KERJAYA PROSPEK

KERJAYA PROSPEK GROUP BERHAD

(122592-U)

ANNUAL REPORT 2018

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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.*

Corporate *Information*

BOARD OF DIRECTORS

Datuk Tee Eng Ho
(Executive Chairman)

Datin Toh Siew Chuon
(Executive Director)

Tee Eng Seng
(Executive Director)

Khoo Siong Kee
(Senior Independent
Non-Executive Director)

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

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

Datuk Mohamed Razeek bin
Md Hussain Maricar
(Independent
Non-Executive Director)
(Appointed on 1 June 2018)

AUDIT COMMITTEE

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

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

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

NOMINATION COMMITTEE

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

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

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

REMUNERATION COMMITTEE

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

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

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

COMPANY SECRETARY

Seow Fei San
(MAICSA 7009732)

Mok Mee Kee
(MAICSA 7029343)

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 II
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 March 2019

KERJAYA PROSPEK
GROUP BERHAD
(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 Investment 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 Solution 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	:	54
Gender	:	Male
Date Appointed on Board	:	31 March 2011
Designation	:	Executive Chairman
Length of Service	:	8 years and 1 month
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 20 years of experience in Civil & Building Construction. He also privately owns a group of companies involved in property development and has undertaken various remarkable residential and mix development projects in Malaysia.
Board Skills Matrix	:	• Engineering • Business Management

Profile of Board of Directors (Cont'd)

TEE ENG SENG

Nationality	Malaysian
Age	49
Gender	Male
Date Appointed on Board	31 March 2011
Designation	Executive Director
Length of Service	8 years and 1 month
Board Committee	Nil
Present Directorship in Listed Entities	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 also privately owns a group of companies involved in property development and has undertaken various remarkable residential and mix development projects in Malaysia.
Board Skills Matrix	• Engineering • Business Management

Profile of Board of Directors (Cont'd)

DATIN TOH SIEW CHUON

Nationality	:	Malaysian
Age	:	52
Gender	:	Female
Date Appointed on Board	:	15 November 2011
Designation	:	Executive Director
Length of Service	:	7 years and 5 months
Board Committee	:	Nil
Present Directorship in Listed Entities	:	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 also privately owns a group of companies involved in property development and has undertaken various remarkable residential and mix development projects in Malaysia.
Board Skills Matrix	:	• Accounting & Finance Management • Engineering • Business Management

Profile of Board of Directors (Cont'd)

STEPHEN KHOO SIONG KEE, P.M.C

Nationality	:	Malaysian
Age	:	69
Gender	:	Male
Date Appointed on Board	:	25 April 2011
Designation	:	Senior Independent Non-Executive Director
Length of Service	:	8 years
Board Committee	:	• Audit Committee (Chairman) • Nomination Committee (Chairman) • Remuneration Committee (Chairman)
Present Directorship in Listed Entities	:	Nil
Membership in Professional Bodies / 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

Profile of Board of Directors (Cont'd)

LIM KIEN LAI @ LIM KEAN LAI

Nationality	Malaysian
Age	67
Gender	Male
Date Appointed on Board	15 November 2011
Designation	Independent Non-Executive Director
Length of Service	7 years and 5 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

Profile of Board of Directors (Cont'd)

PROFESSOR DATUK DR. NIK MOHD ZAIN BIN NIK YUSOF

Nationality	:	Malaysian
Age	:	72
Gender	:	Male
Date Appointed on Board	:	21 April 2008
Designation	:	Independent Non-Executive Director
Length of Service	:	11 years
Board Committee	:	• Audit Committee (Member) • Nomination Committee (Member) • Remuneration Committee (Member)
Present Directorship in Listed Entities	:	Nil
Academic/Professional Qualifications	:	• Bachelor of Arts (Honours) from the Universiti Malaya, Malaysia • Master of Arts from the University of Wisconsin, Madison, USA • PHD in Law from the University of Kent, Canterbury, United Kingdom
Working Experience	:	Professor Datuk Dr. Nik has vast local and international working experience through his years of involvement in various councils, committees and land settlement schemes. He was a past-Chairman of the Prime Ministers Quality Award committee for both the public sector and the socio-economy. He has also been the examiner for the Prime Ministers Quality Award and was the alternate chairman to the evaluation committee for public sector from 1996 to 1997. He was the Secretary General, Ministry of Land and Co-operative Development. He was a professor of Land Law at Universiti Teknologi Malaysia until January 2005. He is currently the Chairman of Yayasan Peneroka Negara, Malaysia and also an Adjunct Professor for Universiti Putra Malaysia. He also does occasional lectures and provides training at national and international seminars on land and property matters.
Board Skills Matrix	:	• Legal/Law • Business Management

