**28.7**	**45.5**

It shall be noted that all Executive Directors are also the top senior management. As required under the MCCG to disclose top five (5) Senior Management's remuneration in the band of RM50,000, the table append below shows the remuneration of the Executive Directors (who are also the top senior management) in the following bands:-

Remuneration Band (RM'000)	EXECUTIVE DIRECTORS/SENIOR MANAGEMENT		
	Datuk Tee Eng Ho	Datin Toh Siew Chuon	Tee Eng Seng
RM1,750 – RM1,800		√	√
RM2,750 – RM2,800	√		

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

i. Chairmanship of the Audit Committee and Independence of the Audit Committee

The Board has established an effective and independent Audit Committee. The members of Audit Committee comprising fully Independent Non-Executive Directors and the Chairman of the Audit Committee is not the Chairman of the Board. The Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants.

Collectively, the Audit Committee possesses a wide range of necessary skills to discharge its duties and members of the Audit Committee are financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process. In order to strengthen the present financial literacy of each member, all members of the Audit Committee will balance their participation in continuous professional development programmes on accounting and auditing standards, practices and rules. Periodically, Companies Secretaries, External Auditors and Internal Auditor update the Audit Committee on changes to the relevant guidelines, laws and regulations and accounting standards to ensure the Audit Committee members are kept abreast with latest developments in the statutory and accounting requirements.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

i. Chairmanship of the Audit Committee and Independence of the Audit Committee (Cont'd)

For effectiveness and independence conduct of the Audit Committee's functions, the Audit Committee have separate discussions with the External Auditors and Internal Auditor without the presence of the Executive Directors and employees of the Group as and when necessary to discuss matters that the Audit Committee or the auditors believe should be discussed privately or to have a discussion about any matters of significance that arose during the audit process.

Also, as part of the Audit Committee's review processes, the Audit Committee will obtain assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

When considering the appointment of former key audit partner from its current External Auditor's firm, the Audit Committee is mindful of the minimum two (2) years cooling off period best practice under the MCCG before appointing this partner as a member of the Audit Committee. None of the present members of the Audit Committee were former audit partners of the Company's auditors. With the present composition structure and practice, the Audit Committee is able to objectively review and report its findings and recommendations to the Board.

ii. Assessment of External Auditors

Annually, the Audit Committee will review the appointment, performance and remuneration of the External Auditors before recommending them to the Board for approval for seeking shareholders' approval at the forthcoming annual general meeting for re-appointment. In assessing the External Auditors, the Audit Committee will take into consideration the adequacy of resources of the firm, quality of service and competency of the staffs assigned to the audit as well as the auditors' independence and fee to determine the suitability and objectivity of the External Auditors.

iii. Establishment of Risk Management and Internal Control Framework

The Board is responsible for the overall risk management in the Group while Executive Directors together with the senior management team are primary responsible for managing risks in the Group. Issues related to risk management and internal control were also discussed and presented to the Audit Committee at its quarterly meetings. The Board opined that foregoing approach is suffice for the time being to oversees the company's risk management framework and policies without the need to establish a separate risk management committee. The Board has also commented in its Statement of Risk Management and Internal Control contained in this Annual Report that they are satisfied with the effectiveness and adequacy the existing level of systems of risk management and internal control. Further details of Group's risk management and internal control framework covering the risk policy, risk appetite, risk assessment and the review process by the Board and Audit Committee and the key internal controls can be found in the said Statement on Risk Management and Internal Control of this Annual Report.

iv. Effectiveness of Internal Audit

The Audit Committee is responsible for reviewing the engagement of the Internal Auditor. In assessing the Internal Auditor, the Audit Committee will take into consideration the adequacy of resources of the firm, quality of service and competency of the staffs assigned to the audit as well as the auditors' independence and fee to determine the suitability and objectivity of the Internal Auditors.

For the Financial Year under review, the Internal Audit Function is carried out by Axcelasia Columbus Sdn. Bhd, an outsourced internal audit consulting firm. The outsourced internal audit execution was headed by the Managing Director of Axcelasia Columbus Sdn Bhd of whom possesses the professional qualifications of Certified Internal Auditor ('CIA'); Certification in Risk Management Assurance ('CRMA'), and he is also a qualified professional accountant. The team members who performed the internal audit assessment include a Director level professional who is a CIA and another two (2) members who possess accounting qualification and relevant working experiences. The Internal Auditor performed its work under the guidance of the International Professional Practices Framework issued by the Institute of Internal Auditors Inc.

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

i. Communication with Stakeholders

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

The Group maintains a website at www.kerjayagroup.com where shareholders or investors may access information on the Group under "Investor Relations" link encompassing corporate information, latest financial results, annual reports, announcements to Bursa Securities, Board Charter, Terms of Reference of Board Committees, Code of Conduct and Code of Ethics.

The following personnel has been identified as the investor contact person of the Group:

Contact Person: Datuk Tee Eng Ho (Executive Chairman)
Tel : 603-6277 2480
Email : ir@kerjayagroup.com.my

Periodically, the Group had also conducted analyst and media briefings during the year to provide detailed explanation and presentation about the business performance of the Group and its prospect.

Shareholders and investors are also encouraged to interact and feedback to the Chairman or any Executive Directors for opinions or concerns. The Board had also identified Mr. Khoo Siong Kee to act as the Senior Independent Director to provide shareholders and investors with an alternative to convey their concerns and seek independent view.

Separately, the Company has also reported its Sustainability Statement in this Annual Report covering the aspects of governance, environment and social responsibility for stakeholders' reference.

ii. Conduct of General Meetings

Annual General Meeting ("AGM") remains the principal forum for dialogue with shareholders where they are provided with an opportunity to raise questions pertaining to issues in the Annual Report, Audited Financial Statements and corporate developments in the Group, the resolutions being proposed and/or on the business of the Group.

The Board had adopted the recommendation of MCCG for the notice of AGM to be given to shareholders at least 28 days prior to the meeting. All Board members will ensure their attendance in the AGM and the respective chairmen of the Board Committees shall attend to questions raised pertaining to their duties.

Where required, explanation for proposed resolution is provided in the notes to the Notice of AGM to assist shareholders in making their decisions and exercising their voting rights. In line with Paragraph 8.29A(1) of the MMLR, all resolutions set out in the Notice of AGM will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the vote cast in the AGM. The outcome of the AGM will then be announced to Bursa Securities on the same meeting day while the summary of key matters, if any, discussed during the AGM will be posted on the Company website.

Shareholders who are unable to attend the AGM may appoint proxies to attend and vote on their behalf.

This Statement is made in accordance with the resolution of the Board dated 11 June 2020.

Statement on Risk Management & Internal Control

The Board of Directors of Kerjaya Prospek Group Berhad ("the Board") is committed to nurture and maintain throughout the Group a sound system of risk management and internal controls and good corporate governance practices to safeguard shareholder's investment and the Group's assets in accordance to Malaysian Corporate Governance. The Board hereby presents its Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR"). In producing this Statement, the Board has considered the latest Malaysian Code on Corporate Governance and is guided by the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers" ("Guidelines").

THE BOARD'S RESPONSIBILITIES

As the Group operates in a dynamic business environment, sound risk management and internal control systems must be in place to help the Group to achieve its business objectives. The Board acknowledges its responsibility in maintaining a sound and effective risk management and internal control system to safeguard shareholders' investment and the Group's assets.

There are processes for identifying, evaluating, monitoring and managing significant risks that may impede the achievement of the Group's business and corporate objectives. The Board through the Audit Committee("AC") reviews the internal control processes to ascertain that measures taken to mitigate risk.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Board as a whole remains responsible for the overall risk management in the Group while Executive Directors together with the senior management team are primary responsible for managing risks in the Group.

During the year, the Group has engaged Axcelasia Columbus Sdn Bhd ("ACSB") to review and further enhance its Enterprise Risk Management ("ERM") framework, which covers the components such as ERM policy statement, ERM reporting structure, ERM reporting frequency and roles & responsibilities for ERM. These components are in practice for continuous risk management practices. In addition, ACSB had performed risk assessment on strategic perspective and the construction operation via a facilitated brainstorming workshop with the Executive Directors and senior management team.

Risks information were documented in risk registers to facilitate management's continuous risk management efforts. Result of the strategic and construction risk assessment was presented to the Board for review and deliberation. These risk management processes of identification, assessment and documentation are carried out with reference to the principles of ISO 31000 on Risk Management which is an internationally recognised risk management framework.

ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

The Group's key risk have been identified, monitored and deliberated by AC. The following table details the key risk and its mitigation actions:

Risk	Description	Mitigation
Business continuity challenges	In view of the recent crisis on Covid-19 pandemic, the Group like many organisations faces business continuity challenges that can lead to financial losses if not properly managed.	The Board together with Senior Management are committed to respond to these challenges as they evolve.
Contractual risk	Upon signing of contracts with clients, suppliers, vendors, purchasers and etc, the company is obliged to the contractual terms and obligations stated in the contracts. Inappropriate managing of contractual exposure may lead to termination of contract, litigation issue, reputation impact or financial losses to the Company.	The legal and technical department will assess the contractual teams and advise on contract clause and implementation.
Corporate compliance challenges	The Group is subjected to various business regulatory requirements such as Company Act 2016, Income Tax Act 1967, Malaysian Anti-Corruption Commission Act (2018), Bursa Listing Requirements, CIDB Act 520, Safety & Health Act 1974, Labour Law and etc. Failure to comply with laws and regulations would result to penalisation by the authorities and possible jail term to Directors.	The Group mitigates this risk with continuously obtaining update information on the new changes in government policies and regulation from the relevant authorities, consultants and business associates, and obtaining advice and input from government agencies and consultants in tackling those changes in the policies and regulations. Moreover, standard operating procedure serves as guidance for employees.
Project management challenges (project delay; project quality challenges; Health Safety and Environmental hazards)	The Group construction outstanding order book as at 31 December 2019 stood at RM3.91 million, it is crucial to plan, execute, and manage each project effectively as any delay or quality issue would negatively affecting the track records of the Company and clients may imposed Liquidated Ascertain Damages or claim the performance bond. Health Safety and Environmental matters are also significant for project execution and management team to pay attention to. Any Health Safety and Environmental incident happen to the project site would attract significant & negative attention which ultimately causing financial & reputational damage.	The Group mitigates such risk by keeping track and managing the sub-contractor's performance closely. Project assessments are carried out during the tender stage to better plan and manage delays. In addition, the Group perform stringent selection process to appoint qualified and competent sub-contractors. Besides that only competent / licensed person is engaged for any hazardous work and Health Safety and Environmental training are provided to workers and contractors.

INTERNAL AUDIT FUNCTION

The Board has engaged a professional service firm to assist the Board in reviewing and strengthening the Group systems of internal control. The Internal Audit Function reports to the AC directly and has organised its work covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the internal audit findings. AC approves the internal audit plan and monitors the progress of audit periodically. The results of the internal audit reviews are reported to AC and AC will subsequently report to Board for further review. Follow-up review will also be conducted to ensure that recommendations for improvement are implemented by Management accordingly. Further details of the internal audit function are set out in the Audit Committee Report included in this Annual Report.

OTHER KEY ELEMENTS OF THE GROUP'S CONTROL ENVIRONMENT

Apart from risk management and internal audit, the Board has put in place the following pertinent measures to strengthen the internal control systems of the Group:

(1) Documented policies and procedures are in place for key operating processes;

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

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

(4) Regular meetings between Executive Directors and Management to understand the achievements and challenges relating to productivity, progression of projects, quality control, defects, complains in order to decide on necessary action plans timely;

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

(6) Review and approval of investment and corporate exercise by the Board and AC;

(7) Review of related party transactions; and

(8) AC's review of the quarterly financial reports, annual financial statements and internal audit reports. Discussions with Management were held to deliberate on actions to be taken to address internal control matters identified by the Internal Auditors.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa Securities' Guidelines, Management is responsible to highlight risks relevant to the business of the Group's objectives and strategies; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objectives and performance. For the financial year under review, the Board has received assurance from Executive Chairman and all Executive Directors that, to the best of his knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material respects.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for inclusion in the annual report for the financial year ended 31 December 2019. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require external auditor to form an opinion on the effectiveness of the Group's risk management and internal control system.

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

BOARD ASSUARANCE AND LIMITATION

For the financial year under review, there was no material loss resulted from significant control weaknesses that would require disclosure in the Annual Report. The Board is satisfied that the existing level of systems of internal control and risk management are fairly effective to enable the Group to achieve its business objectives. Nevertheless, the Board wishes to advise that systems of risk management and internal control are designed to manage risks to a reasonable level rather than to eliminate the risk of failure to achieve the Group's business objectives. It can therefore only provide reasonable but not absolute assurance against material misstatement or financial losses or fraud.

This Statement is made in accordance with the resolution of the Board dated 11 June 2020.

Audit Committee Report

The Audit Committee ("AC") of Kerjaya Prospek Group Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2019 ("Financial Year").

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

1. COMPOSITION AND MEETINGS

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

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

Name of the AC Member	Attendance
Khoo Siong Kee - Chairman *Senior Independent Non-Executive Director*	5/5
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof - Member *Independent Non-Executive Director* (Retired on 30 May 2019)	3/3
Lim Kien Lai @ Lim Kean Lai - Member *Independent Non-Executive Director*	5/5
Datuk Mohamed Razeek bin Md Hussain Maricar - Member *Independent Non-Executive Director* (Appointed on 30 May 2019)	2/2

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

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

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

2. TERMS OF REFERENCE

Pursuant to Paragraph 9.25 of the MMLR of Bursa Malaysia Securities Berhad, the terms of reference of Audit Committee are published on the Company's website at www.kerjayagroup.com for shareholders' reference.

3. WORK DONE BY AC DURING THE FINANCIAL YEAR

The works were carried out by AC during the Financial Year comprising the following:-

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

(2) Reviewed with the External Auditors on:

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

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

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

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

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

(6) Discussed on the implementation of new accounting standard i.e. MFRS 16, Leases.

(7) Reviewed the Circular to Shareholders in relation to the Renewal of the Recurrent Related Party Transactions Mandate and recommended to the Board to seek shareholders' approval for renewal of the said mandate.

(8) Reviewed the AC Report and Statement on Risk Management & Internal Control for inclusion in the annual report of the Company.

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

(10) Reviewed and approved the proposed change of internal audit services.

(11) Reviewed with the Internal Auditor on:-

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

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

(12) Reviewed the status of compliance of the Company with regard to the Malaysian Code of Corporate Governance, which are within the scope and functions of the AC, for the purposes of disclosure in the Corporate Governance Overview Statement pursuant to the requirements of paragraph 15.25 of MMLR.

3. WORK DONE BY AC DURING THE FINANCIAL YEAR (CONT'D)

(13) Reviewed the report and updates from the outsourced Risk Management consultant on the implementation of the Enterprise-wide Risk Management framework and the development of the key risk profile, assessed the adequacy and effectiveness of the risk management framework and the appropriateness of the management's responses to key risk areas and proposed recommendations for improvement to be implemented.

(14) Briefed on the corporate liability provisions relating to the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

4. INTERNAL AUDIT FUNCTION AND ITS ACTIVITIES DURING THE FINANCIAL YEAR

The internal audit function is an integral part of the assurance mechanism in ensuring the Group's systems of internal control are adequate and effective. The Internal Auditor reports directly to the AC and assists the AC to discharge its duties and responsibilities. The internal audit function is outsourced to Axcelasia Columbus Sdn. Bhd. an external professional firm and the personnel handling the Group's audits are free from any relationship or conflict of interest, which could impair their objectivity and independence.

The number of staff deployed for the internal audit reviews was three to four staff per cycle including the Engagement Director. The staff involved in the internal audit reviews possesses professional qualification and/or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia.

The Internal Auditor prepares and tables the Internal Audit Plan for the consideration and approval of the AC. It conducts independent reviews of the key activities with the Group's operations based on the audit plan approved by the AC.

During the Financial Year, the Internal Auditor have carried out the field audit works covering the Company and one of its subsidiaries, Kerjaya Prospek (M) Sdn. Bhd. in relation to human resource, contract and information technology management to assess the key internal controls used to manage the risk associated with operation processes and providing the AC with independent views on the adequacy, integrity and effectiveness of the system of internal control. Prior to the presentation of report to the AC, comments from the Management are obtained and incorporated into the internal audit findings and reports.

The internal audit was conducted using a risk-based approach and is guided by the International Professional Practices Framework (IPPF).

In addition, the professional service firm assisted in establishing a formal ERM Framework for the Group and have performed strategic and construction risks assessment via a facilitated brainstorming workshop with the Executive Chairman and the senior management team.

The costs incurred in maintaining the outsourced the internal audit function for the Financial Year is RM56,000.

5. OTHER INFORMATION

The Nomination Committee had at its meeting held on 12 April 2019 reviewed the term of office of the AC Members and assessed the performance of the AC and its Members through an annual Board Committee effectiveness assessment. The Nomination Committee is satisfied that the AC and its members discharged their functions, duties and responsibilities in accordance to the AC's Terms of Reference. The result of the assessment was reported to the Board and the Board is in concurrence with the Nomination Committee with regard to the performance of the AC and its members.

Nomination Committee Report

1. COMPOSITION OF NOMINATION COMMITTEE

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

Chairman	:	Mr. Khoo Siong Kee (Senior Independent Non-Executive Director)
Members	:	Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof (Independent Non-Executive Director) (Retired on 30 May 2019)
	:	Mr. Lim Kien Lai @ Lim Kean Lai (Independent Non-Executive Director)
	:	Datuk Mohamed Razeek bin Md Hussain Maricar (Independent Non-Executive Director) (Appointed on 30 May 2019)

2. ACTIVITIES OF THE NOMINATION COMMITTEE

The annual principal function of the Nomination Committee is to assess and review the performance of the Board, Board of Directors and Board Committees and to consider the appropriate size and composition of the Board. The underlying policy in determining the size and composition of the Board is based on the consideration of the complexity and scale of operations of the Company and the Group, the Board balance and Board's capacity to discharge its responsibilities effectively.

Following are the summary of the review activities and the criteria and processes carried out by the Nomination Committee during the financial year ended 31 December 2019 ("Financial Year") up to the date of issuance of this Annual Report:-

i. Review of the Performance and Effectiveness of the Board, Board Committees and Individual Directors

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

During the assessment exercise, the Directors will be given a performance evaluation sheet for Individual Director Self/Peer Evaluation and Board Evaluation to complete. In addition, Directors who are members of the Board Committees are given additional performance evaluation sheets for the respective Board Committees to complete. In view that the Nomination Committee members are also members of the Remuneration Committee and the Audit Committee, the assessment of the effectiveness and performances of the Nomination Committee, Remuneration Committee and the Audit Committee are carried out by the Board with the members of the respective committees abstained from deliberation.

2. ACTIVITIES OF THE NOMINATION COMMITTEE (CONT'D)

ii. Annual Independence Assessment

On an annual basis, the Nomination Committee will review the independence of the Independent Directors. Criteria for assessment of independence are primarily based on the requirements and definition of "independent director" as set out in the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the integrity and objectivity of the independent director in discharging his duties. The details of evaluation of independent director who has served more than nine (9) years are further discussed under the Board Composition section of the Corporate Governance Overview Statement.

iii. Evaluation of Directors Standing for Re-Election at the Forthcoming Annual General Meeting ("AGM")

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

iv. Nomination of Appointment to the Nomination Committee, Remuneration Committee and the Audit Committee

During the Financial Year, Datuk Mohamed Razeek bin Md. Hussain Maricar, Independent Non-Executive Director, was appointed as a member to the Nomination Committee, Remuneration Committee and the Audit Committee in replacement of Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof who retired on 30 May 2019.

Statement on Directors' Responsibilities

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

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

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

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

Sustainability Report

SUSTAINABILITY STATEMENT

Over the years of establishment, Kerjaya Prospek Group Berhad ("KPGB", "Kerjaya Prospek" or "the Company") and its subsidiaries ("the Group" or "KPGB Group") have successfully evolved, catering to the ever changing needs of its clientele and the dynamic corporate landscape. In the year under review, the Group has embarked on its sustainability reporting journey, transforming its previous Sustainability Statement into a more comprehensive review of its efforts to embed sustainability into its practices and main business activity.

Taking a leaf from its inaugural Sustainability Statement, the Group continues to deliver value and contribute to enhanced community living for all its key stakeholders. Building on the principles set out in Bursa Malaysia Securities Berhad's ("Bursa" or "Bursa Malaysia") Main Market Listing Requirements on Sustainability Reporting issued in October 2015, the Company adheres to Bursa's Economic, Environmental and Social ("EES") pillars for sustainability disclosure and reporting.

Further to this, this Sustainability Report (the "Report") is prepared in accordance to Bursa Malaysia's Second Edition of its Sustainability Reporting Guide ("SRG") 2018. In addition to the initial adherence to the Global Reporting Initiative ("GRI") 4 guidelines, it also recommends consideration of the United Nations' Sustainable Development Goals ("SDG" or "UN SDG") and the Task Force on Climate-related Financial Disclosures ("TFCD") within its structure of reporting.

As such, the Group has identified four main UN SDGs in alignment with its core values, mission and vision for sustainability within the Group. The Report is to be read in conjunction with material risks and opportunities discussed in the Management Discussion & Analysis on pages 14 to 18 of this Annual Report and methodologies and processes involved in the Statement of Risk Management & Internal Control on pages 31 to 34 of this Annual Report. The hard copy of the Report is available upon request and can be downloaded from Kerjaya Prospek's corporate website at http://www.kerjayagroup.com.

SCOPE & BOUNDARY

As a pure Malaysia-play construction counter diversified in property and manufacturing sectors, the Group's Sustainability Report in FYE2019 will cover the Group and all its active subsidiaries that contribute to its revenue stream. As the property development arm has reached its tail-end in 2019, most of the Group's activities are now centred around its construction business. Meanwhile, the manufacturing arm complements the construction and property development operations. In line with the financial disclosures within this Annual Report, this Sustainability Report will cover the Group's activities within the financial year of 1st January, 2019 to 31st December, 2019 ("FYE2019").

Sustainability Report
(Cont'd)

STRATEGY & ROADMAP

The Group has considered Malaysia's commitment to the UN SDGs in September 2015 with the 17 SDGs a cornerstone to achieve the 2030 Agenda for Sustainable Development.