Profile of Board of Directors (Cont'd)

DATUK MOHAMED RAZEEK BIN MD HUSSAIN MARICAR

Nationality	:	Malaysian
Age	:	61
Gender	:	Male
Date Appointed on Board	:	1 June 2018
Designation	:	Independent Non-Executive Director
Length of Service	:	10 months
Board Committee	:	Nil
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 (E&O 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

Profile of Board of Directors (Cont'd)

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 124 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 2018 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 except for Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof. 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

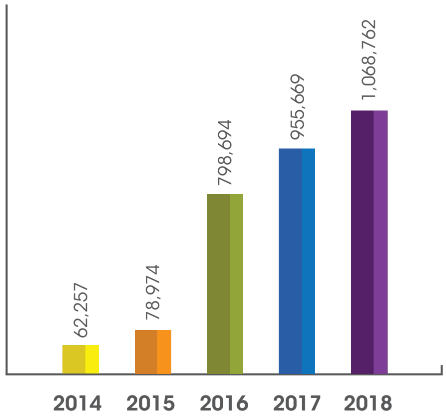
Datin Toh Siew Chuon
Executive Director

The profiles of the Executive Chairman and Executive Directors are outlined in their respective profile on page 4 to 6.

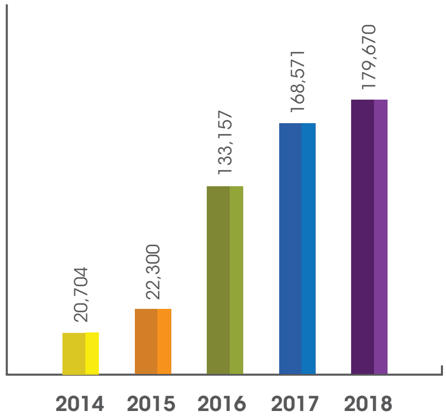
Group
Financial Highlights

	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Revenue	62,257	78,974	798,694	955,669	1,068,762
Profit before Taxation	20,704	22,300	133,157	168,571	179,670
Profit after Taxation and Minority Interest	15,372	16,138	99,624	124,740	138,199
Total Assets	113,839	158,406	1,057,440	1,184,654	1,330,512
Shareholder's Fund	94,040	108,319	761,834	877,750	976,753
Net Tangible Assets	94,040	108,319	409,143	526,425	623,598
	(Sen)	(Sen)	(Sen)	(Sen)	(Sen)
Net Tangible Assets per share	103.64	119.07	109.98	98.61	50.25
Basic Earning per share	16.94	17.74	26.78	23.37	11.13

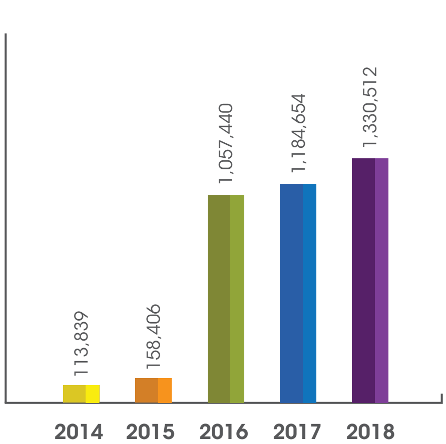
REVENUE (RM'000)



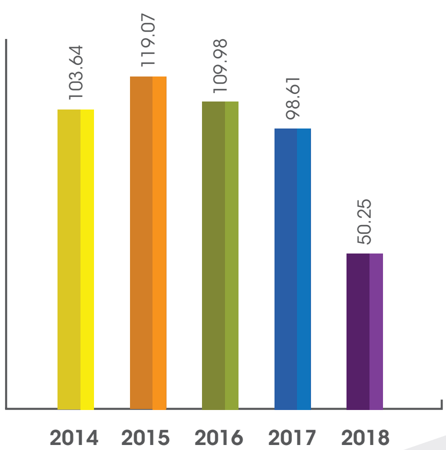
PROFIT BEFORE TAXATION (RM'000)



TOTAL ASSETS (RM'000)



NET TANGIBLE ASSETS PER SHARE (Sen)



Chairman's
Statement

Dear Shareholders,

On behalf of the Board of Directors ("Board") of Kerjaya Prospek Group Berhad ("Kerjaya Prospek" or the "Group"), I am honoured to present to you the annual report and audited financial statements of the Group for the financial year ended 31 December 2018 ("FYE2018").