Diagram 1.0 - The 17 UN SDGs - 2030 Agenda for Sustainable Development

In line with this, the Group's management has considered four of the UN SDGs as key to attaining its sustainability goals. They include:

Diagram 2.0 - Four UN SDGs that embody the sustainability agenda in KPGB

STRATEGY & ROADMAP (CONT'D)

Recognising that the Group is just embarking on its sustainability journey, it has plans for step-up reporting through a period of three years. The Group's Roadmap for Sustainability is found in Diagram 3.0 where it intends to expand its scope to include Group-wide disclosure and adoption of the UN SDGs as part of its transition to embed sustainability in its reporting structure.

Diagram 3.0 - Kerjaya Prospek Group Berhad's Sustainability Reporting Roadmap

STRUCTURE & GOVERNANCE

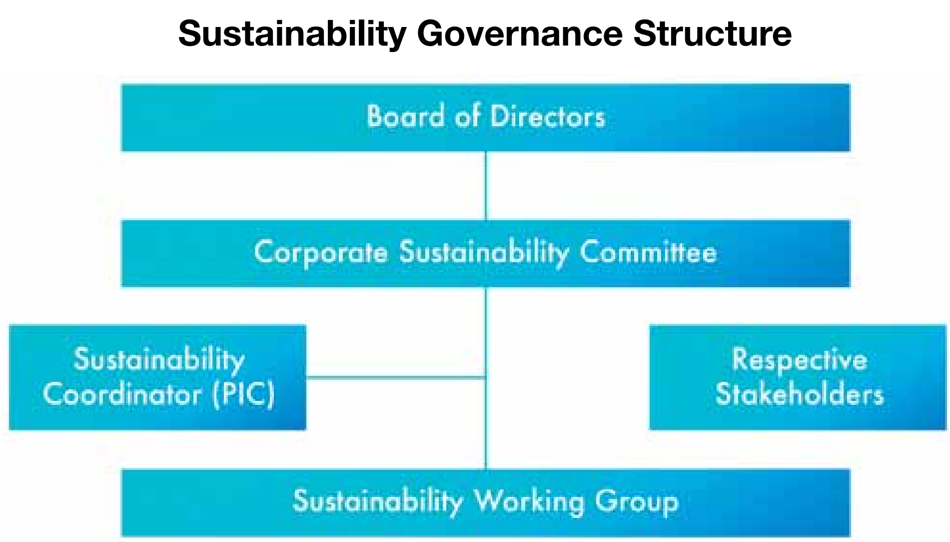


Chart 1.0 - Kerjaya Prospek Group Berhad's Sustainability Governance Structure

STRUCTURE & GOVERNANCE (CONT'D)

Since financial year ended 2017, the Group has established a Sustainability Governance Structure. The lowest level which is the Sustainability Working Group (the"Working Group" or "SWG") which comprises Heads of Departments, Business Units, Senior Management and the Group Sustainability Coordinator. The SWG reports to the Corporate Sustainability Committee (the "Committee" or "CSC") which then ultimately reports to the Board of Directors (the "Board" or "BOD") on sustainability efforts within the Group during the quarterly BOD meetings.

Members of the CSC include KPGB's Executive Directors and Project Directors and the Committee is chaired by the Executive Chairman, who has been mandated by the BOD with overseeing the formulation, implementation and execution of sustainability matters in line with the Group's strategies. The BOD is responsible to embed sustainability in the strategic direction of the Company.

STAKEHOLDER ENGAGEMENT

Part and parcel to successful operations is recognising the contributions of both internal and external stakeholders. According to Bursa's SRG, stakeholders are defined as individuals, communities and entities that are impacted by the Group's operations. To this end, the CSC has reviewed its stakeholder groups and has decided to streamline its approach from its previous disclosure to five (5) main stakeholder groups. They are engaged in the following manner and frequency:

Stakeholder	Engagement	Frequency
 Customers	Emails, social media and brochures	Daily
	Site visits	Weekly/Bi-weekly
	Corporate events	When required
 Employees	Internal departmental meetings	Weekly/Monthly
	Townhall	Annually
	Annual Dinner	Annually
	Festival functions and celebrations	During festivals
 Suppliers & Contractors	Emails and phone calls	Daily
	Supplier Audit Review	Annually
	Tender exercises and meetings	When required
	Suppliers' briefing	When required
 Investors & Financiers	Analyst Briefings/Corporate Interviews	Quarterly
	Facility review	When required
	Bursa Malaysia & media announcements	Quarterly/When required
	Annual Report & Annual General Meeting	Annually
	Extraordinary General Meetings	When required
 Government Ministries & Agencies	Regulatory compliance	Continuous
	Periodic/Regulatory meetings	When required
	Briefing & training	When Required

Table 1.0 - Kerjaya Prospek Group Berhad's Stakeholder Engagement

MATERIAL MATTERS

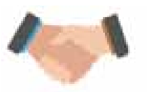
Transforming disclosures from last year's Sustainability Statement, where the Committee reviewed its sustainability matters after a desktop review and a workshop, the Group will move away from disclosure based on grouping into the three pillars of Economy, Environment and Social ("EES") and enhance disclosures by considering the 17 sustainability matters grouped into the themes and indicators discussed in the Second Edition of Bursa's SRG 2018, which considers the UN SDGs going forward.

With this move, FYE2019's sustainability reporting discloses material sustainability matters relevant to the Group's stakeholders instead.

This allows the Group the freedom to discuss material sustainability matters that are faced by the construction and property development sectors, in tandem with actions impacting the key stakeholders of the Group. Matters that are deemed irrelevant to the Group from the previous year are removed from consideration.

MATERIAL SUSTAINABILITY MATTERS

The list of material sustainability matters categorised by key stakeholder groups are disclosed in the next section, Themes & Indicators, on page 47 of this Report.

Stakeholder	Material Sustainability Matter	Indicators
 Customers	Indirect Economic Impact	- Current and expected impact on communities & local economies
	Products & Services Responsibility	- Environmental impact of products and services during their lifecycle - Innovation to reduce impact - Feedback loop on complaints and customer relationship management - Number of cyberattacks per annum
 Employees & Human Capital	Diversity & Inclusion	- Diversity in the Board, management and workforce by gender, age, ethnicity and disability - Ratio of foreign to local hires of low-skilled workers - Employment arrangement local and foreign
	Occupational Safety & Health	- Percentage of workers undergoing occupational safety and health training per annum - Total and rate of work-related injuries, fatalities, accident frequency and severity per annum
	Labour Practices	- Average training hours per employee per annum by category - Total and rate of employee turnover by age, gender and disability - Employee benefits

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Stakeholder	Material Sustainability Matter	Indicators
 Suppliers & Vendors	Supply Chain Management	- Assessment of new and existing suppliers against environmental and operational risks - Results of Supplier Audit Review against environmental and operational excellence - Supplier and vendor management in non-compliance matters
	Procurement	- Percentage of budget spent on local suppliers
 Investors & Financiers	Community Investment	- Total engagement with investing community - Economic presence & reputation
 Government Ministries & Agencies	Anti-Corruption	- Policies developed to educate and inform workforce against corruption
	Emissions	- Total volume of emissions generated
	Waste & Effluent	- Total volume of effluent generated - Organisation's waste disposal plans and waste management impact from operations
	Water	- Total volume of water used - Organisation's water management plans and water-related impacts to operations
	Energy	- Total volume of electricity used - Amount of reduction from conservation and efficiency initiatives
	Compliance (Environmental)	- Total monetary value of fines, total non-monetary sanctions for non-compliance with environmental laws & regulations
	Land remediation, contamination & degradation	- Number of operations per year with Environmental Impact Analysis (EIA)

Table 2.0 - Kerjaya Prospek Group Berhad's List of Material Sustainability Matters

THEMES & INDICATORS

Building on the foundation of the Group's previous disclosures, the Committee has decided to streamline its disclosure using the EES model and the GRI 4 guidelines as a foundation but building upon it, to consider the UN SDGs as a guiding light to transform Kerjaya Prospek's disclosures going forward.

By disclosing through key stakeholder groups, the Group is able to comment on both Environmental and Social pillars for themes with both indicators. This method of disclosure also allows the Group to discuss Key Performance Indicators ("KPI"s) for the Environment pillar through a Case Study of one of its landmark projects in Penang.

This transformation of reporting sets the scene for the Group to embed and report based on the relevant UN SDGs at the end of next year's Sustainability Roadmap. In the Group's intention to embed sustainability further, indicators discussed last year, which has been set as benchmarks will no longer be disclosed, while new material from scope-expansion and improvements to internal systems will be included along with updates to the Group's sustainability achievements.

CUSTOMERS

One of the key stakeholders considered essential to the Group's success are the Group's customers, which include Malaysia's Top 10 Developers. From previous disclosure, the Group's theme of "Together, We Can" forms the core of its customer-centric nature, with the Group engaging customers through B2B and B2C platforms. Maintaining its reputation in the Construction scene, Kerjaya Prospek continuously improves in line with its customer-base's needs and requirements.

Products & Services Responsibility

The Group's customer-centric approach is to place its Customers' reputation, wellbeing and safety first in all business operations. This sums up the Group's commitment to Products & Services Responsibility throughout their products' and services' lifecycle. This year's disclosure will focus on the Environmental indicator in this theme while the Group continues to embed the Social part of this indicator in the coming year.

Environmental Impact

As a seasoned player in the Construction industry, KPGB complies to all industry safeguards, best practices and regulations to meet its desired targets and quality standards for its developments. The main subsidiary of the Group, Kerjaya Prospek (M) Sdn Bhd ("KPMSB"), is an ISO 9001:2015 Quality Management System and ISO 140001:2015 Environmental System certified company and holds the OHSAS 18001:2007 Occupational Health & Safety qualification as well.

In FYE2019, KPGB Group continues using Malaysia's Construction Industry Development Board ("CIDB")'s Industrialised Building System ("IBS") as detailed and based upon the Construction Industry Standard 7 (2014), CIS 7:2014. The Quality Assessment System of Building Construction ("QLASSIC"), an industry standard since 2006, has also seen the Group awarded a score of 84% for the construction of Eco Terraces in Penang.

In terms of product innovation, the Group's continued usage of green cement, which was previously disclosed, helps reduce dependence on calcium oxide, by switching to aluminosilicates, a substance that releases less carbon dioxide and uses less natural materials. Upgrading of equipment to reduce carbon emissions and improve air quality are disclosed further in the emissions indicator on page 55 of this Report.

Indirect Economic Impact

The Group's direct investment of financial transactions with its stakeholders inculcate goodwill and trust over time. The Group had a good track record of delivery and quality and has managed to engage the loyalty of its customers and generate a long-term partnership with its clientele.

As an Employer, KPGB is a renowned construction firm in Malaysia that instils respect and trust among its employees. This enables the Group to retain and attract top talents to its team.

EMPLOYEES

Part of a business' success lies in its ability to attract and retain suitably skilled and experienced employees. On this basis, employees are a valuable business capital and an asset to Kerjaya Prospek's family. The scope of this Report covers the Group's direct employees on its payroll and disclosures in this section include Diversity & Inclusion, Occupational Safety & Health and Labour Practices. Employee Engagement matters are discussed within Labour Practices.

Diversity & Inclusion

KPGB Group is an equal-opportunities employer and doesn't discriminate against age, gender, ethnicity or race, religious beliefs, political affliations, unionisation, veteran status, marital status or protected genetic information or expression. Building from this disclosure in previous years, the Group protects these liberties in its hiring and employment practices including wages, promotions, rewards and access to training.

As at 31st December, 2019, the Group's headcount comprised 1,447 foreign workers and 526 local employees, bringing the total headcount to 1,973 employees. The Group hires locals where possible and if and when otherwise calls on foreign labour to fill low-skilled and semi-skilled positions, optimising construction schedules and requirements to minimise dependence on foreign labour. Therefore, the ratio of foreigners to locals in this category is non-existent.

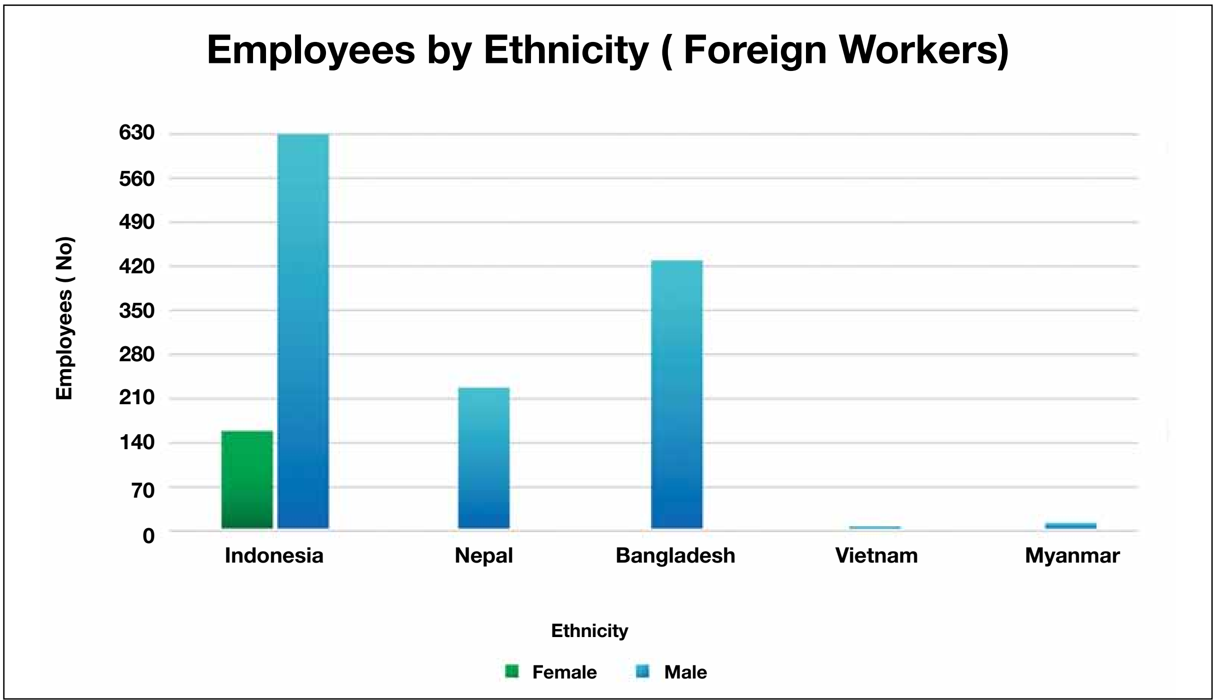


Chart 2.0: Diversity - Employees by Ethnicity (Foreign)

EMPLOYEES (CONT'D)

Diversity & Inclusion (Cont'd)

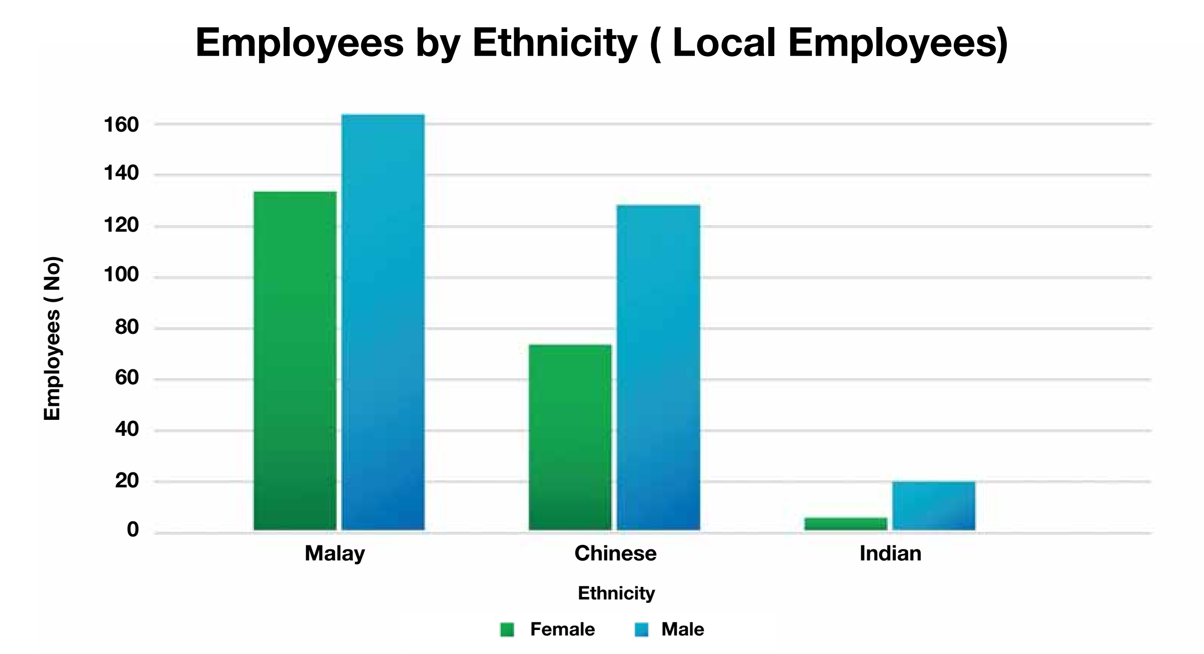


Chart 3.0: Diversity - Employees by Ethnicity (Local)

Within the local workforce, KPGB Group continues to attract and retain a diverse talent pool with its inclusive policies and work environment. Its SOPs encourage a respectful workplace and recruitment policies are carried out exclusively according to merit, where the talent's ability, potential and performance are key to their success in being recruited. The Group actively engages the full potential of its employees through the removal of internal silos or barriers in processes to encourage participation of the entire workforce.

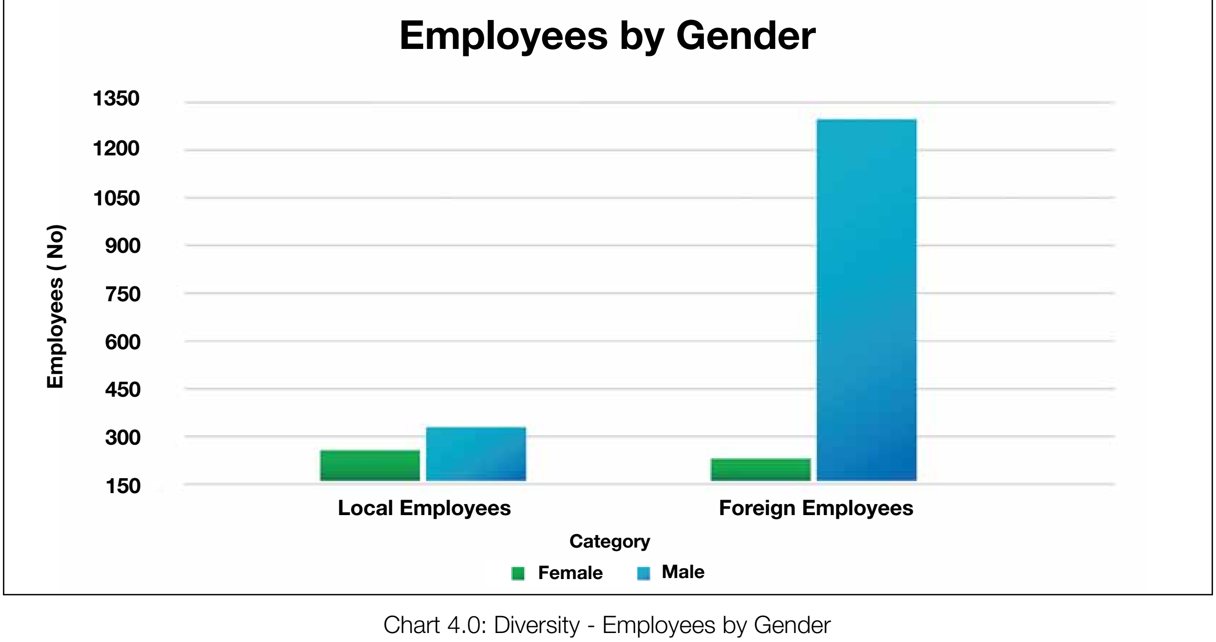


Chart 4.0: Diversity - Employees by Gender

EMPLOYEES (CONT'D)

Diversity & Inclusion (Cont'd)

Within the local workforce, the gender ratio of male to female employees remains at 60:40. The Group implements initiatives that support gender diversity especially in middle and senior management roles. The BOD is cognisant of the current dialogue to increase female participation at apex leadership to 30%, however, as per its disclosure in the Corporate Governance Overview Statement, increasing female board participation by finding an additional female Board member will be based on merit and fit for the Company's direction and effectiveness.

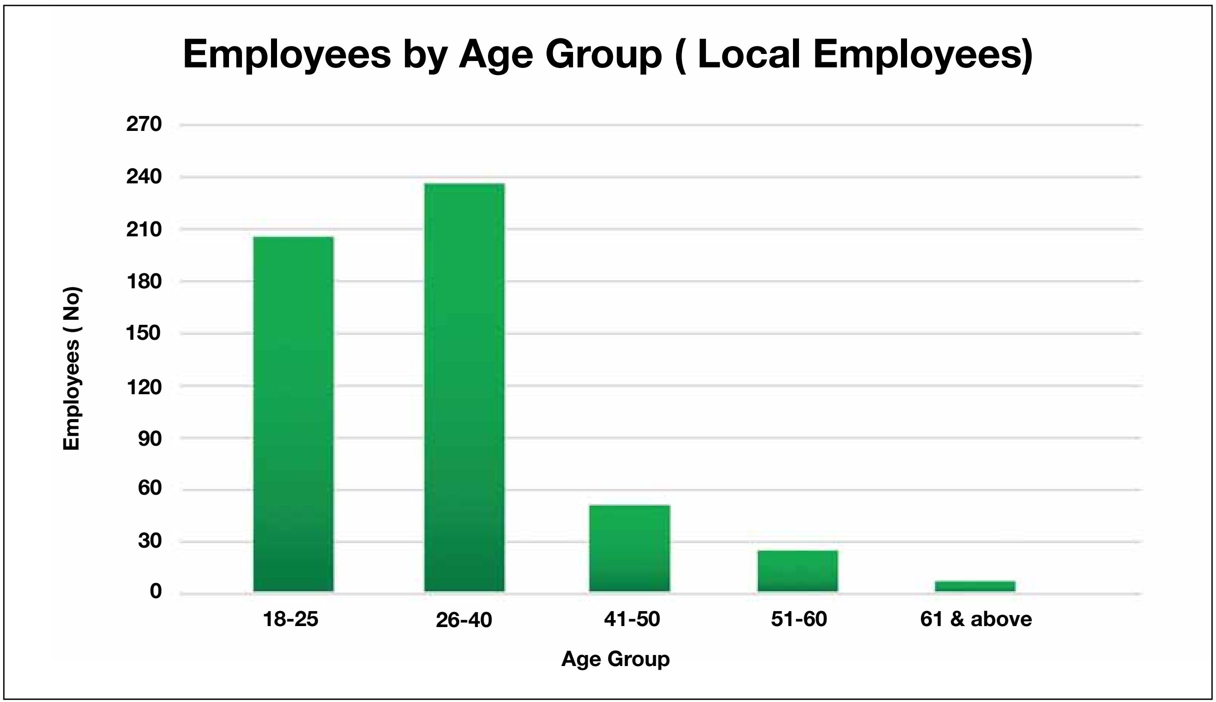


Chart 5.0: Diversity - Employees by Age Group (Local)

The age profile of the local workforce reveals knowledge transfer that happens across different generations of employees. On-the-job training and mentoring are methods used throughout business units to train and exchange perspectives between more experienced employees with less experienced ones. Shifting demographic trends, which allow for longer service records, encourage more experienced employees to participate at Group level while the Group invests in programmes that stimulate health and well being of those in this age group.

EMPLOYEES (CONT'D)

Occupational Safety & Health

In KPGB's previous disclosure, the Group has detailed their safety policy to cover all of its operations throughout Malaysia. This includes hazards identification, management and promotion of a safe and healthy work environment. This policy is embedded in the Group's Code of Ethics and part of the Group's protection of human rights.

Within the Group, an Environmental Occupational Health and Safety Committee is established to monitor and review work-related incidents within the facilities, especially the injury frequency rate for industrial accidents. Depending on severity of injury (either 'minor' or 'major'), the chain of response is swift and able to support the employee concerned. In addition, the committee has through the year under review, monitored and adjusted, where necessary, the SOPs to adhere to safety and health measures, regulatory requirements and industry best practices for all operational bases. Promotional activities include:

- Weekly safety information talks/briefings
- Weekly safety inspection checks
- Weekly safety committee meetings

In the lifecycle of each project, safety management is conducted at each construction stage. It is to ensure adherence to site safety specifications and compliance with prescribed procedures and methods. Following previous disclosure, the Group's target for Occupational Safety & Health was to reach a zero-accident rate for FYE2019. This KPI has been reached as there were no major accidents or Lost Time to Injury ("LTI") claims in the year under review. Based on Malaysia's Occupational Safety and Health Act (OSHA) 1994 as the main framework for the Company's Safety, Health and Environment (SHE) standards, the Group continues sending its Safety, Health and Environment personnel for OSHA-related training with a total of 324 man-hours dedicated to these training in FYE2019.

Labour Practices

The Group's Code of Ethics and Code of Conduct enshrines the Group's commitment to human rights and provides for a workplace that is free of discrimination, enslavement, child or forced labour or other grievances of human rights. The Group supports the rights of employees to be treated with dignity, ensuring adequate rest and leisure through its employee benefits of annual leaves and no barrier to employees right to freedom of association.

The Group's employee benefits, in addition to a fair wage, are above minimum statutory requirements, which include Employee's Provident Fund (EPF) contributions, Employees' Social Security (SOCSO) provisions and adequate annual leaves on a buildable scale based on length of service. Group benefits also include healthcare benefits, personal insurance coverage and mobile subsidies.

To celebrate the contributions of the Kerjaya Prospek family, the Group holds an Annual Dinner each year and in FYE2019, it was held at Swiss-Garden Hotel, Melaka on 23rd February, 2019. Other methods of employee engagement are described in the following section.

EMPLOYEES (CONT'D)

Employee Engagement - Training & Talent Management

Diagram 3.0: Training - Kerjaya Prospek Group Berhad's Training Matrix

In FYE2019, the Group's employees across managerial, administrative and in-the-field roles underwent training amounting to 1,973.5 manhours. This is broken down to 1,061.5 hours in external training for 49 employees and 912 hours in internal training for 70 employees. Significantly, the Group's average training per employee was at 21.7 hours of external training per employee and 13.0 hours of internal training per employee.

When it comes to type of training, employees are encouraged to undertake training relevant to their operational roles and allow for some stretch goals in their career expansion track. Group-wide, the types of training or courses fall into 4 broad categories, namely functional or technical skills, soft skills, occupational safety and health and risk management. Each category sees different groups of employees upskilling their technical and management skill sets as well as keeping up with industry trends and best practices in corporate, construction, property development and manufacturing spheres.

Additionally, the Group has an internal talent management pipeline that enables internships and management associate programmes from public and private institutes of higher learning to participate at various levels, whether undergraduate or post-graduate. The Group nurtures talent by exposing them to real-life business environments and hands-on or practical experience.

SUPPLIERS & CONTRACTORS

Supply Chain Management

The nature of business for the construction and property development industry is highly localised and the Group focuses its procurement activities towards local vendors to support local job creation and price- competitiveness as well as minimise its carbon footprint across geographies. KPGB's practices detail the two phases of engagement with its suppliers and contractors and this indicator is part of the Group's ongoing vigilance on products and services responsibility.

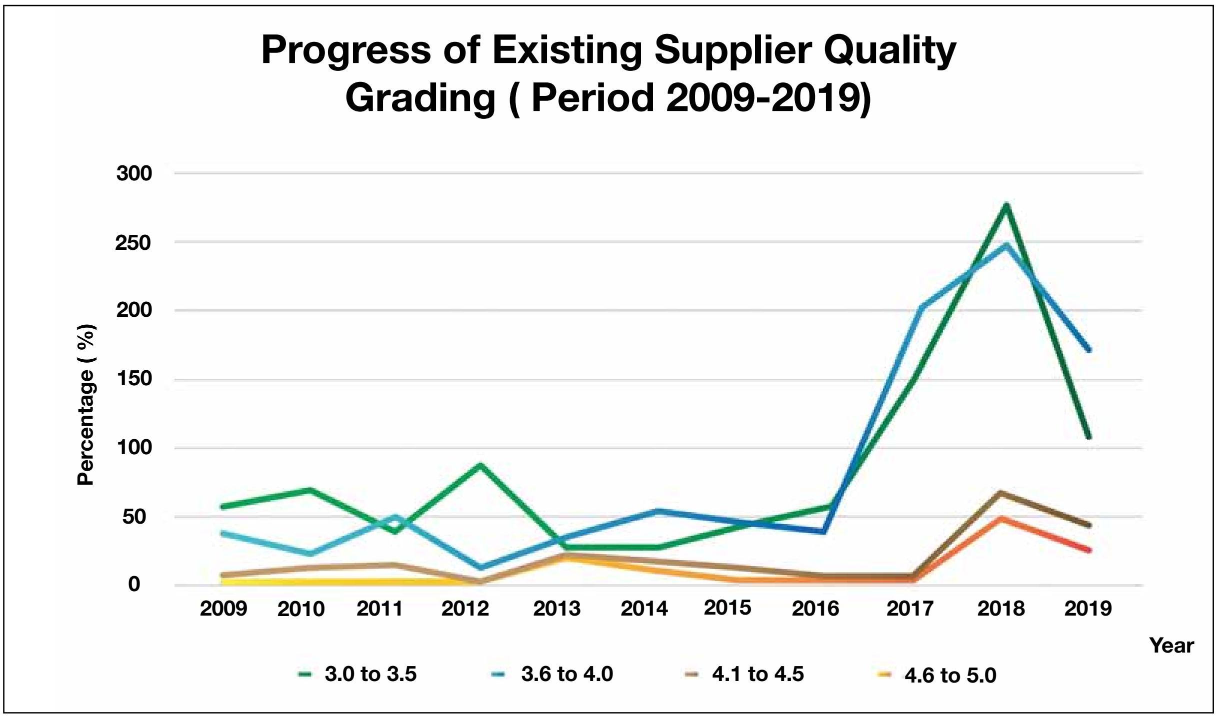


Chart 6.0: Supplier Quality Grading - 10-year longitudinal report

The first phase deals with the selection of new suppliers and vendors through fit-assessment and is logged in its New Supplier Form in line with the Group's operational, environmental and social goals. As part of the Group's operations are ISO-certified, suppliers will need to adhere to clauses within ISO 9001:2015 and ISO 14001:2015 standards.

Existing Suppliers and Contractors undergo an annual audit where operational issues are addressed. In Chart 6.0, a 10-year longitudinal report charts the relationship KPGB has with its Suppliers and Contractors and in the last 2 years, a higher percentage of Suppliers scoring 3.0 out of a 5-point Likert scale for quality and services has been recorded. Those with unsatisfactory performance have either been terminated or reproved, while those with satisfactory performance and improvements have had their contracts renewed to secure services and products for the Group.

SUPPLIERS & CONTRACTORS (CONT'D)

Procurement

As a pure-Malaysian play in construction and property development sectors, KPGB Group focusses its procurement policies on the usage of local raw materials and local expertise, where possible. In a robust operational review, 80% of the Group's procurement budget went to securing the services and products of local suppliers, while 20% of the Group's overseas budget was made in accordance to sound business principles of quality, cost-effectiveness and timeliness of delivery from suppliers.

For parts of business engaged with third-party local contractors and suppliers, a strong track record of delivery and practices that are against violation of human rights and any form of environmental violations are prioritised.

INVESTORS & FINANCIERS

The Group's main engagement with investors and shareholders are done through its quarterly briefings and analyst briefings held when required. The regular updates to the investing community are part and parcel of maintaining a good relationship particularly with institutional investors. The Management and BOD present the full year operational and financial reports through this Annual Report and the Annual General Meeting held after the conclusion of the financial year.

Although engagement is largely governed by the Code of Corporate Governance and the Listing Requirements by Bursa Malaysia, the Group enjoys indirect economic impacts of goodwill, trust and loyalty and a mutually beneficial investment relationship. Continuing from previous disclosure under the economic pillar's theme of economic presence, the Group displays its excellence in both operational and corporate matters through a range of awards won in FYE2019.

On the back of the Group's continued financial performance, KPGB was awarded The Edge Billion Ringgit Club (BRC) 2019's Construction - Highest Growth in Profit After Tax over three years and Construction - Highest Returns to Shareholders over three years. This significant milestone reflected on the Group's stellar performance in the construction industry and its profitability throughout a challenging period for the industry.

As for operational excellence in property development services, the Group received Property Insight's - Prestigious Developer Awards 2019's Best Premium Main Contractor award. As per the disclosure in the Products and Services Responsibility indicator, the Group received an 84% score for QLASSIC, for its construction of Eco Terraces, Penang's 34-storey condominium.

Meanwhile, as a Brand, Kerjaya Prospek was well-represented by its apex leadership at The Brandlaureate World BestBrands Awards held in Singapore when the Brandpreneur Leadership of the Year Award was won by Datuk Tee Eng Ho and the Group won the Best Brand Award in this prestigious ceremony. All in all, KPGB Group's excellence in operations, financial performance and brand leadership is an affirmation of its continued value and presence to shareholders, investors, bankers and financiers.

GOVERNMENT MINISTRIES & AGENCIES

As the main business activity of the Group lies in construction and by extension, property development, the nature of these industries are highly-regulated. Within this theme, the Group will disclose its material matters relating to different aspects of regulatory compliance, including its fight against corruption and its commitment to environmental preservation.

Anti-Corruption

Continuing previous disclosure, the Group's Code of Ethics and Code of Conduct ensure anti-corruption is embedded in its contract with its Employees. Induction during Orientation specifically mentions the Group's No Gift Policy and monitoring is carried out to ensure strict adherence to discourage graft and bribery among staff.

To ensure transparency and honesty, the Group's Whistle-blowing Policy is in place to report any suspected misconduct, corporate fraud and other corporate misbehaviour to the Audit Committee. While the Group's operations have not been assessed for corruption risks, its strong Internal Audit practices, along with the Audit Committee, have been vigilant against corruption at all times, in all the years of the Group's operations. As such, there has been no legal action, either pending or completed, against the Group as well as the employees of the Group.

The Company's Code of Ethics and Code of Conduct are extended to the tender and bidding process of the Group's operations.

Environmental Indicators

As KPGB Group has its foundations in the built environment, the Group is aware of the interaction and tender balance between the built and natural environments. Hence this section is a reflection of the Group and Company's continued commitment to ensure sustainable practices. In previous disclosure, the Group has invoked the green project concept of development, in which the entire lifecycle of a construction or property development project was detailed to include monitoring and updating the Group with latest construction techniques and materials and increasing effciency of energy, water and raw materials consumption at project sites.

This gives rise to the Group's conservation and preservation of resources, reduction of pollution and carbon footprint and its responsibility to effciently manage resources such as energy, water and construction materials. These are the indicators under the Environment pillar in the EES model.

Emissions

According to the definition provided for in the Environmental Quality Act (Clean Air) Regulations 2014, the measure of emissions refer to discharge of environmentally hazardous substances into the atmosphere. This definition has been widened to include greenhouse gasses such as carbon dioxide, methane, nitrous oxide and etc. Within Bursa's SRG, particulate matter is also part of the measurement of emissions.

Noise Pollution

In previous disclosure, the Group outlined its policies, procedures and detailed action plan to ensure reduced environmental pollutants through air quality monitoring and reduction of noise and vibration levels at project sites. The benchmark rate for noise level below 80dB according to the Department of Environment Malaysia ("DOE")'s Guidelines for Environmental Noise Limits & Control was achieved throughout FYE2019 at all worksites. All worksites achieved a zero-complaint status, proving that existing measures to build noise and sound barrier walls in construction sites, follow prescribed time limits within construction schedules and usage of latest construction technologies to reduce sound emission have been effective.

In FYE2019, two projects within the Klang Valley requested for noise monitoring by developers, whereby benchmark noise readings were established before commencement of construction. Meanwhile another two projects (one in Kuala Lumpur and another in Penang) installed live noise monitoring to ensure adherence and adjustment to prescribed noise emission levels.

GOVERNMENT MINISTRIES & AGENCIES (CONT'D)

Air Quality - Particulate Matter

For particulate matter measurements of PM10 and PM2.5, all construction sites have methods to reduce dust pollution. The Group has previously detailed installation of safety netting, water spraying to prevent topsoil drying and dust and air pollution meters monitoring as cohesive methods to reduce air pollution.

Waste & Effluent

Using the definition in the Environmental Quality (Scheduled Wastes) Regulations 2005, solid wastes fall into either hazardous waste or non-hazardous waste. Non-hazardous waste includes recyclables such as paper and plastic. Meanwhile effluents are defined as any liquid disposed as waste or wastewater. With this, the Group's sites do not emit hazardous waste and non-hazardous solid wastes are either food waste or site waste disposed via roller bins (also known as Ro-ro bins) in accordance to local council statutes at specified landfills and within construction site time limits.

In previous disclosure, the Group has specified that it believes and contributes to a circular economy, in which wastage of materials is minimised through recycling and repurposing. The Group continues pursuing its upcycling of steel bars through usage of aluminium formwork which is both light and durable but also because it is recyclable. The savings from repurposed aluminium formwork onsite both reduces cost and improves construction cycle time. Another material that is recycled is its cement paper bags to preserve the environment and reduce waste.

In the case of run-offs or effluents, the Group's monitoring procedures are in-line with environmental quality regulations and includes the usage of silt traps that prevent suspended sediments from entering water runways. Extracted excess sediments are sent to approved dump sites listed by the Department of Environment and local councils in every state the Group has operations in.

Water

Apart from effluent and wastewater monitoring, the Group's commitment to reduce water consumption is inline with its conservation of resources. At construction sites, wash water is reused for the wash trough, although there has been no measurement of the volume of water reused, it is a bid to reduce consumption of water. Although there is no grey water harvesting or rain water conservation, the Group continues to conserve usage of this precious resource and in FYE2019 has seen a total of RM767,466 consumed at sites.

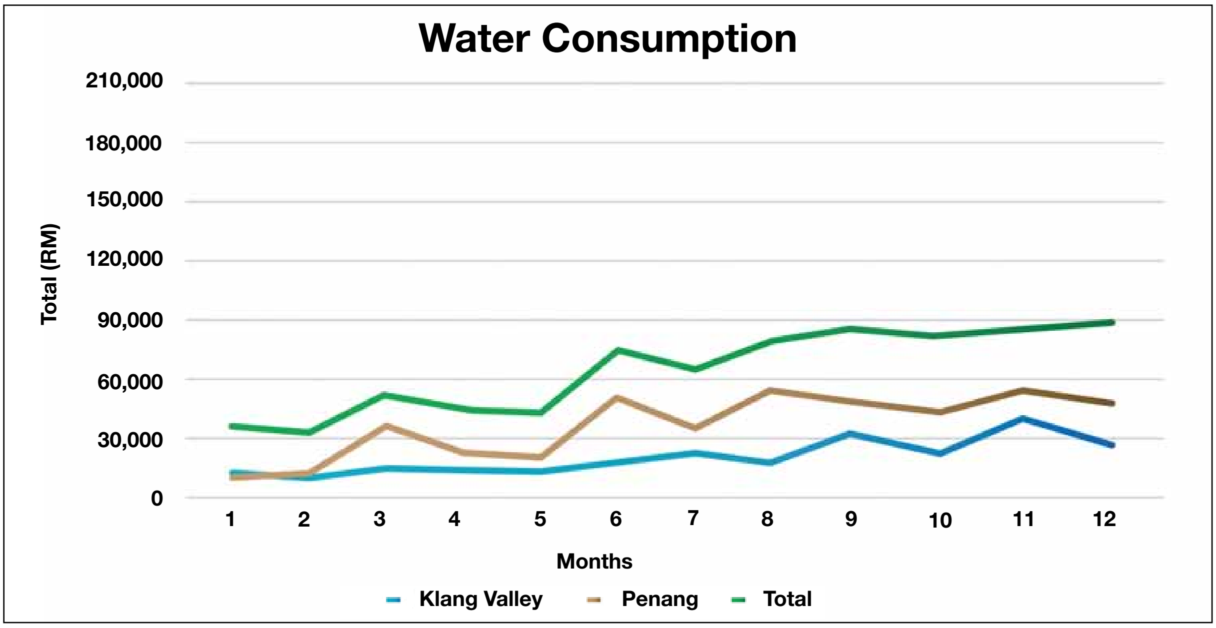


Chart 7.0: Water Consumption by Region

GOVERNMENT MINISTRIES & AGENCIES (CONT'D)

Energy

In accordance with previous disclosure, the Group has not introduced usage of renewable energy such as solar or photovoltaic systems to supplement usage from the national grid. As such, the Group's usage of purchased electricity off the national grid is for consumption at all its operational bases. Onsite temporary energy supplies in the form of gen-sets stem concerns of blackouts or temporary power disruptions.

Additionally the usage of diesel for machinery and equipment onsite was disclosed last year, however, the Group has reduced consumption of diesel by upgrading its construction machinery and equipment to the latest technologies to reduce its carbon footprint and emissions rate. Machines that still run on diesel have been fitted with inverters that saves up to an average of 10kWh per day compared to the conventional.

At the Group's headquarters, a cascade of SOPs that inculcate sustainable designs, practices and standards were upheld in FYE2019. Among them are a continuation of energy consumption metrics, turning off air conditioning systems and lights when not in use, during break times and after office hours and other energy conservation practices. It is worthy to note that Kerjaya Prospek's construction arm has achieved the ISO 14001:2015 Environmental System Certification by UKAS since 2017.

The culmination of the Group's efforts to conserve energy has seen a total of RM1,760,127consumed at sites in 2019.

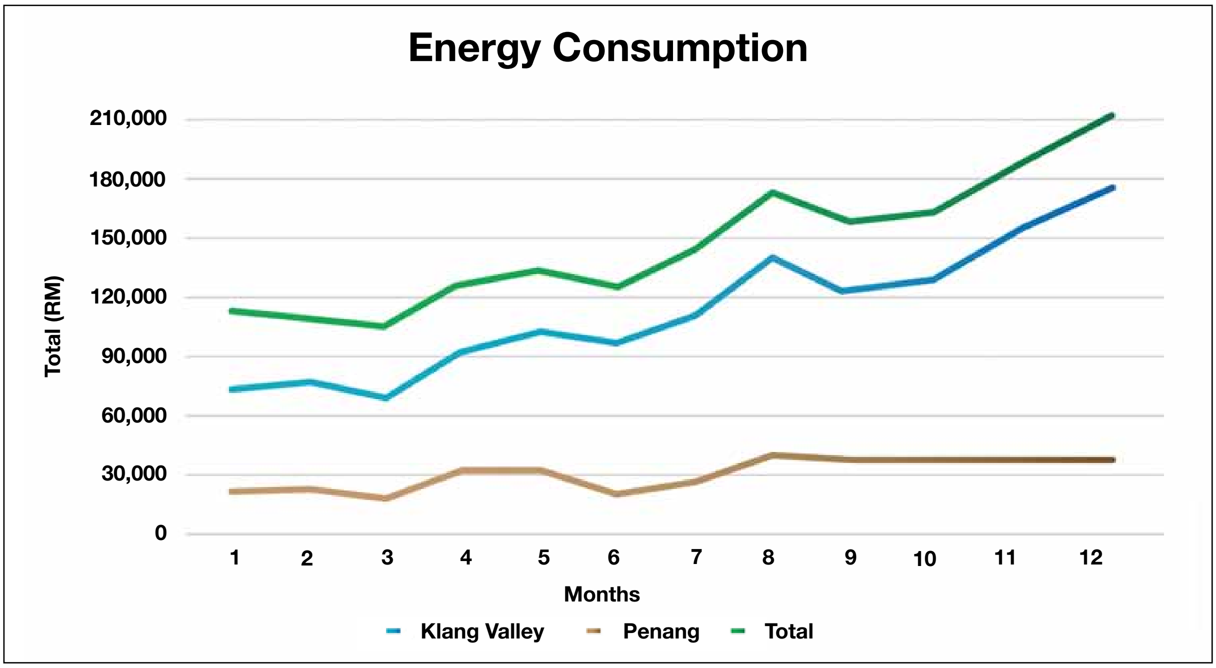


Chart 8.0: Energy Consumption by Region

GOVERNMENT MINISTRIES & AGENCIES (CONT'D)

Compliance (Environmental)

As a construction Company, the Group is compliant to all local land codes, both Federal and State as well as local councils concerning site safety, health and management. One of the key aspects the Group is committed to providing is a safe and healthy working environment free from disease-carrying vectors or insects. In light of the global shut-down caused by the Covid-19 virus in early 2020, this issue couldn't be more timely.