A copy of this annual report is published on the Company's website at www.kerjayagroup.com as informed in our notice to you dated 30 April 2019.

FINANCIAL PERFORMANCE

I am pleased to report that the Group achieved another record year with a record net profit attributable to shareholders of RM138.2 million on the back of record revenue of RM1.07 billion, marking a milestone for breaching the RM1 billion mark. Our balance sheet remained robust as ever, with a net cash position of RM192.51 million and shareholders' funds of RM976.75 million. Moreover, our total contract wins for the year amounted to RM989.78 million amid the challenging economic landscape.

REVIEW ON OPERATIONAL ACTIVITIES

Despite challenging conditions such as the volatility of raw material prices, increased cost of labour and the increasingly competitive industry, Kerjaya Prospek managed to deliver record revenue and earnings and achieved its targeted order book for 2018, supported by our capable management team and the well-executed strategies to improve the Group's business operations across all our divisions. Our construction division remains the largest contributor to the Group's revenue, followed by property development and manufacturing divisions.

In the semi-annual review of the FTSE Bursa Malaysia Index Series, Bursa Malaysia Berhad and FTSE Russell announced ten new additions for the FTSE Bursa Malaysia Mid 70 Index ("Index") of which Kerjaya was one of the ten. The changes took effect from June 2018.

Kerjaya Prospek's selection was by virtue of being one of the highest-ranking companies by market capitalisation in the reserve list outside the Index's component stocks. Being a component stock of the Index means Kerjaya will be more recognised by investors and fund managers alike who will be tracking the company's developments closer. Most funds invest in indices' component stocks and hence, resulting in higher trading volume of Kerjaya shares.

In November 2018, the Group was selected as one of the companies qualified under Bursa Malaysia's Green Lane Policy (GLP). The selection was in recognition of Kerjaya's good standard of corporate governance conduct and disclosure practices. As a qualified company under the GLP, Kerjaya can now issue circulars to its shareholders without having to seek prior clearance from Bursa Securities. The exception would be circulars involving the more complex proposals such as major disposals and privatisations.

INDUSTRY PROSPECTS AND ECONOMIC OUTLOOK

The Malaysian economy registered a growth of 4.7% during the fourth quarter of 2018 which exceeded Bloomberg's estimate of 4.5%. For the full year, GDP grew by 4.7%, mainly driven by stronger growth in private consumption and the improvement in the commodity-related sectors. Due to global uncertainties such as the on-going US-China trade war, geopolitical concerns in the Middle East, global monetary tightening and oil price fluctuations, the World Bank lowered its GDP growth forecast for Malaysia in 2019 from 5.1% to 4.7%. The International Monetary Fund ("IMF") also revised Malaysia's growth rate downwards from 5% to 4.6% for 2019. Nonetheless, Bank Negara Malaysia ("BNM") expects the Malaysian economy to tread on a steady growth path supported by domestic and external demand.

The construction sector remains challenging as the Bursa Malaysia Construction Index (KLCON) declined by more than 50% in 2018, making it the worst-performing sector for the year. For 2019, the sentiment for the construction sector is looking more favourable as revival of some infrastructure projects is possible such as the East Coast Rail Link ("ECRL") project, indicating a strong catalyst to the overall sector. Pending the revival of these projects, investors have taken the wait-and-see approach as the construction sector continues to face uncertainties. The construction sector is expected to grow at a moderate pace with a forecast of 4.9% growth on the back of revival of certain infrastructure projects coupled with increase in new planned supply in the affordable homes and industrial segments.

Moving forward, since we specialised in the construction of high-rise buildings, the Group is looking to expand into the infrastructure works segment. This will be one area in which Kerjaya Prospek will be aggressively looking into.