In continuation to the Group's exemplary compliance to environmental standards, no sites were shut down or fines levied due to any site hygiene matters in every assessment by regulators in FYE2019.

Land Remediation, Contamination or Degradation

Within the Group's projects, its landmark Seri Tanjung Pinang Phase II (STP2) three-bridge construction project is one of its projects which has an Environmental Impact Analysis (EIA) done by the Developer due to the surrounding marine environment. As the main contractor for STP2, the Group has put in place an Environmental Management Plan ("EMP") with the following environmental indicators in compliance with DOE's regulations.

GOVERNMENT MINISTRIES & AGENCIES (CONT'D)

LOCATION

PROJECT OVERVIEW

KPGB is contracted to construct 3 bridges connecting the development of Seri Tanjung Pinang Phase II (STP2) to Penang island.

Construction commenced in October 2018 and DOE's site visit in August 2019 led to revisions of EMP, which is a live document till the completion of construction.

The EMP is to provide environmental management directions, procedures and information regarding the project's pollution prevention and mitigation measures ("P2M2").

PROJECT SEQUENCE

- 01 **Pre-construction**
- 02 **Safety tunnel construction**
- 03 **Temporary bridge**
- 04 **Foundation works**
- 05 **Pile caps construction**
- 06 **Superstructure construction**
- 07 **Embankment**

PROJECT SCOPE & ORGANIZATION

Scope - Construction of Bridges only, not including dredging & reclamation of STP2

Compliance - ISO 9001, OHSAS 18001 and ISO 14001

Usage of Environmental Mainstreaming Tools (EMT) by DOE to self-regulate compliance.

Management through Environmental Monitoring Committees

Select Indicators for the Site as disclosed

GOVERNMENT MINISTRIES & AGENCIES (CONT'D)

ENVIROMENTAL MANAGEMENT PLAN (EMP)

MARINE WATER QUALITY MONITORING

P2M2 Component	Location of Monitoring	Parameter	Frequency
Silt trap	Final water discharge (100° 18' 51.053" E, 5° 27' 22.558" N)	TSS/turbidity	Daily
Concrete washout filter	Washwater discharged from filter sock (100° 18' 51.052" E, 5° 27' 22.637" N)	TSS/turbidity and pH	Daily

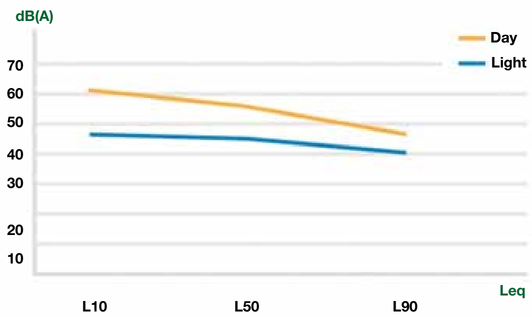
Water quality perfomance monitoring programme

AIR QUALITY MONITORING

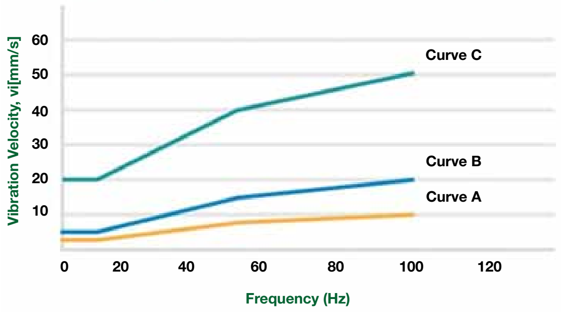
Parameter	Unit	Standard Specification
Total Suspended Particulates	μg/m³	AS2724.3
$PM_{2.5}$	μg/m³	In-house method (based on USEPA 40 CFR Part 50 Appendix L)

Ambient air quality parameter

NOISE MONITORING



VIBRATION MONITORING



Corporate Social Responsibilities

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

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

- Organised technical in-house training or sent selected staffs for external training course in order to continuously enhance skill sets and retain talent pool;

- Create health and safety awareness through a series of seminars and trainings which inclusive of fire drills exercise, proper way of handling chemical, construction site safety measures;

- Departmental gathering, annual dinner, festivals celebrations are other ways in which staffs are encouraged to further their camaraderie beyond the work setting and maintain a work-life balance.

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

The Group answers to the social needs by making direct donation to orphanages, old folks homes, disability homes and non-profit organisations.

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

Additional Compliance Information

1. AUDIT AND NON-AUDIT FEES

The amount of audit fees incurred for statutory audit services rendered to the Group by the external auditors for the financial year ended 31 December 2019 amounted to RM205,098 of which RM36,000 was incurred by Kerjaya Prospek Group Berhad.

The amount of the non-audit fees incurred for services rendered to the Group and the Company by the Company's auditor for the financial year ended 31 December 2019 were RM30,950 and RM3,700 respectively.

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

The recurrent related party transactions of a revenue or trading nature of the Group conducted pursuant to the shareholders' mandate during the financial year ended 31 December 2019 are as follow:

Transacting Parties	Interested Related Parties	Nature of Transactions	Aggregate value (RM'000)
Kerjaya Prospek Group Berhad and its subsidiaries Kerjaya Property Sdn Bhd (formerly known as Kerjaya Prospek Property Sdn Bhd) and its subsidiaries Desanda Development Sdn Bhd Dekad Intelek Sdn Bhd	Datuk Tee Eng Ho Tee Eng Seng Datin Toh Siew Chuon Egovision Sdn Bhd Amazing Parade Sdn Bhd Kerjaya Property Sdn Bhd and its subsidiaries Desanda Development Sdn Bhd Dekad Intelek Sdn Bhd	Supply of light fittings, kitchen cabinetry, provision of interior design works and masonry works, provision of general building and construction works and other related services, which including but not limited to secondment of staffs, renting of machineries and rental of premises by Kerjaya Prospek Group Berhad and/or its subsidiaries to Kerjaya Property Sdn Bhd and its subsidiaries, Desanda Development Sdn Bhd, Dekad Intelek Sdn Bhd, and vice versa	439,344
Kerjaya Prospek Group Berhad and its subsidiaries Eastern & Oriental Berhad and its subsidiaries Kerjaya Hotel Sdn Bhd	Datuk Tee Eng Ho Tee Eng Seng Datin Toh Siew Chuon Egovision Sdn Bhd Amazing Parade Sdn Bhd Eastern & Oriental Berhad and its subsidiaries Kerjaya Hotel Sdn Bhd	Supply of lighting fittings, kitchen cabinetry, provision of interior design works and masonry works, provision of general building and contraction works, utilities charges, maintenance charges and other related services, which including but not limited to secondment of staffs, renting of machineries, renting of premises and provision of hospitality expenses by Kerjaya Prospek Group Berhad and its subsidiaries to Eastern & Oriental Berhad and its subsidiaries, Kerjaya Hotel Sdn Bhd and vice versa.	227

2. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (CONT'D)

Transacting Parties	Interested Related Parties	Nature of Transactions	Aggregate value (RM'000)
Kerjaya Prospek Group Berhad and its subsidiaries Kerjaya Prospek Property Berhad (formerly known as GSB Group Berhad) and its subsidiaries	Datuk Tee Eng Ho Tee Eng Seng Datin Toh Siew Chuon Egovision Sdn Bhd Amazing Parade Sdn Bhd Kerjaya Prospek Property Berhad and its subsidiaries	Supply of lighting fittings, kitchen cabinetry, provision of interior design works and masonry works, provision of general building and contraction works, utilities charges, maintenance charges and other related services, which including but not limited to secondment of staffs, renting of machineries, renting of premises and provision of hospitality expenses by Kerjaya Prospek Group Berhad and its subsidiaries to Kerjaya Prospek Property Berhad and its subsidiaries and vice versa.	–
Kerjaya Prospek Group Berhad and its subsidiaries YHH Sales and Marketing Sdn Bhd	Datuk Tee Eng Ho Tee Eng Seng Datin Toh Siew Chuon Egovision Sdn Bhd Amazing Parade Sdn Bhd YHH Sales and Marketing Sdn Bhd	Supply of hardware and all sorts of construction and building materials to Kerjaya Prospek Group Berhad and its subsidiaries.	655

3. MATERIAL CONTRACTS

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

4. UTILISATION OF PROCEEDS

The Company did not raised fund through any corporate proposal during the financial year.

FINANCIAL **STATEMENTS**

Directors' Report

for the year ended 31st December, 2019

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st December, 2019.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the activities during the financial year.

RESULTS

	Group RM	Company RM
Profit before taxation	185,891,169	42,297,126
Taxation	(45,641,063)	(51,422)
	140,250,106	42,245,704
Attributable to:		
Owners of the Company	140,180,333	42,245,704
Non-controlling interests	69,773	–
	140,250,106	42,245,704

DIVIDENDS

The amount of dividends declared and paid by the Company since the end of the previous financial year were as follows:

i) a single tier final dividend of 2 sen per share on 1,232,988,866 ordinary shares amounting to RM24,659,777 in respect of the financial year ended 31st December, 2018 was paid on 3rd July, 2019.

ii) a single tier interim dividend of 1.5 sen per share on 1,232,878,166 ordinary shares amounting to RM18,493,170 in respect of the financial year ended 31st December, 2019 was paid on 6th January, 2020.

At the forthcoming Annual General Meeting, the dividends will be proposed for shareholders' approval are as follows:

i) a single tier final dividend in respect of the current financial year of 2 sen per ordinary shares. The total estimated dividend payable is approximately RM24,551,153.

ii) a single tier final dividend by way of share dividend of one (1) treasury share for every hundred (100) existing ordinary shares.

The single tier final dividends were proposed by the Board of Directors on 11th June, 2020.

The financial statements for the current financial year do not reflect this single tier final dividend. This dividend payment will accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31st December, 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review other than as disclosed in Note 19 to the financial statements.

ISSUE OF SHARES

During the financial year, there was no issue of shares.

TREASURY SHARES

Details of the treasury shares are disclosed in Note 18 to the financial statements.

SHARE OPTION

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

DIRECTORS

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

Datuk Tee Eng Ho *
Tee Eng Seng *
Datin Toh Siew Chuon *
Khoo Siong Kee
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof (retired on 30.05.2019)
Lim Kien Lai @ Lim Kean Lai
Datuk Mohamed Razeek Bin Md Hussain Maricar

Subsidiaries directors
Er Seng Toh
Tee Eng Tiong
Tee Eng Han
Wong Wai Sam

* A director who also holds office in the subsidiary companies.

DIRECTORS' INTEREST

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

	Number of Ordinary Shares			
	Balance at 1.1.2019	**Bought**	**Sold**	**Balance at 31.12.2019**
Direct interest:				
Datin Toh Siew Chuon	5,929,314	–	–	5,929,314
Lim Kien Lai @ Lim Kean Lai	174,000	–	–	174,000
Khoo Siong Kee	22,220	–	–	22,220
Datuk Mohamed Razeek Bin Md Hussain Maricar	153,500	–	–	153,500
Indirect interest:				
Datuk Tee Eng Ho *	872,657,745	–	–	872,657,745
Tee Eng Seng *	872,657,745	–	–	872,657,745
Datin Toh Siew Chuon *	872,657,745	–	–	872,657,745

* Deemed interested by virtue of their interest in Egovision Sdn. Bhd. and Amazing Parade Sdn. Bhd. pursuant to section 8(4) of the Companies Act, 2016.

	Number of Warrants 2018/2023			
	Balance at 1.1.2019	**Bought**	**Sold**	**Balance at 31.12.2019**
Direct interest:				
Datin Toh Siew Chuon	808,542	–	–	808,542
Lim Kien Lai @ Lim Kean Lai	41,000	–	–	41,000
Khoo Siong Kee	3,030	–	–	3,030
Datuk Mohamed Razeek Bin Md Hussain Maricar	10,500	–	–	10,500
Indirect interest:				
Datuk Tee Eng Ho *	118,998,782	–	–	118,998,782
Tee Eng Seng *	118,998,782	–	–	118,998,782
Datin Toh Siew Chuon *	118,998,782	–	–	118,998,782

* Deemed interested by virtue of their interest in Egovision Sdn. Bhd. and Amazing Parade Sdn. Bhd. pursuant to section 8(4) of the Companies Act, 2016.

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

Other than the above, the other directors in office at the end of the financial year did not have any interest in ordinary shares and warrants in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

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

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

DIRECTORS' REMUNERATION

The amounts of remunerations received and receivable by the directors of the Company during the financial year are disclosed in Note 29 of the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

During the financial year, the total amount of indemnity sum insured and annual premium paid for Directors of the Group were RM10,000,000 and RM10,200 respectively. There were no indemnity and insurance effected for auditors of the Group.

WARRANTS 2018/2023

The salient terms and movement of Warrants 2018/2023 are disclosed in Note 17 to the financial statements.

HOLDING COMPANY

The holding company of the Company is Egovision Sdn. Bhd., a company incorporated in Malaysia, and owns 50.60% of the Company's equity shareholdings as at 11th June, 2020.

OTHER STATUTORY INFORMATION

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

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

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

OTHER STATUTORY INFORMATION (CONT'D)

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

i) which would require any amount to be written off as bad debts or render the amount provided for as doubtful debts inadequate to any substantial extent;

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

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

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

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

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

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

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

In the opinion of the directors:

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

ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 42 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

Details of significant events subsequent to the financial year end are disclosed in Note 43 to the financial statements.

AUDITORS' REMUNERATION

The amount paid or payable to the auditors as remuneration for their service is disclosed in Note 27 of the financial statements.

AUDITORS

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

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

DATUK TEE ENG HO	**TEE ENG SENG**
Director	Director

Dated: 11th June, 2020
Kuala Lumpur

STATEMENT BY DIRECTORS

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

We, DATUK TEE ENG HO and TEE ENG SENG, being two of the directors of KERJAYA PROSPEK GROUP BERHAD, state that, in our opinion, the financial statements set out on pages 76 to 146 are drawn up in accordance with Malaysian Financial Reporting Standards and the Companies Act, 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st December, 2019 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

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

DATUK TEE ENG HO
Director

TEE ENG SENG
Director

Dated: 11th June, 2020
Kuala Lumpur

STATUTORY DECLARATION

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

I, DATUK TEE ENG HO, being the director primarily responsible for the financial management of KERJAYA PROSPEK GROUP BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 76 to 146 are drawn up, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Kuala Lumpur)
in Wilayah Persekutuan on)
11th June, 2020)
) **DATUK TEE ENG HO**

Before me,
Datin Raihela binti Wanchik
License No. W275
Commissioner of Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

To the Members of Kerjaya Prospek Group Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kerjaya Prospek Group Berhad, which comprise the statements of financial position as at 31st December, 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 76 to 146.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st December, 2019, and of their financial performance and their cash flows for the 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 Auditor's Responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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

(a) Revenue Recognition of Construction Contracts and Property Development

Revenue from construction contracts and property development during the financial year are disclosed in Note 23 to the financial statements.

The Group recognises construction contracts and property development revenue over time based on the measurement of the Group's progress towards complete satisfaction of the Group's performance obligations using the stage of completion method. This is assessed by reference to the proportion of actual costs incurred for work performed to date relative to the estimated total costs for the projects at completion.

The management considers past experience and relies on the work of independent experts in the estimation of budgeted costs and determination of work progress. The complexity involved in determining the budgeted costs and work progress may have a significant impact on the results of the Group. As such, we have identified this as an area of focus of our audit.

Key Audit Matters (Cont'd)

How our audit addressed this matter:

- We evaluated the design and implementation of key controls in respect of revenue and cost recognition and budgeting process of construction and property development costs;

- We agreed total construction contract revenue on a sample basis to construction contracts and approved variation orders. We verified samples of actual sales of development properties to signed sales and purchase agreements;

- We selected a sample of projects to critically assess their total estimated construction and development costs, the reasonableness of their percentage of completion and variations within contract revenue and contract costs by reviewing sub-contracts, quotations and variation order documents and verifying the construction and development costs incurred to date to relevant documents such as sub-contractor claim certificates;

- On a test basis, we checked the accuracy of computation of the recognised revenue based on the stage of completion method;

- We considered the adequacy of disclosures relating to constructions contract and property development in the financial statements; and

- We review the procedures performed by the component auditors in respect of the Group's construction contracts of subsidiaries not audited by us.

(b) Carrying value of completed inventory properties

As at 31st December, 2019, the Group's portfolio of completed inventory properties with a net carrying value of RM64,617,271 was carried at the lower of cost and net realisable value.

We focused on the carrying amount of completed inventory properties because the estimates made by management in valuing the net realisable values of long outstanding unsold completed properties involved significant judgement. Management determine the net realisable values of the completed properties based on estimates derived from recent transacted prices, net of expected discounts to be given which were approved by the directors.

How our audit addressed this matter:

- We tested the carrying amount of unsold completed properties on a sample basis, by comparing to the recent selling prices for similar units stated in the signed sale and purchase agreements, net of discounts given;

- We considered the adequacy of the Group's disclosures relating to inventory properties in the financial statements; and

- We reviewed the procedures performed by the component auditors in respect of the Group's inventory properties of subsidiaries not audited by us.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and directors' report and we do not express any form of assurance conclusion thereon.

Independent Auditors' Report
(Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

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

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

Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards presentation of financial statements in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 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 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

ONG & WONG
AF 0241
Chartered Accountants

ONG KONG LAI
00494/06/2022 J
Chartered Accountant

Dated: 11th June, 2020
Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

As At 31st December, 2019

	Note	Group		Company	
		2019 RM	2018 RM	**2019 RM**	2018 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	**140,052,559**	160,617,955	**22,500**	26,100
Right-of-use assets	5	**2,045,909**	–	**–**	–
Investment properties	6	**1,712,608**	2,592,815	**–**	–
Investment in subsidiaries	7	**–**	–	**462,864,493**	462,864,493
Other investments	8	**11,562,766**	8,200,906	**–**	–
Intangible assets	9	**353,208,840**	353,155,328	**–**	–
Deferred tax assets	10	**515,671**	602,969	**–**	–
Trade and other receivables	11	**191,203,867**	166,278,121	**–**	–
		700,302,220	691,448,094	**462,886,993**	462,890,593
Current assets					
Inventories	12	**171,863,142**	104,366,408	**–**	–
Trade and other receivables	11	**307,202,877**	241,791,753	**152,275,127**	187,552,273
Contract assets	13	**11,643,009**	39,157,800	**–**	–
Tax recoverable		**792,303**	1,715,572	**86,783**	177,455
Cash and bank balances	16	**232,949,670**	252,635,237	**119,459,436**	62,883,045
		724,451,001	639,666,770	**271,821,346**	250,612,773
TOTAL ASSETS		**1,424,753,221**	1,331,114,864	**734,708,339**	713,503,366
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	17	**642,658,306**	642,658,306	**642,658,306**	642,658,306
Treasury shares	18	**(10,893,186)**	(8,056,108)	**(10,893,186)**	(8,056,108)
Reserves	19	**685,799**	675,709	**–**	–
Retained profit		**438,502,188**	341,474,802	**71,918,854**	72,826,097
		1,070,953,107	976,752,709	**703,683,974**	707,428,295
Non-controlling interests		**2,080,999**	2,001,856	**–**	–
TOTAL EQUITY		**1,073,034,106**	978,754,565	**703,683,974**	707,428,295
Non-current liabilities					
Deferred tax liabilities	10	**7,945,078**	7,613,037	**–**	–
Trade and other payables	20	**122,930,615**	59,506,826	**–**	–
Lease liabilities	21	**1,998,215**	–	**–**	–
		132,873,908	67,119,863	**–**	–

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Current liabilities					
Trade and other payables	20	**153,884,773**	183,159,406	**31,024,365**	6,075,071
Contract liabilities	13	**30,476,209**	33,196,579	**–**	–
Lease liabilities	21	**102,908**	–	**–**	–
Income tax payable		**11,518,371**	8,760,981	**–**	–
Short term borrowing	22	**22,862,946**	60,123,470	**–**	–
		218,845,207	285,240,436	**31,024,365**	6,075,071
TOTAL LIABILITIES		**351,719,115**	352,360,299	**31,024,365**	6,075,071
TOTAL EQUITY AND LIABILITIES		**1,424,753,221**	1,331,114,864	**734,708,339**	713,503,366

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31st December, 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue	23	**1,055,276,023**	1,068,761,700	**40,000,000**	80,000,000
Cost of sales	24	**(838,604,905)**	(862,352,946)	**–**	–
Gross profit		**216,671,118**	206,408,754	**40,000,000**	80,000,000
Other operating income	25	**13,636,906**	18,373,105	**2,932,747**	3,734,373
		230,308,024	224,781,859	**42,932,747**	83,734,373
Administrative expenses		**(33,878,862)**	(31,767,022)	**(611,293)**	(1,016,344)
Other operating expenses		**(9,652,364)**	(13,127,387)	**(24,328)**	(33,455)
Profit from operations		**186,776,798**	179,887,450	**42,297,126**	82,684,574
Finance costs	26	**(885,629)**	(217,681)	**–**	–
Profit before taxation	27	**185,891,169**	179,669,769	**42,297,126**	82,684,574
Taxation	30	**(45,641,063)**	(41,330,699)	**(51,422)**	–
Profit after taxation		**140,250,106**	138,339,070	**42,245,704**	82,684,574
Other comprehensive expenses:					
Item that is or may be reclassified subsequently to profit or loss					
- Foreign currency translation	19	**10,090**	(48,518)	**–**	–
Total comprehensive income for the year		**140,260,196**	138,290,552	**42,245,704**	82,684,574
Profit for the year attributable to:					
Owners of the Company		**140,180,333**	138,198,993		
Non-controlling interest		**69,773**	140,077		
		140,250,106	138,339,070		
Total comprehensive income attributable to:					
Owners of the Company		**140,190,423**	138,150,475		
Non-controlling interest		**69,773**	140,077		
		140,260,196	138,290,552		
Earnings per share attributable to Owners of the Company (sen)	31	**11.36**	11.13		
Diluted earnings per share (sen)	31	**9.99**	10.01		