APPRECIATION

On behalf of the Board of Directors, I would like to extend my appreciation to our clients, business partners, associates, bankers, shareholders and the respective regulatory authorities for their valued contribution to the Group's success. I would also like to express my gratitude to the management and staff of Kerjaya Prospek for their relentless hard work and commitment to the Group. Last but not least, I would like to thank my fellow Board members for their sound advices and able stewardship of the Group. Together, we can achieve great things.

Yours faithfully,

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 "Group"), it is our pleasure to present you the annual report and audited financial statements of the Group for the financial year ended 31 December 2018 ("FYE2018").

OVERVIEW

Kerjaya Prospek was founded in 1984, primarily focused on design, manufacturing & marketing of lighting products and premium kitchen cabinetry. Through the years, the Group expanded into building construction, project management, property development, interior fit-out and miscellaneous construction related services for the premium residential property.

Today, Kerjaya Prospek is one of the leading construction players with clientele of reputable developers. The Group is also involved in three property development projects. Vista Residences at Genting Permai was completed and subsequently handed over to the buyers in Q1 2019. Another 2 new projects in the pipeline are located in Shah Alam and Mont Kiara.

Kerjaya Prospek was included in Forbes Asia's Best Under A Billion list in 2017. The Group also added another feather to its cap when it won the Gold Award in The Edge Billion Ringgit Club for two consecutive years 2017 & 2018, for attaining the highest return to shareholders over three years under the Construction category. In addition, the Group also won the Best Main Contractor title in the Prestigious Developer Awards 2017 by Property Insight.

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

OBJECTIVES AND STRATEGIES

Over the years, the construction industry has become increasingly competitive as many contractors compete on prices. This makes margins very thin and leave no room for error. However, Kerjaya Prospek does not compete on prices. We focus on our superior expertise of constructing high-rise premium projects while delivering professionalism, efficiency and quality. We have proven ourselves in the industry and have longstanding relationships with all the premium developers in the country.

We carry out all our projects with the same importance and interest as we ensure that every project we undertake is completed on-time, within budget and of the highest quality. These traits are very important in the "premium" development segment. As a result of our performance, our clients have full confidence in our ability to execute any project.

Management Discussion & Analysis (Cont'd)

As a contractor, Kerjaya Prospek had foreseen that high labour demand in the construction sector would not be sustainable and hence an alternative method needs to replace or minimise our reliance on labour.

Today, the Group invested in many "Industrialised Building System" ("IBS") to reduce our reliance on labour and increase efficiency and quality at the same time. For high-rise focus contractor like us, this system enables us to complete projects with the desired quality, faster completion and with less manpower required on 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 such factors, amongst others, contribute and help us to achieve above average industry construction margin.

Moving forward, the Group is expected to stay on its course and remain focus on the key areas of competency and ride out the challenging environment.

REVIEW OF FINANCIAL PERFORMANCE

For FYE2018, the Group achieved a record revenue of RM1.07 billion as compared to its preceding period of RM955.67 million, translating to a commendable increase of 11.83% while the Group reported a higher profit before tax ("PBT") of RM179.67 million, an increase of 6.58% as compared to FYE2017 of RM168.57 million. The Group's profit after tax ("PAT") came in at RM138.34 million, registering an increase of 9.73% as compared to RM126.07 million in the previous financial year. The commendable increases in the top and bottom line were mainly contributed by the construction division, followed by property development and manufacturing divisions.

As at 31 December 2018, our balance sheet remained robust with a net cash of RM192.51 million. The Group has been in a net cash position since 2012 and therefore only incur minimal interest expenses. This allows the Group to strategically invest in assets / equipment that will further expand Kerjaya Prospek's capabilities and services to grow the Group's business.

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 division remains as the main revenue contributor, accounting for 90.56% of the Group's revenue. For the year under review, the construction division reported a revenue of RM1,187.24 million before inter-company elimination as compared to the corresponding year of RM1,108.83 million, representing an increase of 7.07%. This segment's profit was RM158.78 million, a marginal decrease of 1.80% as compared to RM161.69 million in FYE2017.

For 2018, the Group has secured a total contract wins of approximately RM989.78 million despite the challenging market conditions. Subsequent to the beginning of 2019, the Group's year-to-date contracts awarded amounted to RM873.78 million. The construction contracts were awarded by several notable developers such as BBCC Development Sdn Bhd, Tanjung Pinang Development Sdn Bhd, Nusmetro Group, PPB Group Berhad and HCK Capital Group Berhad.