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

STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31st December, 2019

	Note	← Non-distributable		→	← Distributable	→	
		Share capital RM	Treasury shares RM (Note 18)	Reserves RM (Note 19)	Retained profit RM	Non-controlling interest RM	Total RM
Group							
At 1st January, 2018		642,658,306	–	724,227	228,107,399	1,861,779	873,351,711
Total comprehensive income for the year		–	–	(48,518)	138,198,993	140,077	138,290,552
Repurchase of treasury shares		–	(8,056,108)	–	–	–	(8,056,108)
Dividend paid	32	–	–	–	(24,831,590)	–	(24,831,590)
At 31st December, 2018		**642,658,306**	**(8,056,108)**	**675,709**	**341,474,802**	**2,001,856**	**978,754,565**
Total comprehensive income for the year		**–**	**–**	**10,090**	**140,180,333**	**69,773**	**140,260,196**
Acquisition of subsidiary		**–**	**–**	**–**	**–**	**9,370**	**9,370**
Repurchase of treasury shares		**–**	**(2,837,078)**	**–**	**–**	**–**	**(2,837,078)**
Dividend paid	32	**–**	**–**	**–**	**(43,152,947)**	**–**	**(43,152,947)**
At 31st December, 2019		**642,658,306**	**(10,893,186)**	**685,799**	**438,502,188**	**2,080,999**	**1,073,034,106**

Statements of Changes In Equity
(Cont'd)

	Note	Non-distributable			Distributable		
		Share capital RM	Treasury shares RM (Note 18)	Reserves RM (Note 19)	Accumulated losses/ Retained profit RM	Non-controlling interest RM	Total RM
Company							
At 1st January, 2018		642,658,306	–	–	14,973,113	–	657,631,419
Total comprehensive income for the year		–	–	–	82,684,574	–	82,684,574
Repurchase of treasury shares		–	(8,056,108)	–	–	–	(8,056,108)
Dividend paid	32	–	–	–	(24,831,590)	–	(24,831,590)
At 31st December, 2018		**642,658,306**	**(8,056,108)**	**–**	**72,826,097**	**–**	**707,428,295**
Total comprehensive income for the year			**–**	**–**	**42,245,704**	**–**	**42,245,704**
Repurchase of treasury shares		**–**	**(2,837,078)**	**–**	**–**	**–**	**(2,837,078)**
Dividend paid	32	–	**–**	**–**	**(43,152,947)**	**–**	**(43,152,947)**
At 31st December, 2019		**642,658,306**	**(10,893,186)**	**–**	**71,918,854**	**–**	**703,683,974**

STATEMENTS OF CASH FLOWS

For the Year Ended 31st December, 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**185,891,169**	179,669,769	**42,297,126**	82,684,574
Adjustments for:					
Amortisation of intangible asset		**32,420**	31,120	**–**	–
Amortisation of right-of-use assets		**1,253,351**	–	**–**	–
Allowance/(Reversal) for impairment losses on					
- trade and other receivables		**2,715,082**	4,665,919	**–**	–
- cash and bank balances		**(97,568)**	121,846	**11,360**	1,276
Bad debt written off		**–**	10,504	**–**	–
Depreciation of property, plant and equipment		**36,379,274**	32,763,387	**3,600**	3,600
Depreciation of investment properties		**31,470**	46,898	**–**	–
Dividend income		**–**	–	**(40,000,000)**	(80,000,000)
Interest income		**(6,002,364)**	(5,398,041)	**(2,697,664)**	(2,807,399)
Interest expenses		**715,718**	217,681	**–**	–
Lease interest		**169,911**	–	**–**	–
Gain on disposal of property, plant and equipment, investment properties and inventories (Net)		**(192,797)**	(765,925)	**–**	–
Loss on disposal of other investment		**72,856**	–	**–**	–
Net fair value adjustments		**–**	2,705,240	**–**	–
Allowance for diminution of investment		**7,221,550**	4,819,762	**–**	–
Reversal of allowance for doubtful debts		**–**	–	**–**	(597,317)
Property, plant and equipment written off		**–**	54,036	**–**	–
Realised gain on foreign exchange		**–**	(8)	**–**	–
Operating profit/(loss) before working capital changes		**228,190,072**	218,942,188	**(385,578)**	(715,266)
(Increase)/Decrease in inventories:					
- property development costs		**(52,456,419)**	(45,136,330)	**–**	–
- others		**(70,404)**	359,499	**–**	–
- investment properties		**11,516,934**	(33,495,704)	**–**	–
(Increase)/Decrease in trade and other receivables		**(91,731,793)**	(45,132,326)	**35,277,146**	(67,276,268)
Decrease in contract assets		**27,514,791**	21,086,563	**–**	–
Increase in trade and other payables		**5,420,268**	46,511,812	**6,456,124**	2,615,183
Decrease in contract liabilities		**(2,720,370)**	(43,784,549)	**–**	–
Cash generated from/(used in) operations		**125,663,079**	119,351,153	**41,347,692**	(65,376,351)
Interest received		**6,002,364**	5,398,041	**2,697,664**	2,807,399
Interest paid		**(715,718)**	(217,681)	**–**	–
Income taxes refund		**1,610,126**	–	**62,474**	–
Income taxes paid		**(44,399,143)**	(43,984,040)	**(23,224)**	(40,984)
Net cash generated from/(used in) operating activities		**88,160,708**	80,547,473	**44,084,606**	(62,609,936)

Statements of Cash Flows
(Cont'd)

	Note	Group		Company	
		2019	2018	**2019**	2018
		RM	RM	**RM**	RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(35,704,637)**	(50,135,299)	**–**	–
Purchase of other investment		**(11,641,520)**	–	**–**	–
Acquisition of subsidiary	A	**(1,344,053)**	–	**–**	–
Uplift of/(Placement in) deposits in licensed banks		**12,347,158**	(3,766,594)	**(76,838)**	–
Proceed from disposal of property, plant and equipment		**5,876,450**	9,693,811	**–**	–
Proceed from disposal of other investment		**896,516**	–	**–**	–
Dividend received, net		**–**	–	**40,000,000**	80,000,000
Net cash (used in)/generated from investing activities		**(29,570,086)**	(44,208,082)	**39,923,162**	80,000,000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		**(24,659,777)**	(24,831,590)	**(24,659,777)**	(24,831,590)
Purchase of treasury shares		**(2,837,078)**	(8,056,108)	**(2,837,078)**	(8,056,108)
Repayment of lease liabilities		**(1,368,048)**	–	**–**	–
Net cash used in financing activities		**(28,864,903)**	(32,887,698)	**(27,496,855)**	(32,887,698)
Net increase in cash and cash equivalents		**29,725,719**	3,451,693	**56,510,913**	(15,497,634)
Effect of foreign exchange rate changes		**98,828**	(197)	**–**	–
Changes in expected credit loss ("ECL") for cash and cash equivalents		**97,568**	(121,846)	**(11,360)**	(1,276)
Cash and cash equivalents at beginning of year		**166,532,880**	163,203,230	**62,883,045**	78,381,955
Cash and cash equivalents at end of year	B	**196,454,995**	166,532,880	**119,382,598**	62,883,045

A. ACQUISITION OF SUBSIDIARY

	Group	
	2019	2018
	RM	RM
Total cost of acquisition	**1,350,000**	–
Less: Non-cash consideration	**–**	–
Consideration settled in cash	**1,350,000**	–
Cash and cash equivalents of subsidiary acquired	**(5,947)**	–
Net cash outflow of the Group on acquisition	**1,344,053**	–

B. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Cash and bank balances	**232,973,948**	252,757,083	**119,472,072**	62,884,321
Less: Allowance for ECL	**(24,278)**	(121,846)	**(12,636)**	(1,276)
Deposits pledged with licensed banks	**(13,631,729)**	(25,978,887)	**(76,838)**	–
Short term borrowing	**(22,862,946)**	(60,123,470)	**–**	–
	196,454,995	166,532,880	**119,382,598**	62,883,045

1. GENERAL INFORMATION

The Company is principally an investment holding company. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

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

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

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

2. BASIS OF PREPARATION

The financial statements for the financial year ended 31st December, 2019 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

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

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous financial year except for the adoption of the following new, revised MFRSs and amendments which are effective for annual period beginning on or after 1st January, 2019.

Description	**Effective for annual period beginning on or after**
MFRS 16 Leases	1st January, 2019
Amendments to MFRS 128: Long-term interests in Association and Joint Venture	1st January, 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1st January, 2019
Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement	1st January, 2019
Amendments to MFRS 112: Income Taxes (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)	1st January, 2019
Amendments to MFRS 123: Borrowing Costs (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)	1st January, 2019

2. BASIS OF PREPARATION (CONT'D)

(b) Standards and Amendments Issued But Not Yet Effective

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

Description	Effective for annual period beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards	1st January, 2020
Amendments to MFRS 101: Presentation of Financial Statements	1st January, 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1st January, 2020
Amendments to IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1st January, 2020
Amendments to MFRS 101: Presentation of Financial Statements – Definition of Material	1st January, 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139: Interest Rate Benchmark Reform	1st January, 2020
Amendments to MFRS 9: Business Combinations – Definition of Business	1st January, 2020
MFRS 17 Insurance Contracts	1st January, 2021
Amendments to MFRS 10: Consolidated Financial Statements and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group and the Company are expected to apply the abovementioned pronouncements beginning from the perspective dates the pronouncements become effective. The initial application of the abovementioned pronouncements are not to be expected to have any material impact to financial statements of the Group and of the Company.

(c) Basis of Measurement

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

(i) Business Combinations

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

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

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 Financial Instrument: Recognition and Measurement, either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (Cont'd)

(ii) Transactions with Non-Controlling Interest

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

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

(b) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign Currencies (Cont'd)

(iii) Foreign Operations

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

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

(c) Property, Plant and Equipment and Depreciation

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

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

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

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

Leasehold land and buildings	1% - 3%
Plant, machinery and site equipment	7.5% - 20%
Vessel	10%
Office equipment, furniture, fittings, motor vehicles and renovations	10% - 33.33%

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Intangible Assets

(i) Goodwill

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

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

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

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

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

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

(ii) Computer Software

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investment Properties

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

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

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

(f) Financial Instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company have elected not to restate the comparatives.

(i) <u>Recognition and initial measurement</u>

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) <u>Financial instrument categories and subsequent measurement</u>

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

a. Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows 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. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

b. Fair value through other comprehensive income

i. Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, 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. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

ii. Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income on initial recognition. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

c. Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognized in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

a. Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

i. if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

ii. a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

iii. if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

b. Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments (Cont'd)

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

a. the recognition of an asset to be received and the liability to pay for it on the trade date, and

b. derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

a. the recognition of an asset on the day it is received by the Group and the Company, and

b. derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group and the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group and the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

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

Liabilities arising from financial guarantees are presented together with other provisions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments (Cont'd)

(v) Hedge accounting

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge. The Group and the Company also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

a. Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss on the hedging instrument shall be recognised in profit or loss (or other comprehensive income, if the hedging instrument hedges an equity instrument which the Group and the Company have elected to present the subsequent changes in fair value of the investment in equity in other comprehensive income).

The hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item and be recognised in profit or loss. If the hedged item is a financial asset (or a component thereof) that is measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item shall be recognised in profit or loss. However, if the hedged item is an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income, those amounts shall remain in other comprehensive income. When a hedged item is an unrecognised firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in profit or loss.

b. Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments (Cont'd)

(v) Hedge accounting (Cont'd)

b. Cash flow hedge (Cont'd)

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment

(i) Financial Assets and Contract Assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company elected not to restate the comparatives.

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade and other receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment (Cont'd)

(ii) Non-financial Assets

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

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

(h) Investment in Subsidiaries

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

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

(i) Cash and Cash Equivalents

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Contract Assets and Contract Liabilities

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received or the amount is due from the customers.

(k) Inventories

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

(i) Land held for property development

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

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

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

(ii) Property development cost

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Inventories (Cont'd)

(iii) Completed development properties

Units of development properties completed and held for sale are stated at the lower of cost and net realisable value. Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for intended use, related development costs to projects and direct buildings costs.

(iv) Others

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

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

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

(l) Provisions

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

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

(m) Financial Guarantee Contracts

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Borrowing Costs

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

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(o) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions ("Socso") are recognised as expenses in the year in which the associated services are rendered by employees of the Company. 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

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

(p) Leases

The Group has applied MFRS 16 Leases using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under MFRS 117 Leases and related interpretations.

(i) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use 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 the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Leases (Cont'd)

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

(a) As a lessee (Cont'd)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use and lease liabilities for short-term leases that have lease term of 12 months or less and leases as an expenses on a straight-line basis over the lease term.

(b) As a lessor

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

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Leases (Cont'd)

(ii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property,plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustments is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a staright-line basis over the lease term as part of "revenue".

Previous financial year

As Lessee

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue

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

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

The customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

The Group's or the Company's performance creates or enhances an assets that the customers controls as the assets is created or enhanced; or

The Group's or the Company's performance does not create an assets with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(i) Construction Contracts

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

(ii) Property Development

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

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

(iii) Sale of Goods

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

(iv) Interest Income

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

(v) Dividend Income

Dividend income is recognised when the right to receive payment is established.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Income Taxes

(i) Current Tax

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

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

(ii) Deferred Tax

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Income Taxes (Cont'd)

(ii) Deferred Tax (Cont'd)

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

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

(s) Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 41 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

(t) Share Capital and Share Issuance Expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared and approved.

(u) Contingencies

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

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

(v) Significant Accounting Judgements and Estimates

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Judgements Made in Applying Accounting Policies

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

(ii) Key Sources of Estimation Uncertainty

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

(a) Impairment of Investment in Subsidiaries

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

The carrying amount of investment in subsidiaries as at 31st December, 2019 were RM462,864,493 (2018: RM462,864,493). Further details are disclosed in Note 7 to the financial statements. Based on management's review, no further adjustment for impairment is required for the investment in subsidiaries by the Company during the current year.

(b) Impairment of Financial Assets

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's financial assets at the reporting date is disclosed in Note 39 to the financial statements.

(c) Useful Lives of Property, Plant and Equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 5 to 15 years. These are common life expectancies applied in the manufacturing industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 4 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

(d) Construction Contracts and Property Development

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

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

(w) Fair value measurement

Fair value of an asset or liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. PROPERTY, PLANT AND EQUIPMENT

Group	As at 1.1.2019 RM	Addition RM	Disposal/ Write-off/ Transfer RM	Reclassification RM	As at 31.12.2019 RM
2019					
COST					
Leasehold land and buildings	**25,045,858**	**8,489,189**	**(17,107,291)**	**–**	**16,427,756**
Plant, machinery and site equipment	**224,420,869**	**26,407,194**	**(380,000)**	**–**	**250,448,063**
Vessel	**15,880,241**	**–**	**(2,783,000)**	**–**	**13,097,241**
Other assets *	**18,395,562**	**217,845**	**(5,736)**	**(55,523)**	**18,552,148**
	283,742,530	**35,114,228**	**(20,276,027)**	**(55,523)**	**298,525,208**

	As at 1.1.2019 RM	Charge for the year RM	Disposal/ Write-off/ Transfer RM	Reclassification RM	As at 31.12.2019 RM
ACCUMULATED DEPRECIATION/ IMPAIRMENT					
Leasehold land and buildings	**1,454,881**	**232,941**	**–**	**–**	**1,687,822**
Plant, machinery and site equipment	**102,963,428**	**33,504,042**	**(380,000)**	**–**	**136,087,470**
Vessel	**3,975,403**	**1,379,304**	**(649,376)**	**–**	**4,705,331**
Other assets *	**14,730,863**	**1,262,987**	**(1,824)**	**–**	**15,992,026**
	123,124,575	**36,379,274**	**(1,031,200)**	**–**	**158,472,649**

	As at 31.12.2019 RM
NET BOOK VALUE	
Leasehold land and buildings	**14,739,934**
Plant, machinery and site equipment	**114,360,593**
Vessel	**8,391,910**
Other assets *	**2,560,122**
	140,052,559

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

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

	As at 1.1.2018 RM	Addition RM	Disposal/ Write-off Transfer RM	As at 31.12.2018 RM
2018				
COST				
Leasehold land and buildings	21,984,346	5,427,628	(2,366,116)	25,045,858
Plant, machinery and site equipment	180,965,012	43,714,857	(259,000)	224,420,869
Vessel	15,880,241	–	–	15,880,241
Other assets *	18,317,608	992,814	(914,860)	18,395,562
	237,147,207	50,135,299	(3,539,976)	283,742,530

	As at 1.1.2018 RM	Charge for the year RM	Disposal/ Write-off/ Transfer RM	As at 31.12.2018 RM
ACCUMULATED DEPRECIATION/ IMPAIRMENT				
Leasehold land and buildings	1,631,183	254,467	(430,769)	1,454,881
Plant, machinery and site equipment	73,886,305	29,277,398	(200,275)	102,963,428
Vessel	2,387,371	1,588,032	–	3,975,403
Other assets *	13,917,410	1,643,490	(830,037)	14,730,863
	91,822,269	32,763,387	(1,461,081)	123,124,575

	As at 31.12.2018 RM
NET BOOK VALUE	
Leasehold land and buildings	23,590,977
Plant, machinery and site equipment	121,457,441
Vessel	11,904,838
Other assets *	3,664,699
	160,617,955

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

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

	As at 1.1.2019 RM	Addition RM	As at 31.12.2019 RM
Company			
2019			
COST			
Office equipment	**57,022**	**–**	**57,022**
Furniture and fittings	**2,376**	**–**	**2,376**
Signboard	**36,000**	**–**	**36,000**
	95,398	**–**	**95,398**

	As at 1.1.2019 RM	Charge for the year RM	As at 31.12.2019 RM
ACCUMULATED DEPRECIATION/ IMPAIRMENT			
Office equipment	**57,022**	**–**	**57,022**
Furniture and fittings	**2,376**	**–**	**2,376**
Signboard	**9,900**	**3,600**	**13,500**
	69,298	**3,600**	**72,898**

	As at 31.12.2019 RM
NET BOOK VALUE	
Office equipment	**–**
Furniture and fittings	**–**
Signboard	**22,500**
	22,500

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

	As at 1.1.2018 RM	Addition RM	As at 31.12.2018 RM
2018			
COST			
Office equipment	57,022	–	57,022
Furniture and fittings	2,376	–	2,376
Signboard	36,000	–	36,000
	95,398	–	95,398

	As at 1.1.2018 RM	Charge for the year RM	As at 31.12.2018 RM
ACCUMULATED DEPRECIATION/ IMPAIRMENT			
Office equipment	57,022	–	57,022
Furniture and fittings	2,376	–	2,376
Signboard	6,300	3,600	9,900
	65,698	3,600	69,298

	As at 31.12.2018 RM
NET BOOK VALUE	
Office equipment	–
Furniture and fittings	–
Signboard	26,100
	26,100

5. RIGHT-OF-USE ASSETS

	Group 2019 RM	2018 RM
Cost		
At 1 January	**–**	–
Initial application of MFRS 16	**3,299,260**	–
At 31 December	**3,299,260**	–
Accumulated amortisation		
At 1 January	**–**	–
Charge for the financial year (Note 27)	**(1,253,351)**	–
At 31 December	**(1,253,351)**	–
Net carrying amount at 31 December	**2,045,909**	–

The Group leases a number of residential units for staff accommodation that have an average tenure of two years with two years renewal option.

6. INVESTMENT PROPERTIES

	Group 2019 RM	2018 RM
Land and buildings		
Carrying amount		
At 1st January	**2,592,815**	5,142,200
Disposal	**(848,737)**	(2,502,487)
Depreciation charged (Note 27)	**(31,470)**	(46,898)
At 31st December	**1,712,608**	2,592,815

7. INVESTMENT IN SUBSIDIARIES

	Company 2019 RM	2018 RM
Unquoted shares, at costs	**487,202,019**	487,202,019
Accumulated impairment	**(24,337,526)**	(24,337,526)
	462,864,493	462,864,493

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Country of Incorporation	Principal Activities	Proportion (%) of Ownership Interest 2019	2018
Held by the Company:				
Advance Industries Sdn. Bhd.	Malaysia	Construction, sub-contractors works, manufacturing, assembly, installation and sales of light fittings, kitchen cabinetry, furniture and related products.	**100**	100
Acumen Marketing Sdn. Bhd.	Malaysia	Supply of lightings, light fittings, outdoor fittings, advertising point-of-sale, furniture and related products.	**100**	100
Lighting Louvres Manufacturing Sdn. Bhd.	Malaysia	Manufacturing and sale of aluminium lighting louvres.	**100**	100
Futumeds Sdn. Bhd.	Malaysia	Construction, sub-contractors, and others for the purpose of building and construction works.	**100**	100
Fututech (Labuan) Ltd.	Malaysia	Investment holding.	**100**	100
Bazarbayu Sdn. Bhd.	Malaysia	Property development activities.	**100**	100
FutuProp Sdn. Bhd.	Malaysia	Investment holding and has not commenced business since the date of incorporation.	**100**	100
Acumen Industries Limited *	Hong Kong	Dormant. Intended principal activity is investment holding.	**100**	100
Aurizon Investments Limited	British Virgin Islands	Investment holding.	**100**	100
Kerjaya Prospek (M) Sdn. Bhd.*	Malaysia	Building construction and property development.	**100**	100
Permatang Bakti Sdn. Bhd.*	Malaysia	Building construction.	**100**	100
Kerjaya Prospek Resources Sdn. Bhd.	Malaysia	Dormant. Intended principal activities are supply, manufacture, trading for gondola and its related services.	**70**	70

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Country of Incorporation	Principal Activities	Proportion (%) of Ownership Interest 2019	2018
Held by Advance Industries Sdn. Bhd.:				
Ace Equity Sdn.Bhd.	Malaysia	Supply and installation of aluminium and glazing works, stones works, interior fixtures, fittings, lightings, cabinetry and related products and the provision of contract workmanship and other related services.	**100**	100
Kerjaya Machinery & Equipment Sdn. Bhd.	Malaysia	General trading, land and property investment and investment holding and the provision of services relating to application/renewal of permits, operation service, maintenance and leasing for heavy machineries.	**90**	90
Held by Fututech (Labuan) Limited.:				
Acumen Design & Development Solutions Limited *	Hong Kong	Dormant.	**100**	100
Held by FutuProp Sdn. Bhd.:				
Senandung Raya Sdn. Bhd.	Malaysia	Property development activities.	**100**	100
Held by Kerjaya Prospek (M) Sdn. Bhd.:				
Future Rock Sdn. Bhd.*	Malaysia	Building construction and marine engineering works.	**70**	70
Held by Bazarbayu Sdn. Bhd.:				
Yakin Land Sdn.Bhd.*	Malaysia	Property development activities.	**90**	–

* Audited by firms of auditors other than Ong & Wong

On 10th January, 2019, the Company's wholly-owned subsidiary, Bazarbayu Sdn. Bhd. acquired 90,000 ordinary shares, representing 90% of the total issued capital of Yakin Land Sdn. Bhd.("YLSB") for a total cash consideration of RM1,350,000. As a result of the acquisition, YLSB become an indirect wholly-owned subsidiary of the Company.

8. OTHER INVESTMENTS

		Group	
		2019	2018
		RM	RM
(i)	**Club membership**		
	Cost	**95,000**	95,000
	Allowance for impairment	**(52,000)**	(52,000)
		43,000	43,000
(ii)	**Quoted shares, at fair value**		
	Singapore		
	Cost	**14,979,889**	14,979,889
	Allowance for diminution in value	**(9,814,411)**	(6,821,983)
		5,165,478	8,157,906
	Malaysia		
	Cost	**10,673,648**	1,500
	Allowance for diminution in value	**(4,319,360)**	(1,500)
		6,354,288	–
	Total other investments	**11,562,766**	8,200,906

9. INTANGIBLE ASSETS

	Group 2019 RM	2018 RM
(i) Goodwill		
COST		
At 1st January	**353,134,269**	353,134,269
Addition	**–**	–
At 31st December	**353,134,269**	353,134,269
(ii) Computer Software		
COST		
At 1st January	**171,294**	171,294
Addition	**85,932**	–
At 31st December	**257,226**	171,294
ACCUMULATED AMORTISATION		
At 1st January	**150,235**	119,115
Amortisation charged (Note 27)	**32,420**	31,120
At 31st December	**182,655**	150,235
Net carrying amount		
At 1st January	**21,059**	52,179
At 31st December	**74,571**	21,059
Total intangible assets	**353,208,840**	353,155,328

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2019 **RM**	2018 RM	**2019** **RM**	2018 RM
At 1st January	**(7,010,068)**	(8,046,160)	**–**	–
Transfer to statement of profit or loss and other comprehensive income (Note 30)	**(419,339)**	1,036,092	**–**	–
Transfer to statement of changes in equity				
- Conversion/Issuance of RCPS	**–**	–	**–**	–
At 31st December	**(7,429,407)**	(7,010,068)	**–**	–
Presented after appropriate offsetting as follows:				
Deferred tax assets	**515,671**	602,969	**–**	–
Deferred tax liabilities	**(7,945,078)**	(7,613,037)	**–**	–
	(7,429,407)	(7,010,068)	**–**	–
The deferred tax assets/(liabilities) recognised is in respect of the followings:				
- Temporary difference between depreciation and capital allowance	**(9,782,159)**	(803,473)	**–**	–
- Provision and others	**2,352,752**	(6,206,595)	**–**	–
	(7,429,407)	(7,010,068)	**–**	–

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

	Group		Company	
	2019 **RM**	2018 RM	**2019** **RM**	2018 RM
Unused tax losses	**5,061,834**	9,231,260	**–**	–
Unabsorbed capital allowances	**13,877,383**	13,877,383	**–**	–
Unutilised reinvestment allowances	**–**	4,722,545	**–**	–
Other deductible temporary differences	**4,427,145**	3,898,403	**–**	–
	23,366,362	31,729,591	**–**	–

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

11. TRADE AND OTHER RECEIVABLES

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Non-Current				
Trade Receivables				
Retention sum	**191,203,867**	166,278,121	**–**	–
Current				
Trade Receivables				
Third parties	**292,107,316**	225,350,169	**–**	–
Retention sum	**77,913**	2,348,431	**–**	–
	292,185,229	227,698,600	**–**	–
Less: Allowance for impairment - Third parties	**(13,647,977)**	(10,932,895)	**–**	–
	278,537,252	216,765,705	**–**	–
Other Receivables				
Amount due from subsidiaries	**–**	–	**172,633,698**	207,923,397
Prepayment	**319,876**	120,404	**12,525**	–
Deposits	**8,979,001**	6,861,979	**–**	–
Other receivables	**19,729,927**	18,409,653	**28**	–
	29,028,804	25,392,036	**172,646,251**	207,923,397
Less: Allowance for impairment - Amount due from subsidiaries	**–**	–	**(20,371,124)**	(20,371,124)
- Third parties	**(363,179)**	(365,988)	**–**	–
	28,665,625	25,026,048	**152,275,127**	187,552,273
Total - current	**307,202,877**	241,791,753	**152,275,127**	187,552,273
Total trade and other receivables	**498,406,744**	408,069,874	**152,275,127**	187,552,273

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 (2018: 30 to 90) days term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

Ageing analysis of trade receivables

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

	Group	
	2019	2018
	RM	RM
Not past due	**313,796,554**	234,277,412
1 to 30 days past due	**20,561,835**	22,563,049
31 to 60 days past due	**5,948,143**	11,432,643
61 to 90 days past due	**3,153,993**	12,054,664
More than 90 days past due	**126,280,594**	102,716,058
	155,944,565	148,766,414
Impaired	**13,647,977**	10,932,895
	483,389,096	393,976,721

Receivables that are not past due

Trade receivables that are not past due relate to customers with good track records with the Group. Based on past experience, the Board believes that no further allowance for impairment is necessary in respect of those balances.

None of the Group's trade receivables that are not past due have been renegotiated during the financial year.

Receivables that are past due

The Group has trade receivables amounting to RM155,944,565 (2018: RM148,766,414) that are past due at the reporting date. Based on their payment history, the Group believes that no further allowance for impairment is necessary. These receivables are unsecured by any collateral or credit enhancements.

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade Receivables (cont'd)

<u>Receivables that are impaired</u>

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

	Group	
	2019	2018
	RM	RM
At 1st January	**10,932,895**	6,145,130
Impact of adoption of MFRS 9	**–**	5,745,017
Reversal for the year	**(469,002)**	(3,045,702)
Charge for the year	**3,184,084**	2,088,450
At 31st December	**13,647,977**	10,932,895

Impairment loss for trade receivables are collectively and individually assessed using the simplified approach as disclosed in Note 3(g)(i), by reference to historical credit loss experience and observable data such as current changes and future forecasts in economic conditions.

(b) Other Receivables

The Group and the Company applied the simplified approach as disclosed in Note 3(g)(i) in estimating the impairment loss for other receivables.

(c) Amounts Due From Subsidiaries

These amounts are unsecured, non-interest bearing and are repayable on demand. The credit risk in respect of these amounts is considered low but are individually assessed for impairment at the reporting date.

12. INVENTORIES

	Group 2019 RM	2018 RM
At cost/realisable value:		
(i) Property Development Costs		
Leasehold Land		
At 1st January/31st December	**25,493,498**	25,493,498
Development Costs		
At 1st January	**176,244,761**	100,803,942
Costs incurred during the year	**88,736,845**	75,440,819
At 31st December	**264,981,606**	176,244,761
Cumulative Cost recognised in profit or loss:		
Leasehold Land		
At 1st January	**(6,044,111)**	(3,282,672)
Recognised during the year (Note 24)	**(1,318,454)**	(2,761,439)
At 31st December	**(7,362,565)**	(6,044,111)
Development Costs		
At 1st January	**(143,845,264)**	(74,991,635)
Recognised during the year (Note 24)	**(34,961,973)**	(68,853,629)
At 31st December	**(178,807,237)**	(143,845,264)
Total property develoment costs	**104,305,302**	51,848,884
(ii) Others		
Raw materials	**2,329,625**	2,306,407
Work-in-progress	**610,944**	563,757
	2,940,569	2,870,164

12. INVENTORIES (CONT'D)

		Group	
		2019 RM	2018 RM
(iii)	**Completed properties**		
	Completed leasehold land and buildings, at cost:		
	At 1st January	**49,647,360**	20,552,196
	Addition	**560,000**	33,495,704
	Transfer from property, plant and equipment (Note 4)	**17,107,291**	–
	Disposal	**(2,697,380)**	(4,400,540)
	At 31st December	**64,617,271**	49,647,360
	Total inventories	**171,863,142**	104,366,408

13. CONTRACT ASSETS/(LIABILITIES)

		Group	
		2019 RM	2018 RM
Contract Assets			
(a)	Accrued billings in respect of property development (Note 14)	**–**	26,396,056
(b)	Amount due from customers for contract works (Note 15)	**11,643,009**	12,761,744
		11,643,009	39,157,800
Contract Liabilities			
(a)	Progress billings in respect of property development (Note 14)	**–**	–
(b)	Amount due to customers for contract works (Note 15)	**(30,476,209)**	(33,196,579)
		(30,476,209)	(33,196,579)

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

The contract liabilities relate to the advance consideration received from a customer for construction contract, which revenue is recognised over time during the property development and constructions activities.

14. ACCRUED BILLINGS / (PROGRESS BILLINGS) IN RESPECT OF PROPERTY DEVELOPMENT

	Group 2019 RM	2018 RM
Cumulative revenue recognised to date	**–**	217,648,481
Cumulative billings to purchasers	**–**	(191,252,425)
	–	26,396,056

The accrued/(progress) billings were derived from the development project of the Group in one of its subsidiaries.

15. AMOUNT DUE TO CUSTOMERS FOR CONTRACT WORKS

	Group 2019 RM	2018 RM
Construction contract costs incurred to date	**3,676,747,559**	3,112,743,953
Attributable profits	**729,850,963**	573,435,963
	4,406,598,522	3,686,179,916
Less: Progress billings	**(4,425,431,722)**	(3,706,614,751)
	(18,833,200)	(20,434,835)

Presenting after appropriate offsetting as follows:

	Group 2019 RM	2018 RM
Amount due from customers for contract works (Note 13)	**11,643,009**	12,761,744
Amount due to customers for contract works (Note 13)	**(30,476,209)**	(33,196,579)
	(18,833,200)	(20,434,835)

16. CASH AND BANK BALANCES

	Group		Company	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Cash in hand and at bank	**31,078,587**	154,382,529	**18,749,537**	1,951,879
Cash at securities account	**494,884**	1,312,678	**494,884**	1,312,678
Quoted unit trust*	**187,407,901**	65,116,871	**100,150,813**	59,619,764
Deposits with licensed banks	**13,992,576**	31,945,005	**76,838**	–
	232,973,948	252,757,083	**119,472,072**	62,884,321
Less: Allowance for ECL (MFRS 9)	**(24,278)**	(121,846)	**(12,636)**	(1,276)
	232,949,670	252,635,237	**119,459,436**	62,883,045

The deposits with licensed banks earned interest rates ranging from 2.85% to 3.75% (2018: 3.52% to 4.00%) per annum and have average maturities range from 29 to 61 (2018: 29 to 61) days.

Included in deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM13,631,729 and RM76,838 (2018: RM25,978,887 and RM Nil) which has been pledged to licensed banks as security for banking facilities granted to the Group and the Company.

* Stated at market price.

17. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2019	2018	**2019**	2018
	Unit	Unit	**RM**	RM
Issued and fully paid				
At 1st January	**1,241,968,766**	564,531,382	**642,658,306**	642,658,306
Issued pursuant to:				
- Bonus issue	**–**	677,437,384	**–**	–
At 31st December	**1,241,968,766**	1,241,968,766	**642,658,306**	642,658,306

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

Warrants 2018/2023

The Warrants 2018/2023 were constituted under a Deed Poll dated 12nd February, 2018 ("Warrants 2018/2023 Deed Poll") and listed on 7th March, 2018 in conjunction with the issuance of the Company's Rights Issue in 2018. The salient features of the warrants are as follows:

(a) each bonus warrant entitles its registered holder to subscribe for one (1) new ordinary share at the exercise price during the exercise period; any bonus warrants not exercised during the exercise period will therefore lapse and cease to be valid for any purposes;

(b) the exercise price is fixed at RM1.60 per share and the exercise period is five (5) years commencing on and including the date of issuance which will expire on 23rd February, 2023.

17. SHARE CAPITAL (CONT'D)

Warrants 2018/2023 (Cont'd)

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

	2019 Unit	2018 Unit
At 1st January	**169,358,984**	–
Issued during the year	**–**	169,358,984
At 31st December	**169,358,984**	169,358,984

18. TREASURY SHARES

	Group and Company	
	2019 Unit	2018 Unit
Number of ordinary shares		
At 1st January	**6,834,700**	–
Repurchased during the year	**2,255,900**	6,834,700
At 31st December	**9,090,600**	6,834,700

	2019 RM	2018 RM
Ordinary shares		
At 1st January	**8,056,108**	–
Repurchased during the year	**2,837,078**	8,056,108
At 31st December	**10,893,186**	8,056,108

During the financial year, the Company repurchased 2,255,900 (2018: 6,834,700) ordinary shares from the open market at an average price of RM1.26 (2018: RM1.18) per share. The total consideration paid for the repurchase including transaction costs was RM2,837,078 (2018: RM8,056,108). The repurchased transactions were financed by internally generated funds.

Subsequent to the financial year and up to the date of this report, the Company repurchased a further 5,320,500 ordinary shares from the open market.

19. RESERVES

	Group		Company	
	2019 RM	2018 RM	**2019 RM**	2018 RM
(a) Other reserve	**475,000**	475,000	**–**	–
(b) Foreign currency translation reserve	**210,799**	200,709	**–**	–
	685,799	675,709	**–**	–

19. RESERVES (CONT'D)

(a) Other reserve

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

(b) Foreign currency translation reserve

	Group	
	2019 RM	2018 RM
At 1st January	**200,709**	249,227
Change during the year	**10,090**	(48,518)
At 31st December	**210,799**	200,709

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

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM	2018 RM	**2019 RM**	2018 RM
Non-Current				
Trade Payables				
Retention sum	**75,260,342**	59,506,826	**–**	–
Current				
Trade Payables				
Third parties	**114,713,967**	163,329,490	**–**	–
Retention sum	**1,781,019**	2,575,403	**–**	–
	116,494,986	165,904,893	**–**	–

20. TRADE AND OTHER PAYABLES (CONT'D)

	Group		Company	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Non-Current				
Other Payable	**47,670,273**	–	**–**	–
Current				
Other Payables				
Accruals	**9,041,872**	6,880,827	**262,027**	301,365
Amount due to subsidiaries	–	–	**12,262,237**	5,751,793
Other payables	**9,608,246**	9,930,186	**6,931**	21,913
Dividend payable	**18,493,170**	–	**18,493,170**	–
Deposit received	**246,499**	443,500	–	–
	37,389,787	17,254,513	**31,024,365**	6,075,071
Total - non-current	**122,930,615**	59,506,826	**–**	–
Total - current	**153,884,773**	183,159,406	**31,024,365**	6,075,071
Total trade and other payables	**276,815,388**	242,666,232	**31,024,365**	6,075,071

(a) Trade Payables

Trade payables are non-interest bearing and are normally settled on 14 to 90 (2018: 14 to 90) days term.

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

(b) Other Payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 (2018: 90) days term.

21. LEASE LIABILITIES

	Group	
	2019	2018
	RM	RM
At 1 January		
- initial application of MFRS 16	**3,299,260**	–
- Interest expenses recognised in profit or loss (Note 26)	**169,911**	–
- Lease payment	**(1,368,048)**	–
At 31 December	**2,101,123**	–

21. LEASE LIABILITIES (CONT'D)

	Group 2019 RM	Group 2018 RM
Minimum payment		
- not later than one year	**1,505,200**	–
- later than one year and not later than five years	**746,200**	–
	2,251,400	–
Future finance charges on lease	**(150,277)**	–
Present value of lease payables	**2,101,123**	–
Current	**102,908**	–
Non-current	**1,998,215**	–
	2,101,123	–
Present value of finance lease liabilities		
- not later than one year	**102,908**	–

The interest rate for discounting the future amount is estimated at 5.15% per annum.

22. SHORT TERM BORROWING

	Group 2019 RM	Group 2018 RM
Bank overdraft	**22,862,946**	60,123,470

The bank overdraft is secured by way of corporate guarantee granted by the Company and bears interest of approximately 4.60% (2018: 5.05%) per annum.

23. REVENUE

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Construction activities	**993,411,067**	967,832,646	**–**	–
Property development activities	**48,621,717**	99,439,430	**–**	–
Manufacturing activities	**13,243,239**	1,489,624	**–**	–
Dividend	**–**	–	**40,000,000**	80,000,000
	1,055,276,023	1,068,761,700	**40,000,000**	80,000,000

24. COST OF SALES

	Group 2019 RM	Group 2018 RM
Construction costs	**794,936,153**	789,791,520
Property development costs (Note 12 (i))	**36,280,427**	71,615,068
Manufacturing costs	**7,388,325**	946,358
	838,604,905	862,352,946

25. OTHER OPERATING INCOME

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Additional car park bay	**–**	80,000	**–**	–
Reversal on allowance for impairment loss	**84,842**	3,063,196	**–**	–
Administrative charges	**16,339**	74,830	**–**	–
Deposit forfeited	**63,294**	188,970	**–**	–
Foreign worker - Accommodation	**–**	70	**–**	–
Commission on properties sold	**183,310**	–	**–**	–
Fair value adjustment on short term fund	**101,059**	147,455	**119,542**	139,336
Gain on disposal of property, plant and equipment and investment properties	**670,177**	1,781,862	**–**	–
Insurance compensation	**147,124**	321,632	**–**	–
Interest income from fixed deposits and current account	**6,002,364**	5,398,041	**2,697,664**	2,807,399
Management fee	**111,000**	–	**–**	–
Management fee rebate	**115,541**	190,321	**115,541**	190,321
Miscellaneous	**1,334,339**	280,270	**–**	–
Penalty charges	**2,188,998**	1,755,822	**–**	–
Realised gain on foreign exchange	**–**	8	**–**	–
Rental of machinery	**93,931**	126,000	**–**	–
Rental of others	**82,700**	73,400	**–**	–
Reversal of allowance for doubtful debt	**–**	–	**–**	597,317
Sales of extra linen	**5,350**	35,250	**–**	–
Sales of scrap	**2,436,538**	4,855,978	**–**	–
	13,636,906	18,373,105	**2,932,747**	3,734,373

26. FINANCE COSTS

	Group 2019 RM	Group 2018 RM
Bank overdraft interest	**703,986**	217,681
LC charges	**11,732**	–
Lease interest (Note 21)	**169,911**	–
	885,629	217,681

27. PROFIT BEFORE TAXATION

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

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Auditors' remuneration				
- statutory audits				
- current year	**205,098**	201,717	**36,000**	36,000
- (over)/under provision in previous year	**–**	(811)	**–**	–
- other services	**1,100**	1,100	**1,100**	1,100
Allowance for impairment losses				
- trade receivables (Note 11(a))	**2,715,082**	2,088,450	**–**	–
- other receivables	**–**	2,577,469	**–**	–
Allowance for diminution in value	**7,221,550**	4,819,762	**–**	–
Amortisation of intangible asset (Note 9(ii))	**32,420**	31,120	**–**	–
Amortisation of right-of-use assets (Note 5)	**1,253,351**	–	**–**	–
Depreciation of property, plant and equipment (Note 4)	**36,379,274**	32,763,387	**3,600**	3,600
Depreciation of investment properties (Note 6)	**31,470**	46,898	**–**	–
Bad debt written off	**–**	10,504	**–**	–
Employee benefits expense (Note 28)	**34,287,192**	31,588,255	**–**	–
Fair value adjustment on discounting of retention sum receivables/ payables	**489,476**	2,705,240	**–**	–
Finance cost (Note 26)	**885,629**	217,681	**–**	–
Directors' remuneration (Note 29)				
- executive	**6,262,026**	5,592,674	**–**	–
- non-executive	**226,827**	228,980	**226,827**	228,980
Loss on disposal of property, plan and equipment and investment properties	**–**	302,567	**–**	–
Loss on foreign exchange				
- Realised	**40**	–	**–**	–
- Unrealised	**54,725**	–	**–**	–
Loss on sales of inventories	**477,380**	685,540	**–**	–
Rental expenses				
- equipments and sites	**–**	5,120	**–**	–
- premises	**65,383**	480,800	**–**	–

28. EMPLOYEE BENEFITS EXPENSE

	Group 2019 RM	Group 2018 RM
Wages and salaries	**27,957,944**	27,185,263
Social security contributions	**458,325**	327,789
Contributions to defined contribution plan	**3,730,105**	2,789,015
Other benefits	**2,140,818**	1,286,188
	34,287,192	31,588,255

29. DIRECTORS' REMUNERATION

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Executive				
- salaries and other emoluments	**5,679,352**	4,921,080	**–**	–
- contributions to defined contribution plan	**582,674**	671,594	**–**	–
Total executive directors' remuneration (Note 27)	**6,262,026**	5,592,674	**–**	–
Non-executive				
- fees				
- current year	**204,327**	208,480	**204,327**	208,480
- other emoluments				
- current year	**22,500**	20,500	**22,500**	20,500
Total non-executive directors' remuneration (Note 27)	**226,827**	228,980	**226,827**	228,980
	6,488,853	5,821,654	**226,827**	228,980

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

	Number of Directors 2019	Number of Directors 2018
Executive directors		
- RM1,000,000 - RM2,000,000	**2**	2
- RM2,000,001 - RM3,000,000	**1**	1
Non-executive directors		
- below RM50,000	**2**	1
- RM50,001 - RM100,000	**2**	3

30. TAXATION

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Current income tax				
- Malaysian income tax	**45,376,671**	42,816,314	**21,745**	–
- (Over)/under provision in previous year	**(202,057)**	(459,320)	**29,677**	–
- Real property gain tax	**47,110**	9,797	**–**	–
	45,221,724	42,366,791	**51,422**	–
Deferred income tax (Note 10)				
- relating to origination and reversal of temporary differences	**1,103,541**	(658,227)	**–**	–
- Over provision in previous year	**(684,202)**	(377,865)	**–**	–
	419,339	(1,036,092)	**–**	–
Income tax expense recognised in statement of profit or loss and other comprehensive income	**45,641,063**	41,330,699	**51,422**	–

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31st December, 2019 and 2018 is as follows:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Profit before tax	**185,891,169**	179,669,769	**42,297,126**	82,684,574
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	**44,613,881**	43,120,745	**10,151,310**	19,844,298
Income not subject to tax	**(2,644,751)**	(1,930,182)	**(10,291,550)**	(20,076,336)
Non-deductible expenses	**3,338,971**	11,183,847	**60,769**	212,215
Deferred tax assets not recognised	**1,142,014**	1,181,673	**101,216**	19,823
Exemption of increase in chargeable income	**–**	(573,332)	**–**	–
Deferred tax assets recognised on previously unrecognised tax losses and capital allowance	**–**	(1,906,598)	**–**	–
Real property gain tax	**47,110**	9,797	**–**	–
Utilisation of current year's capital allowance	**–**	(8,975,577)	**–**	–
Utilisation of previously unrecognised reinvestment allowance	**30,097**	57,511	**–**	–
Over provision of deferred tax in previous year	**(684,202)**	(377,865)	**–**	–
(Over)/under provision of income tax in previous year	**(202,057)**	(459,320)	**29,677**	–
	45,641,063	41,330,699	**51,422**	–

30. TAXATION (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

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

31. EARNINGS PER SHARE

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

		Group	
		2019	2018
		RM	RM
(a)	**Basic**		
	Profit, net of tax attributable to owners of the Company	**140,180,333**	138,198,993
	Weighted average number of ordinary shares outstanding	**1,234,133,280**	1,240,889,410
	Basic earnings per share (sen)	**11.36**	11.13
(b)	**Diluted**		
	Profit, net of tax attributable to owners of the Company	**140,180,333**	138,198,993
	Weighted average number of ordinary shares as above	**1,234,133,280**	1,240,889,410
	Effect of outstanding warrants	**169,358,984**	139,199,165
		1,403,492,264	1,380,088,575
	Diluted earnings per share (sen)	**9.99**	10.01

32. DIVIDENDS

	Net Dividend Per Share Sen	Total Amount RM	Date of payment RM
2019			
Single tier final	**2.0**	**24,659,777**	**3rd July, 2019**
Single tier interim	**1.5**	**18,493,170**	**6th January, 2020**
		43,152,947	
2018			
Single tier final	0.5	6,209,841	10th July, 2018
Single tier interim	1.5	18,621,749	30th October, 2018
		24,831,590	

32. DIVIDENDS (CONT'D)

At the forthcoming Annual General Meeting, the dividends will be proposed for shareholders' approval are as follows:

i) a single tier final dividend in respect of the current financial year of 2 sen per ordinary shares. The total estimated dividend payable is approximately RM24,551,153.

ii) a single tier final dividend by way of share dividend of one (1) treasury share for every hundred (100) existing ordinary shares.