As of now, the Group currently has 24 on-going construction projects with an outstanding order book of approximately RM3.02 billion as at 31 December 2018. This huge order book will continue to provide clear earnings visibility for next few financial years.

Management Discussion & Analysis (Cont'd)

PROPERTY DEVELOPMENT DIVISION

Despite the lacklustre market conditions, the Group's property development division managed to report a higher revenue of RM99.44 million as compared to RM75.51 million in FYE2017, registering an increase of 31.69%. This division's profit was also 26.26% higher, amounting to RM24.98 million as compared to RM19.78 million in the previous financial year. This division contributed approximately 9.30% to the Group's revenue due to the increased execution of sales and purchase agreements.

The Group's maiden development project, Vista Residences @ Genting Highlands was launched in January 2016 and was completed by the end of 2018. As at 31 December 2018, Vista Residences has achieved a take-up rate of more than 90% while remaining balance consists of commercial units. Vista Residences, which sits on 1.4 acres of land, has a gross development value ("GDV") of approximately RM300 million.

The Monterez project which is located in Shah Alam, bears a GDV of approximately RM300 million and is scheduled to be launched in 2019. 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 housing development project, scheduled to be launched in 2019, with a GDV of approximately RM450 million.

MANUFACTURING DIVISION

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

The manufacturing division registered a higher revenue of RM1.49 million as compared to its preceding year of RM0.47 million, translating to an increase of 217.19%. Its profit was RM5.71 million, an increase of 186.97% as compared to the RM1.99 million recorded in the previous financial year. This division primarily complements the Group's construction business and the Group has no intention of expanding this division.

CORPORATE ACTIVITIES

On 3 January 2018, the Board announced a proposal to undertake a bonus and warrant issue on the basis of 6 free bonus shares for every 5 existing ordinary shares held and 6 free bonus warrants for every 20 existing ordinary shares held. This proposal was subsequently approved in a shareholders' extraordinary meeting held on 12 February 2018. In the circumstances, the enlarged share capital of Kerjaya Prospek will therefore increase from 564,531,382 ordinary shares to 1,241,968,766 ordinary shares and together with the issued warrants on a fully diluted basis, the Group's share capital will expand to 1,411,327,750 ordinary shares.

On 12 April 2018, the Group was awarded a contract by BBCC Development Sdn Bhd for works in a mixed development project located at Lot PT143, Seksyen 56 at Jalan Hang Tuah/Jalan Pudu, Kuala Lumpur for a contract sum of RM357.3 million.

On 13 April 2018, the Board announced a proposal for a share buy-back of up to 10% of issued and paid capital which has been approved by shareholders during the 34th Annual General Meeting ("AGM"). For FYE2018, Kerjaya Prospek has accumulated 6,834,700 shares, representing 0.55% of the total issued shares of the listed issuer.

On 5 June 2018, the Group was awarded a contract by Tanjung Pinang Development Sdn Bhd for the construction works of a marine bridge linking Jalan Seri Tanjung Pinang on the Penang island to Seri Tanjung Pinang Phase 2 ("STP2") for a contract sum of RM138.6 million.

On 11 October 2018, the Group acquired a 90% stake in Yakin Land Sdn Bhd to develop the latter's 4.5 acres freehold land. The estimated GDV is RM450 million. 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 26 November 2018, the Group was awarded two contracts by Nusmetro Group. One for the construction of substructure works for a commercial development located in Mont Kiara while the other is for the construction of main building for a proposed commercial development project located in Cheras. Both contracts amounted to RM282.25 million.

On 4 December 2018, the Group accepted the letter of award from a subsidiary of PPB Group Berhad for the construction works for a proposed mixed development project located at Jalan SS24/9 Mukim Sungai Buloh in Petaling Jaya for a contract sum of RM211.6 million.

On 17 January 2019, the Group was awarded a contract by a subsidiary of HCK Capital Group Berhad for the construction works of a proposed development project located on Lot PT 41466 Persiaran Bestari in Cyberjaya for a contract sum of RM155.0 million.

On 12 February 2019, the Group was granted a contract by another subsidiary of HCK Capital Group Berhad to undertake main building works for a proposed project located at Lot 74746, Persiaran Subang Permai, Subang Jaya for a contract sum of RM280.0 million.