The single tier final dividends was proposed by the Board of Directors on 11th June, 2020.

The financial statements for the current financial year do not reflect this single tier final dividend. This dividend payment will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31st December, 2020.

33. RELATED PARTY DISCLOSURES

a) Significant related party transactions

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

	2019 RM	2018 RM
Rental of office premise	**541,200**	524,400
Construction contract sum	**102,074,663**	108,047,352
Sales of finished goods	**1,978,144**	786,444
Purchase of goods/services	**930,076**	2,892,824
Refreshement/gift	**–**	131,048
Accomodation for staffs	**–**	872,088
Others*	**18,044**	24,944

* Others consist of facilities chargeable, sewerage charges and maintenance of motor vehicle.

The significant related parties are Kerjaya Property Sdn. Bhd. (formerly known as Kerjaya Prospek Property Sdn. Bhd.), Kerjaya Prospek Property Berhad (formerly known as GSB Group Berhad), Eastern & Oriental Berhad, YHH Sales and Marketing Sdn. Bhd., Desanda Development Sdn. Bhd., Dekad Intelek Sdn. Bhd. and Kerjaya Hotel Sdn. Bhd. in which the executive directors of the Company have either common directorship or/and substantial equity interest.

(b) Compensation of key management personnel

The key management personnel comprised mainly executive directors of the Group and of the Company. Their remuneration is disclosed in Note 29.

34. CONTIGENT LIABILITIES

	Company	
	2019	2018
	RM	RM
Corporate guarantees in respect of credit facilities granted to subsidiaries	**24,978,295**	51,765,725

35. COMMITMENTS

Operating lease commitments - as lessee

The Group has applied MFRS 16 using the modified retrospective approach. As a result, the following information are disclosures required by MFRS 117 'Leases'.

In the previous financial year, the Group has entered into commercial lease on office buildings and residential units for staff accommodation. The lease have an average tenure of two years with two-year renewal option with contingent rent provision included in the contract. There are no restrictions placed upon the Group by entering into the lease.

The future minimum rentals payable under non-cancellable operating lease was as follows:

	2018
	RM
Not later than one year	981,850
Later than one year and not later than five years	535,425
	1,517,275

36. HOLDING COMPANY

The holding company of the Company is Egovision Sdn. Bhd., a company incorporated in Malaysia, and owns 50.60% of the Company's equity shareholdings as at 11th June, 2020.

37. FAIR VALUE INFORMATION

a) Financial Instruments not Carried at Fair Value

(i) The following are financial instruments that are not carried at fair value:

	Note
Trade and other receivables (current)	11
Cash and bank balances (excluding unit trust)	16
Trade and other payables (current)	20
Short term borrowings	22

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

(ii) Non-current trade receivables and payables

The carrying amount of these financial instruments are reasonable approximate of their fair value which are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

b) Financial Instruments Carried at Fair Value

(i) Other investments and quoted unit trusts

Fair value of quoted shares investment and unit trusts are derived from quoted price (unadjusted) in active markets for identical financial assets that the entity can access at the reporting date.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

(a) Credit Risk

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

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

(a) Credit Risk (Cont'd)

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

Exposure to credit risk

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

Information regarding credit enhancements, if any, for trade and other receivables is disclosed in Note 11 to the financial statements.

Credit Risk Concentration Profile

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

At the reporting date, the Group has no significant concentration of credit risk in the form of outstanding balances due from particular debtors in the construction segment of the gross trade receivables.

(b) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of Financial Instruments by Remaining Contractual Maturities

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

	31.12.2019		
	On demand or within one year RM	**One to five year RM**	**Total RM**
Group			
Financial Liabilities			
Trade and other payables	**153,884,773**	**122,930,615**	**276,815,388**
Short term borrowing	**22,862,946**	**–**	**22,862,946**
Company			
Trade and other payables	**31,024,365**	**–**	**31,024,365**

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

(b) Liquidity Risk (Cont'd)

	31.12.2018		
	On demand or within one year RM	One to five year RM	Total RM
Group			
Financial Liabilities			
Trade and other payables	183,159,406	59,506,826	242,666,232
Short term borrowing	60,123,470	–	60,123,470
Company			
Trade and other payables	6,075,071	–	6,075,071

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balances portfolio mix of fixed and floating rate borrowings.

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

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

(d) Foreign Currency Risk

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

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

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

(d) Foreign Currency Risk (cont'd)

In additional, the Group has four foreign subsidiaries, of which all are dormant except for one subsidiary, which is holding other investments of RM5,165,478 (2018: RM8,157,906) denominated in SGD. The Group did not undertake any hedging for these investments and is therefore exposed to a foreign currency risk. However, the impact on the foreign currency risk is immaterial as exhibited in the sensitivity analysis for foreign currency risk below.

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

	Group	
	2019	2018
	RM	RM
Singapore Dollar ("SGD")		
Other investments	**5,165,478**	8,157,906
Cash and bank balances	**510,426**	496,576
	5,675,904	8,654,482
United States Dollar ("USD")		
Cash and bank balances	**120,753**	244,878
	5,796,657	8,899,360

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

Sensitivity Analysis for Foreign Currency Risk

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

		Gain/(loss) in profit or loss	
		2019	2018
		RM	RM
USD/RM	- strengthened 10%	**12,075**	24,488
	- weakened 10%	**(12,075)**	(24,488)
SGD/RM	- strengthened 10%	**567,590**	865,448
	- weakened 10%	**(567,590)**	(865,448)

39. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The Group and the Company financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

The table below provides an analysis of financial instruments categorised under MFRS 9 as follows:

(i) Amortised cost ("AC"); and
(ii) Fair value through profit or loss ("FVTPL")

	Carrying amount RM	AC RM	FVTPL RM
Financial assets			
31.12.2019			
Group			
Other investments	**11,519,766**	**–**	**11,519,766**
Trade and other receivables (excluding prepayment)	**498,086,868**	**498,086,868**	**–**
Cash and bank balances	**232,949,670**	**45,541,769**	**187,407,901**
Company			
Trade and other receivables (excluding prepayment)	**152,262,602**	**152,262,602**	**–**
Cash and bank balances	**119,459,436**	**19,308,623**	**100,150,813**

	Carrying amount RM	AC RM
Financial liabilities		
31.12.2019		
Group		
Trade and other payables	**276,815,388**	**276,815,388**
Lease liabilities	**2,101,123**	**2,101,123**
Short term borrowing	**22,862,946**	**22,862,946**
Company		
Trade and other payables	**31,024,365**	**31,024,365**

39. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	Carrying amount RM	AC RM	FVTPL RM
Financial assets			
31.12.2018			
Group			
Other investments	8,157,906	–	8,157,906
Trade and other receivables (excluding prepayment)	407,949,470	407,949,470	–
Cash and bank balances	252,635,237	187,518,366	65,116,871
Company			
Trade and other receivables (excluding prepayment)	187,552,273	187,552,273	–
Cash and bank balances	62,883,045	3,263,281	59,619,764

	Carrying amount RM	AC RM
Financial liabilities		
31.12.2018		
Group		
Trade and other payables	242,666,232	242,666,232
Short term borrowing	60,123,470	60,123,470
Company		
Trade and other payables	6,075,071	6,075,071

40. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended 31st December, 2019 and 2018.

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

40. CAPITAL MANAGEMENT (CONT'D)

	Group		Company	
	2019	2018	**2019**	2018
	RM	RM	**RM**	RM
Trade and other payables	**276,815,388**	242,666,232	**31,024,365**	6,075,071
Lease liabilities	**2,101,123**	–	**–**	–
Less: Net cash and bank balances	**(210,086,724)**	(192,511,767)	**(119,459,436)**	(62,883,045)
Net debt	**68,829,787**	50,154,465	**(88,435,071)**	(56,807,974)
Equity attributable to the owners of the parent, representing total capital	**1,070,953,107**	976,752,709	**703,683,974**	707,428,295
Capital and net debt	**1,139,782,894**	1,026,907,174	**615,248,903**	650,620,321
Gearing ratio	**6%**	5%	**0%**	0%

41. SEGMENT INFORMATION

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

(i) Construction - Main building construction works, provision of contract workmanship and other related services.

(ii) Manufacturing - Manufacturing, assemble, installation and sale of light fitting, furniture and kitchen cabinetry and related products.

(iii) Properties - Development of residential and/or commercial properties.

(iv) Investment - Investment holding companies.

(v) Others - Others dormant companies.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

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

41. SEGMENT INFORMATION (CONT'D)

31st December, 2019	Construction RM	Manufacturing RM	Properties RM	Others RM	Elimination RM	Total RM
Revenue						
External sales	1,006,300,275	354,031	48,621,717	–	–	1,055,276,023
Inter-segment sales	92,460,909	11,149,232	–	40,000,000 *	(143,610,141)	–
Total revenue	1,098,761,184	11,503,263	48,621,717	40,000,000	(143,610,141)	1,055,276,023
Results						
Segment results	164,112,565	5,035,770	11,228,052	39,266,187	(32,865,776)	186,776,798
Finance costs						(885,629)
Profit before tax						185,891,169
Taxation						(45,641,063)
Profit for the year						140,250,106
Assets						
Segment assets	859,948,024	90,013,442	138,042,671	740,585,168	(403,836,084)	1,424,753,221
Unallocated assets						–
Consolidated total assets						1,424,753,221
Liabilities						
Segment liabilities	446,901,242	81,887,695	123,785,092	53,184,642	(354,039,556)	351,719,115
Unallocated liabilities						–
Consolidated total liabilities						351,719,115
Other information						
Depreciation of property, plant and equipment	36,337,660	15,152	22,862	3,600	–	36,379,274
Depreciation of investment properties	31,470	–	–	–	–	31,470
Amortisation of intangible assets	32,420	–	–	–	–	32,420

41. SEGMENT INFORMATION (CONT'D)

31st December, 2018	Construction RM	Manufacturing RM	Properties RM	Others RM	Elimination RM	Total RM
Revenue						
External sales	967,832,646	1,489,624	99,439,430	–	–	1,068,761,700
Inter-segment sales	219,405,240	15,250,418	–	80,000,000 *	(314,655,658)	–
Total revenue	1,187,237,886	16,740,042	99,439,430	80,000,000	(314,655,658)	1,068,761,700
Results						
Segment results	156,077,761	5,713,097	24,976,395	77,890,683	(84,770,486)	179,887,450
Finance costs						(217,681)
Profit before tax						179,669,769
Taxation						(41,330,699)
Profit for the year						138,339,070
Assets						
Segment assets	875,858,304	115,376,726	107,402,743	722,380,102	(489,903,011)	1,331,114,864
Unallocated assets						–
Consolidated total assets						1,331,114,864
Liabilities						
Segment liabilities	585,234,565	111,181,449	61,812,582	28,233,127	(434,101,424)	352,360,299
Unallocated liabilities						–
Consolidated total liabilities						352,360,299
Other information						
Depreciation of property, plant and equipment	32,566,559	169,379	23,849	3,600	–	32,763,387
Depreciation of investment properties	46,898	–	–	–	–	46,898
Amortisation of intangible assets	31,120	–	–	–	–	31,120

* Mainly are dividend income from subsidiaries, which will be eliminated upon consolidation.

42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 10th January, 2019, the Company announced the completion of acquisition of 90% Yakin Land Sdn. Bhd. equity interest by Bazarbayu Sdn. Bhd.

(b) On 17th January, 2019, one of the Company's subsidiaries, Kerjaya Prospek (M) Sdn. Bhd. ("KPSB") has accepted a letter of award amounting to RM155 million from Aspen Entity Sdn. Bhd., an unrelated third party property developer, in respect of construction of main building for a proposed development project located on Lot PT 41466, Persiaran Bestari, Cyber 11, Cyberjaya, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan.

(c) On 12th February, 2019, KPSB has accepted a letter of award amounting to RM280 million from HCK Builders Sdn. Bhd., an unrelated third party property developer, in respect of construction of main building for a proposed development project located on Lot 74746, Persiaran Subang Permai, Subang Jaya, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan.

(d) On 23rd April, 2019, KPSB has accepted a letter of award amounting to RM438.80 million for construction of main building works for the proposed development project located at Lot 45770 (Lot Lama 433), 45771 (Lot Lama 434), 45772 (Lot Lama 435), 2915 and 2917, Jalan Puchong, Mukim Petaling, Wilayah Persekutuan Kuala Lumpur from Kerjaya Prospek Property Sdn. Bhd., a related party.

(e) On 19th June, 2019, KPSB has received a letter of award amounting to RM227 million from Enduring Power Sdn. Bhd., an unrelated third party company, in respect of construction of main building for a proposed development project located at Lot 1351 & 1377, Jalan Padang/Jalan Padang Walter Grenier Dan Sebahagian Simpanan Jalan, Seksyen 67, Bukit Bintang, Bandar Kuala Lumpur for AK Star Sdn. Bhd., the property developer of the project.

(f) On 7th August, 2019, KPSB has accepted a letter of award amounting to RM94.83 million from BBCC Development Sdn. Bhd., a joint venture company set up by Employees Provident Fund, UDA Holdings Berhad and Eco World Berhad, in respect of construction of main building for proposed development project located at Lot 20028 (PN 52924) and Lot 20029 (PN 52925), Seksyen 56 Off Jalan Hang Tuah/ Jalan Pudu, Kuala Lumpur.

(g) On 2nd October, 2019, KPSB has accepted a letter of award amounting to RM22.60 million from Bintang Holdings Sdn. Bhd., a member of the Low Yat Group of companies, in respect of construction of basement and earthworks for a proposed hotel development project located at Lot 129, 749 & 748, Seksyen 14, Bandar George Town, Jalan Sultan Ahmad Shah, DTL, Pulau Pinang.

43. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

(a) On 2nd January, 2020, KPSB entered into Sale and Purchase Agreement with Kerjaya Property Sdn. Bhd. (formerly known as Kerjaya Prospek Property Sdn. Bhd.) ("KPP"), a company owned by Datuk Tee Eng Ho and Mr. Tee Eng Seng, the major shareholders and Directors of the Company, for acquisition of two pieces of freehold agriculture lands located at GM 3564, Lot 698 measuring approximately 3.1869 hectare and GM 3565, Lot 703 measuring approximately 1.1255 hectare in Mukim of Serendah, Daerah Hulu Selangor for a total purchase consideration of RM10,011,110.

(b) On 13th January, 2020, KPSB has accepted a letter of award amounting to RM617 million from Aspen Vision City Sdn. Bhd., an indirect subsidiary of Aspen (Group) Holdings Limited and joint venture company between Ikea Southeast Asia, in respect of piling, pile cap works and main building works for a proposed residential and commercial development project located at Plot 21, Plot 22 and Plot 23, sebahagian Lot 282, Mukim 13, Seberang Perai Selatan, Pulau Pinang.

43. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END (CONT'D)

(c) On 20th January, 2020, KPSB has accepted a letter of award amounting to RM331.95 million from Patsawan Properties Sdn. Bhd., and indirect join venture company of Eastern & Oriental Berhad, a related party, with Mitsui Fudosan Asia Pte. Ltd., in respect of construction of main building works for a proposed development of 491 units serviced apartment located at Lot 393, Seksyen 63, Jalan Kia Peng, Kuala Lumpur.

(d) On 23rd January, 2020, KPSB has accepted a letter of award amounting to RM41.45 million from Tanjung Pinang Development Sdn. Bhd., an indirect subsidiary of Eastern & Oriental Berhad, a related party, in respect of contract works for execution and completion of infrastructure works comprising roadworks, water reticulation system, street lighting works and all associated works for the proposed Seri Tanjung Pinang Phase 2A Development ("STP2"), Daerah Timur Laut, Pulau Pinang.

(e) In response to the Covid-19 pandemic, the Government of Malaysia implemented the Movement Control Order ("MCO") on 18th March, 2020, which has since been extended and replaced with Conditional MCO and Recovery MCO up to 31st August, 2020. As a result, all construction projects were halted, and this has affected the construction progress and supply chains of the construction industry.

The Group obtained approval from Ministry of International Trade and Industry since 19th April, 2020 in stages to resume operations. Whilst the Group is taking steps to return to normalcy, it will take time to catch up on construction works and gradually operate with full workforce. With various adversities and challenges in the current market conditions, the Group's operations and financial performance will inevitably be impacted for the financial year ending 31st December, 2020.

The Group will continue to exercise prudence in its business dealings, reducing cost and will rely on its strong financial statements to address the adverse risk Covid-19 may have on the Group's operations and financial performance.

44. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current year financial year:-

	As Restated	As Previously Reported
	Group	
	RM	RM
Statement of profit or loss and other comprehensive income (Extract):-		
Other operating expenses	**13,127,387**	5,602,385
Finance costs	**217,681**	7,742,683
Statement of cash flows (Extract):-		
Net cash generated from operating activities	**80,547,473**	80,425,627
Net cash used in investing activities	**(44,208,082)**	(40,441,488)
Cash and cash equivalents	**163,203,230**	185,415,523
Deposit pledged with licensed banks	**25,978,887**	–

45. AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31st December, 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 11th June, 2020.

Top 10 List of Properties

as at 31st December, 2019

No	Address/ Location	Tenure	Area	Description/ Existing use	Approximate Age of Building	Net Carrying Amount RM'000	Date of Acquisition
1	Lot 12068, Pekan Klebang Seksyen 111, Melaka (Land)	Leasehold expiring in 2109	20,234 square metre	Vacant	4	4,840	1/6/2015
2	Unit No.10, Lot 9625 Sungai Buloh Batu 11, Jalan Kuala Selangor.	Leasehold expiring in 2068	918.77 square metre	Workshop	6	4,056	31/5/2013
3	Pajakan Mukim PM640 Lot No. 10492 , Tempat Batu 28 Ijok, Mukim Ijok District Kuala Selangor Negeri Selangor	Leasehold expiring in 2077	13,691 square feet	Factory	17	3,116	11/5/2011
4	No 14, Jalan Medini Timur 10, Bandar Medini Iskandar, 79250 Iskandar Puteri, Johor Darul Takzim. (Lot 284, Type B)	Leasehold expiring in 2110	2,249 square feet	Vacant	3	1,276	15/4/2015
5	No 12, Jalan Medini Timur 10, Bandar Medini Iskandar, 79250 Iskandar Puteri, Johor Darul Takzim. (Lot 285, Type B)	Leasehold expiring in 2110	2,249 square feet	Vacant	3	1,276	15/4/2015
6	No 5, Jalan Medini Timur 8, Bandar Medini Iskandar, 79250 Iskandar Puteri, Johor Darul Takzim. (Lot 268, Type B)	Leasehold expiring in 2110	1,756 square feet	Vacant	4	1,269	15/4/2015
7	Unit No.2-11-09, Type G1 (Elysia Park Residence)	Leasehold	1,236 square feet	Vacant	1	1,045	25/11/2019
8	A1-25-2, My habitat 3, Jalan Aman, Off Jalan Tun Razak, 55000 Kuala Lumpur.	Freehold	883 square feet	Vacant	8	906	2/3/2011
9	1088-22-02, Eco Terraces, Jalan Paya Terubong, 11060, Air Itam, Pulau Pinang.	Freehold	1,096 square feet	Vacant	1	901	8/7/2019
10	1088-20-02, Eco Terraces, Jalan Paya Terubong, 11060, Air Itam, Pulau Pinang.	Freehold	1,096 square feet	Vacant	1	890	8/7/2019

Analysis of Shareholdings

as at 29 May 2020

Class of Shares	:	Ordinary Share ("Shares")
Issued Shares	:	1,241,968,766 Shares
Treasury Shares	:	14,376,100 treasury shares held by the Company
Voting Rights of Share	:	One vote per shareholder on a show of hands or one vote per Share on a poll

ANALYSIS OF LISTED SECURITIES BY SIZE OF HOLDINGS AS AT 29 MAY 2020

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	320	11.64	12,514	0.00
100 to 1,000	384	13.97	200,992	0.02
1,001 to 10,000	1,348	49.04	5,193,610	0.42
10,001 to 100,000	521	18.95	15,195,491	1.24
100,001 to less than 5% of issued shares	172	6.26	315,572,356	25.71
5% and above of issued shares	4	0.15	891,417,703	72.62
Total	**2,749**	**100.00**	**1,227,592,666***	**100.00**

Note:

* Exclude a total of 14,376,100 treasury shares retained by the Company as per record of depositors as at 29 May 2020

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 29 MAY 2020

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

No.	Holder Name	No. of Shares	% of Issued Share Capital
1.	EGOVISION SDN BHD	529,381,464	43.12
2.	AMAZING PARADE SDN BHD	215,482,759	17.55
3.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR EGOVISION SDN.BHD. (SMART)	82,000,000	6.68
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	64,553,480	5.26
5.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT- AMBANK (M) BERHAD FOR AMAZING PARADE SDN BHD (SMART)	36,000,000	2.93
6.	HSBC NOMINEES (ASING) SDN BHD HSBC BK PLC FOR ASIA EX JAPAN EQUITY SMALLER COMPANIES (LXG HGIF)	21,951,040	1.79

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 29 MAY 2020 (CONT'D)
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

No.	Holder Name	No. of Shares	% of Issued Share Capital
7.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	20,274,800	1.65
8.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	18,263,820	1.49
9.	ONE PERMATANG SDN BHD	17,600,000	1.43
10.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS ISLAMIC SMALL-CAP FUND	13,840,200	1.13
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	12,374,360	1.01
12.	MAYBANK (NOMINEES) TEMPATAN SDN BHD NATIONAL TRUST FUND (IFM KENANGA)	9,970,200	0.81
13.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EGOVISION SDN. BHD. (ESS2. 7189-9)	9,793,522	0.80
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	7,779,340	0.63
15.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FOCUS FUND	7,776,560	0.63
16.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGES BANK (FI 17)	7,206,700	0.59
17.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	7,043,940	0.57
18.	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT SHARIAH PROGRESSFUND	6,835,600	0.56
19.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSMY FOCUS FUND	6,109,540	0.50
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH SIEW CHUON	5,929,314	0.48
21.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD	5,337,014	0.43
22.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	5,169,660	0.42
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ARIM)	4,540,000	0.37

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 29 MAY 2020 (CONT'D)

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

No.	Holder Name	No. of Shares	% of Issued Share Capital
24.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSEQUITY INCOME FUND	4,468,400	0.36
25.	HSBC NOMINEES (ASING) SDN BHD HSBC TUB AG FOR HSHK ASIAN SMALL CAPS (INKA MBH)	3,668,940	0.30
26.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY INCOME FUND	3,655,960	0.30
27.	AMANAH RAYA BERHAD	3,302,300	0.27
28.	LOO SOO LOONG	2,400,000	0.20
29.	LEMBAGA TABUNG HAJI	2,345,100	0.19
30.	LUM KWOK WENG @ LUM KOK WENG	2,321,000	0.19
	TOTAL	**1,137,375,013**	**92.65**

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

(AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 29 MAY 2020)

	No. of Shares held			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Datuk Tee Eng Ho	–	–	*2 872,657,745	*2 71.09
Tee Eng Seng	–	–	*2 872,657,745	*2 71.09
Datin Toh Siew Chuon	5,929,314	0.48	*2 872,657,745	*2 71.09
Khoo Siong Kee	22,220	*1 0.00	–	–
Lim Kien Lai @ Lim Kean Lai	174,000	0.01	–	–
Datuk Mohamed Razeek Bin Md Hussain Maricar	153,500	0.01	–	–

Notes:-

*1 Negligible

*2 Deemed interested by virtue of their interest in Egovision Sdn. Bhd. and Amazing Parade Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 29 MAY 2020)

	No. of Shares Held			
Name of Substantial Shareholdings	**Direct**	**%**	**Indirect**	**%**
Amazing Parade Sdn. Bhd.	251,482,759	20.49	–	–
Egovision Sdn. Bhd.	621,174,986	50.60	–	–
Datuk Tee Eng Ho	–	–	*1878,587,059	*171.57
Tee Eng Seng	–	–	*2872,657,745	*271.09
Datin Toh Siew Chuon	5,929,314	0.48	*2872,657,745	*271.09
Employees Provident Fund Board	69,093,480	5.63	–	–

Notes:-

*1 Deemed interested by virtue of his spouse's direct shareholding and his interest in Egovision Sdn. Bhd. and Amazing Parade Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

*2 Deemed interested by virtue of their interest in Egovision Sdn. Bhd. and Amazing Parade Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

DIRECTORS' SHAREHOLDINGS IN RELATED CORPORATION

(AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 29 MAY 2020)

	Direct		Indirect	
	No. of Ordinary Shares in Egovision Sdn. Bhd.	**%**	**No. of Ordinary Shares in Egovision Sdn. Bhd.**	**%**
Datuk Tee Eng Ho	30,001	25.00	–	–
Tee Eng Seng	60,002	50.00	–	–
Datin Toh Siew Chuon	30,001	25.00	–	–

ANALYSIS OF WARRANTHOLDINGS

as at 29 May 2020

No. of 2018/2023 Warrants Issued : 169,358,984
No. of 2018/2023 Warrants Outstanding : 169,358,984

ANALYSIS BY SIZE OF HOLDINGS AS AT 29 MAY 2020

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Size of Warrantholdings	No. of Holders	%	No. of Holdings	%
Less than 100	461	23.12	11,453	0.01
100 to 1,000	799	40.07	302,241	0.18
1,001 to 10,000	395	19.81	1,455,384	0.86
10,001 to 100,000	248	12.44	10,050,744	5.93
100,001 to less than 5% of issued warrants	89	4.46	38,540,380	22.76
5% and above of issued warrants	2	0.10	118,998,782	70.26
Total	**1,994**	**100.00**	**169,358,984**	**100.00**

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 29 MAY 2020

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

No.	Holder Name	No. of Holdings	%
1.	EGOVISION SDN BHD	84,705,679	50.02
2.	AMAZING PARADE SDN BHD	34,293,103	20.25
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	3,764,570	2.22
4.	ONE PERMATANG SDN BHD	2,400,000	1.42
5.	LUM KWOK WENG @ LUM KOK WENG	1,980,000	1.17
6.	PUA GEOK TAN	1,691,790	1.00
7.	TAI KOK WEI	1,508,000	0.89
8.	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LEE GEK	1,405,120	0.83
9.	SZE SEE CHUEN	1,266,000	0.75
10.	ANG KAH KEEM	1,251,300	0.74
11.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN TEONG HENG (CEB)	943,400	0.56
12.	LEE KOK GUAN	923,370	0.55

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 29 MAY 2020 (CONT'D)
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

No.	Holder Name	No. of Holdings	%
13.	CHIA SOW TECK	914,668	0.54
14.	CHONG MEEI FEN	903,000	0.53
15.	MAYBANK NOMINESS (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH SIEW CHUON	808,542	0.48
16.	TER LEONG SWE	772,500	0.46
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD TEE TIONG LAI	728,680	0.43
18.	YAP SWEE HANG	660,000	0.39
19.	YAP SWEE HANG	640,000	0.38
20.	LOO SOO LOONG	600,000	0.35
21.	WONG CHOONG LEONG	586,800	0.35
22.	NG CHEE THONG	574,900	0.34
23.	TAN LEE GEK	533,900	0.32
24.	TAI SHEAU YANN	500,000	0.30
25.	HO WEI FUN	406,220	0.24
26.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	384,360	0.23
27.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM AI CHOO (001)	370,000	0.22
28.	TEE YONG SHENG	365,480	0.22
29.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM KENANGA)	326,250	0.19
30.	TAN BOON KIAT	319,000	0.19
	TOTAL	**146,526,632**	**86.52**

Analysis of Warrantholdings
(Cont'd)

DIRECTORS' WARRANTHOLDINGS
(AS PER REGISTER OF DIRECTORS' WARRANTHOLDINGS AS AT 29 MAY 2020)

	No. of Warrants Held			
Name Director	**Direct**	**%**	**Indirect**	**%*2**
Datuk Tee Eng Ho	–	–	*1 118,998,782	*1 70.26
Tee Eng Seng	–	–	*1 118,998,782	*1 70.26
Datin Toh Siew Chuon	808,542	0.48	*1 118,998,782	*1 70.26
Khoo Siong Kee	3,030	0.00	–	–
Lim Kien Lai @ Lim Kean Lai	41,000	0.02	–	–
Datuk Mohamed Razeek Bin Md Hussain Maricar	10,500	0.01		

Note:-

*1 Deemed interested by virtue of their interest in Egovision Sdn. Bhd. and Amazing Parade Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

*2 Based on percentage of outstanding securities as at 29 May 2020

NOTICE TO SHAREHOLDERS

NOTICE OF THIRTY-SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Sixth Annual General Meeting of the Company will be held at Bloomsvale Sales Gallery, No. 137, Jalan Puchong, 58200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur on Monday, 3 August 2020 at 11.00 a.m. to transact the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 and the Reports of Directors and Auditors thereon.

2. To approve a final dividend of 2.0 sen per ordinary share and distribution of share dividend on the basis of one (1) treasury share for every hundred (100) ordinary shares in the Company for the financial year ended 31 December 2019. *Ordinary Resolution 1*

3. To approve the payment of Directors' fees of RM204,327 in respect of the financial year ended 31 December 2019. *Ordinary Resolution 2*

4. To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM50,000 from 3 August 2020 until the next annual general meeting of the Company. *Ordinary Resolution 3*

5. To re-elect the following Directors who retire in accordance with Article 90(1) of the Company's Constitution:-

   (i) Datuk Tee Eng Ho *Ordinary Resolution 4*
   (ii) Mr. Tee Eng Seng *Ordinary Resolution 5*

6. To appoint Messrs Ong & Wong as Auditors of the Company and authorise the Directors to determine their remuneration. *Ordinary Resolution 6*

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

   (A) PROPOSED RETENTION OF KHOO SIONG KEE AS INDEPENDENT DIRECTOR

   "THAT Khoo Siong Kee be and is hereby retained as Senior Independent Non-Executive Director of the Company and he shall continue to act as an independent director notwithstanding that he has been on the Board of the Company for a cumulative term of more than nine (9) years." *Ordinary Resolution 7*

   (B) PROPOSED RETENTION OF LIM KIEN LAI @ LIM KEAN LAI AS INDEPENDENT DIRECTOR

   "THAT Lim Kien Lai @ Lim Kean Lai be and is hereby retained as Independent Non-Executive Director of the Company and he shall continue to act as an independent director notwithstanding that he has been on the Board of the Company for a cumulative term of more than nine (9) years." *Ordinary Resolution 8*

(C) AUTHORITY TO ALLOT SHARES

Ordinary Resolution 9

"THAT subject always to the Companies Act 2016 ("Act") and the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to the Act, to allot shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being."

(D) PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Ordinary Resolution 10

"THAT subject always to the Companies Act 2016 ("**Act**"), provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant approvals, the Directors of the Company be and are hereby authorised to purchase the Company's ordinary shares ("**Shares**") through Bursa Securities, subject to the following:-

(a) The maximum number of Shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued Shares of the Company at any point in time;

(b) The maximum fund to be allocated by the Company for the purpose of purchasing its Shares shall not exceed the retained profits of the Company;

(c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:-

(i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

(iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in general meeting;

whichever occurs first;

(d) Upon completion of the purchase(s) of the Shares by the Company, the Shares shall be dealt with in the following manner as the Directors of the Company may decide:-

(i) cancel the Shares so purchased; or

(ii) retain the Shares so purchased as treasury shares; or

(iii) retain part of the Shares so purchased as treasury shares and/or cancel the remainder of the Shares/ treasury shares; or

(iv) distribute the treasury shares as dividends to shareholders; or

(v) resell the treasury shares or any of the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; or

(vi) transfer the treasury shares or any of the treasury shares for the purposes of or under an employees' share scheme; or

(vii) transfer the treasury shares or any of the treasury shares as purchase consideration; or

(viii) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe.

THAT the Directors of the Company be and are hereby authorised to take all such steps and enter into all agreements, arrangements and guarantees with any party or parties as are necessary to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares."

(E) PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT, subject to the Companies Act 2016 ("**Act**"), the Constitution of the Company and the Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries ("**Kerjaya Group**") to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ("**Related Parties**") as specified in Section 2.2.2 of Part B of the Circular to Shareholders dated 30 June 2020 in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Recurrent RPTs**") provided that such transactions are:- *Ordinary Resolution 11*

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the day-to-day operations;

(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(iv) are not to the detriment of the minority shareholders,

("RRPT Mandate").

AND THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) the authority is revoked or varied by ordinary resolution passed by the shareholders in general meeting; or

whichever is earlier; and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the RRPT Mandate."

8. To transact any other business of which due notice shall have been received.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a final dividend of 2.0 sen per ordinary share and distribution of share dividend on the basis of one (1) treasury share for every hundred (100) ordinary shares in the Company ("Share Dividend") for the financial year ended 31 December 2019, if approved by shareholders, will be paid or transferred on 28 August 2020 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 14 August 2020. Any fractions of the treasury shares shall be disregarded.

A Depositor shall qualify for entitlement only in respect of:-

(i) shares transferred to the Depositor's Securities Account before 4.00 p.m. on 14 August 2020 in respect of transfers; and

(ii) shares bought on Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

Subject to the approval of the Bursa Malaysia Depository Sdn. Bhd. ("Bursa Depository") for the transfer of treasury shares under the Share Buy-back Account by bulk transfer method of debiting and crediting, the treasury shares to be distributed under the Share Dividend will be credited into the entitled Depositors' Securities Accounts maintained with Bursa Depository on 28 August 2020.

BY ORDER OF THE BOARD

SEOW FEI SAN
MOK MEE KEE
Secretaries

Petaling Jaya
30 June 2020

Notes to the Notice of Thirty-Sixth Annual General Meeting ("36th AGM"):-

1. Proxy

1.1 For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming 36th AGM, the Company shall be requesting the Record of Depositors as at 27 July 2020. Only depositors whose names appear in the Record of Depositors as at 27 July 2020 shall be regarded as members and entitled to attend, speak and vote at the meeting.

1.2 A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and there is no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.

1.3 A member may appoint not more than two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

1.4 Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

1.5 Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

1.6 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing (or if such appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised or in some other manner approved by Directors).

1.7 The instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed or certified copy must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty eight (48) hours before the time for holding the meeting or any adjournment thereof.

2. Audited Financial Statements for the financial year ended 31 December 2019

The audited financial statements are laid before the members pursuant Section 340(1) of the Companies Act 2016 ("Act"). The members' approval on the audited financial statements is not required and the same is for discussion only hence, the matter will not be put for voting.

3. Ordinary Resolutions 2 and 3: Directors' fees and benefits payable to the Non-Executive Directors

Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 36th AGM on the Directors' fees and benefits in two (2) separate resolutions as below:-

- *Ordinary Resolution 2 on payment of Directors' fees to the Non-Executive Directors in respect of the financial year ended 31 December 2019; and*
- *Ordinary Resolution 3 on payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors from 3 August 2020 until the next AGM.*

The Directors' benefits payable to the Directors are essentially the meeting allowance for attendance of Board/ Board Committee meetings. The Directors' benefits from 3 August 2020 until the conclusion of the next AGM is estimated not to exceed RM50,000. The Board will seek shareholders' approval at the next AGM in the event the amount of the Directors' benefits is insufficient due to an increase in Board/Board Committee meetings and/or increase in Board size.

Details of the Directors' fees payable to the Non-Executive Directors for the financial year ended 31 December 2019 are disclosed in the Corporate Governance Overview Statement as contained in Annual Report 2019.

4. Ordinary Resolutions 4 and 5: Re-election of Directors

<u>Re-election of Directors who retire in accordance with Article 90(1) of the Company's Constitution</u>

Article 90(1) of the Company's Constitution provides that at the annual general meeting in every year, one-third of the Directors of the Company for the time being, or if the number is not a multiple of three, then the number nearest to one-third shall retire from office so that all Directors shall retire from office once at least in each three (3) years. A retiring Director shall retain office until the close of the meeting at which he retires. Also, a retiring Director shall be eligible for re-election pursuant to Article 91 of the Constitution.

At the forthcoming 36th AGM, 2 Directors will be retiring in accordance with Article 90(1) of the Company's Constitution. They are Datuk Tee Eng Ho and Mr. Tee Eng Seng who being eligible for re-election have given their consent for re-election at the 36th AGM.

5. Ordinary Resolutions 7 & 8: Proposed Retention of Independent Non-Executive Director

*The proposed Ordinary Resolutions 7 and 8 are proposed pursuant to Article 90(2) of the Company's Constitution and if passed, will allow Mr. Khoo Siong Kee ("**Mr. Khoo**") and Mr. Lim Kien Lai @ Lim Kean Lai ("**Mr. Peter Lim**") to be retained and continue to act as Independent Non-Executive Directors of the Company notwithstanding that they have been on the Board for a cumulative term of more than 9 years.*

The Board wishes to retain Mr. Khoo and Mr. Peter Lim as Independent Directors and therefore seeking the shareholders' approval at the forthcoming 36th AGM to retain them as Independent Directors. Subject to the shareholders' approval being obtained at the 36th AGM, Mr. Khoo and Mr. Peter Lim will not be redesignated as Non-Independent Non-Executive Director of the Company and will be subject to annual re-appointment by the shareholders at the next annual general meeting in year 2021.

Full details of the Board's justifications for the retention of Mr. Khoo and Mr. Peter Lim as Independent Directors are set out in the Corporate Governance Overview Statement as contained in Annual Report 2019.

For more information on the tenure of their directorships, please refer to table below:-

		Tenure of Directorship	
Name of Director	**Date of Appointment**	**As at the date of the 36th AGM**	**As at the date of the next AGM in year 2021**
Mr. Khoo	25.04.2011	9 years 3 months	10 years 1 month
Mr. Peter Lim	15.11.2011	8 years 8 months	9 years 6 months

6. ***Ordinary Resolution 9: Authority to Allot Shares***

The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to allot not more than 10% of the total number of issued shares of the Company subject to approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company. This authorisation will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

As at the date of printing of this Annual Report, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last Annual General Meeting held on 30 May 2019 and which will lapse at the conclusion of the 36th AGM.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, repayment of bank borrowing and/or acquisitions.

7. ***Ordinary Resolution 10: Proposed Renewal of Share Buy-back Authority***

The proposed Ordinary Resolution No. 10, if passed, will empower the Directors of the Company to purchase the Company's ordinary shares of up to ten percent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. Further information on the proposed renewal of share buy-back authority is set out in the Circular to Shareholders dated 30 June 2020, which is despatched together with the Notice of Annual General Meeting.

8. ***Ordinary Resolution 11: Proposed of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature***

The proposed Ordinary Resolution 11, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. Further information on the proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature is set out in the Circular to Shareholders dated 30 June 2020, which is despatched together with the Notice of Annual General Meeting.

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KERJAYA PROSPEK GROUP BERHAD

Registration No. 198401010054 (122592-U)
(Incorporated in Malaysia)

CDS Account No.

PROXY FORM

I/We ____
(FULL NAME IN CAPITAL LETTER AND I/C NO.)

of ____
(ADDRESS)

being a member/members of **KERJAYA PROSPEK GROUP BERHAD** (the “Company”) hereby appoint ________________

of ____
(FULL NAME IN CAPITAL LETTER AND I/C NO.)

____
(ADDRESS)

or failing him/her, ____
(FULL NAME IN CAPITAL LETTER AND I/C NO.)

of ____
(ADDRESS)

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-Sixth Annual General Meeting of the Company to be held at Bloomsvale Sales Gallery, No. 137, Jalan Puchong, 58200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur on Monday, 3 August 2020 at 11.00 a.m., or at any adjournment thereof and to vote as indicated below:-

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1	To approve the final dividend		
2	To approve the Directors’ fees		
3	To approve the Directors’ benefits		
4	To re-elect Datuk Tee Eng Ho as a Director of the Company		
5	To re-elect Tee Eng Seng as a Director of the Company		
6	To appoint Messrs Ong & Wong as Auditors of the Company		
7	To approve the proposed retention of Khoo Siong Kee as Senior Independent Non-Executive Director of the Company		
8	To approve the proposed retention of Lim Kien Lai @ Lim Kean Lai as Independent Non-Executive Director of the Company		
9	To approve authority to allot shares		
10	To approve the proposed renewal of share buy-back authority		
11	To approve the proposed shareholders’ mandate for recurrent related party transactions		

Please indicate with an “X” in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Dated this _________ day of ___________________ 2020

No. of ordinary shares held

____
Signature of Member / Common Seal

Notes:

1. *For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming 36th AGM, the Company shall be requesting the Record of Depositors as at 27 July 2020. Only depositors whose names appear in the Record of Depositors as at 27 July 2020 shall be regarded as members and entitled to attend, speak and vote at the meeting.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and there is no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.*
3. *A member may appoint not more than two (2) proxies to attend the meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“Omnibus Account”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing (or if such appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised or in some other manner approved by Directors).*
7. *The instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed or certified copy must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty eight (48) hours before the time for holding the meeting or any adjournment thereof.*

Fold this flap for sealing

Please fold here to seal

Please Affix
Stamp Here

The Company Secretary
KERJAYA PROSPEK GROUP BERHAD
Registration No. 198401010054 (122592-U)
802, 8th Floor, Block C
Kelana Square, 17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Please fold here to seal

TOGETHER, WE CAN.

KERJAYA
PROSPEK
GROUP
BERHAD
198401010054 (122592-U)

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