DIVIDEND

On 13 April 2018, the Board of Directors proposed a single-tier final dividend of 0.5 sen per ordinary share. This is in respect of FYE2017. This was duly tabled and approval at the AGM on 28 May and subsequently paid on 10 July 2018.

The Group then announced an interim dividend of 1.5 sen per ordinary share, based on the enlarged share capital after the completion of the 6-for-5 bonus issue. This was in respect of FYE2018. The dividend was subsequently paid out to the shareholders on 30 October 2018.

A single tier final dividend of 2.0 sen per ordinary share was proposed by the Board of Directors on 12 April 2019 and will be tabled for shareholders' approval during the forthcoming Annual General Meeting.

MOVING FORWARD

Global economic growth is expected to slow down to 3.6% in 2019 as compared to 2018's growth of 3.8% on the back of tighter monetary policy, weaker earnings and political challenges confronting the world's major economies. On the domestic front, Ministry of Finance forecasted Malaysia to grow by 4.9% in 2019 against the backdrop of resilient private consumption, improvement in the commodity-related sectors as well as positive growth of net exports.

As for the country's construction sector, 2019 is expected to be a less volatile year as the revival of mega projects such as HSR and MRT 3 will likely only happen from mid-2020 onwards. Nonetheless, there are still pockets of opportunities from the Pan Borneo Sabah and Penang Transport Master Plan, Klang Valley Double Tracking 2 and other social amenity projects. The revival of the ECRL project is still uncertain but if revived, it will provide an added path for contractors to grow their order books. Regardless, the industry has to adjust to a new norm of lower margins and more intense competition. Kerjaya Prospek is confident of performing well despite all these disruption to the sector. Also, the Group does not rely on government projects for growth.

The property market has been facing headwinds in the past couple of years. It is apparent that investors are cautious on the outlook of the sector, leading to the market's focus on affordable housing. Nonetheless, the Group expects sentiments to improve particularly in the residential property market as Budget 2019's policies are expected to strengthen demand, especially among the first-time homebuyers.

The Group is optimistic in weathering the ongoing slowdown and the poor market sentiment as evident by our outstanding construction order book of RM3.02 billion as at 31 December 2018. The Group is confident in securing more contracts in the future to replenish the order book and will continue to work diligently on the delivery of our existing projects. This will pave the way to provide sustainable earnings growth and create immense value for our shareholders.

The Board and management are confident of maintaining earnings growth supported by an outstanding order book of RM3.02 billion as at 31 December 2018.

APPRECIATION

On behalf of the Board of Directors, I would like to express our heartfelt thanks to the shareholders, bankers, customers and suppliers for their endless support and confidence in the Group. I would also like to thank the Directors, management and staff for their contributions to the Group, which are essential to the Group's success and better positioning to the challenges ahead.

Yours faithfully,

DATUK TEE ENG HO
Executive Chairman

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 of the Group during the financial year ended 31 December 2018 ("**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 April 2019. 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 deemed 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.

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

(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. Given that there is a majority 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 regards 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 understand 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 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 Chairman, the Chief Executive, the Board, each Board Committees and the Management. 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 2019. 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 practice 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.

(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:

	Number of Meetings Attended by Directors
Directors	
Datuk Tee Eng Ho	5/5
Tee Eng Seng	5/5
Datin Toh Siew Chuon	5/5
Khoo Siong Kee	5/5
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof	5/5
Lim Kien Lai @ Lim Kean Lai	5/5
Datuk Mohamed Razeek bin Md Hussain Maricar (appointed on 1 June 2018)	2/2

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

(vi) Board Meeting Attendance and Directors' Training (cont'd)

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	• Invest Malaysia 2018 – The Capital Market Conversation	23 & 24 January 2018
Tee Eng Seng	• Land Related Laws in Property Development	24 & 25 October 2018
Datin Toh Siew Chuon	• ESG Seminar for FTSE4Good Bursa Malaysia Index	6 August 2018
Khoo Siong Kee	• National Tax Conference 2018 • Conversation with Auditors of Public Interest Entities and Schedule Funds • MFRS 15, Revenue from Contracts with Customers –No Longer Business As Usual • Biological Assets Point of Interest (MFRS 141 & MPERS S34) • The Independent Directors' Programme : The Essence of Independence • Seminar Percukaian Kebangsaan 2018	16 & 17 July 2018 16 August 2018 24 September 2018 3 October 2018 29 October 2018 22 November 2018
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof	Trainings Attended:- • Konvensyen Rakyat : Menelusuri Akar Umbi Ke Arah Perpaduan Ummah • 14th NAPREC Conference 2018 Trainings Conducted:- • Affordable Housing Conference 2018 : Meeting the Needs, Building Opportunities for Sustainable Affordable Housing for the Nation • 5th Malaysia Land Conference : Solving the Puzzle of Modern Land Issues & the Way Forward	 8 March 2018 4 September 2018 25 & 26 July 2018 24 & 25 October 2018
Lim Kien Lai @ Lim Kean Lai	• International Professional Practices Framework for Audit Committee • Case Study Workshop for Independent Directors "Rethinking Independent Directors : Board Best Practices" • The Independent Directors' Programme : The Essence of Independence	28 August 2018 5 September 2018 29 October 2018

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
Datuk Mohamed Razeek bin Md Hussain Maricar* (Appointed on 1 June 2018)	Nil	-

** Datuk Mohamed Razeek bin Md Hussain Maricar did not attend any training programmes during the 6 months period from his date of appointment on 1 June 2018 to 31 December 2018 but has attended trainings subsequent to the Financial Year.*

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 seven (7) Directors with a mixture of suitably qualified and experienced professionals. In line with Practice 4.1 of the MCCG where it encourage large companies to have at least half of the Board members comprises independent directors, the Board had on 1 June 2018 appointed an additional Independent Non-Executive Director, namely Datuk Mohamed Razeek bin Md Hussain Maricar ("**Datuk Razeek**") to increase its number of Independent Directors from 3 directors to 4 directors. The appointment of Datuk Razeek was nominated by the management and duly reviewed by the Nomination Committee. Further details on Datuk Razeek's appointment is disclosed in the Nonimation Committee Report on page 40 of this Annual Report. Having majority Independent Directors on Board would help in alleviating boardroom dominance and stereotype discussions and complacency.

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 majority of Independent Non-Executive Directors on the Board. Each Directors demonstrating their own skillsets, commitment and functional experiences.

On an annual basis, the Nominating 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 Directors is required to confirm their independence by giving the Board a written confirmation of their independence. In addition, consideration would also be given to assess whether the independent directors are able to act independently of management and free from any business or other relationship.

Corporate Governance Overview Statement (Cont'd)

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

(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 new Constitution, which was approved by the shareholders at the last annual general meeting:-

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, the annual re-appointment of Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof ("**Professor Datuk Dr. Nik**"), who has served the Board for a cumulative term of nine (9) year, as independent director, was approved by the members. At the forthcoming 35th AGM, Professor Datuk Dr. Nik (serving the Board for 11years at the time of issuance of this statement), who is due for retirement by rotation, will not be seeking for re-election. Professor Datuk Dr. Nik will accordingly retire at the closed of the 35th AGM of the Company. Although the Company does not have a policy which limit the tenure of its Independent Directors, the foregoing demonstrate compliance with MMCG where large companies are not encouraged to retain an independent director for a period of more than twelve (12) years.

In accordance with Article 90(2) of the Company's Constitution, the Board will be seeking members' approval at the forthcoming 35th AGM to retain Mr. Khoo Siong Kee ("**Mr. Khoo**") as Independent Director. Mr. Khoo was appointed to the Board as Independent Director on 25 April 2011. At the date of issuance of this Annual Report, Mr. Khoo has served on the Board for a period of 8 years and his term of full 9 years falls on 25 April 2020. The Board wishes to retain Mr. Khoo as Independent Director after 25 April 2020 and is therefore seeking members' approval at the forthcoming 35th AGM for retaining him as Independent Director (in view that the next annual general meeting of the Company is expected to be held in May/June 2020). Subject to the members' approval being obtained at the 35th AGM, Mr. Khoo will not be redesignated as Non-Independent Non-Executive Director of the Company on 25 April 2020 and will be subject to annual re-appointment by members at annual general meeting. The Board's justification for retaining Mr. Khoo as Independent Director are as follows:-

- He has fulfilled the criteria under the definition of Independent Director as stated in the MMLR;

- He 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.

- He has continued demonstrated his independence, integrity and due care during Board meetings; and

- He had not entered into any related party transactions with the Group.

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

(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 and has a female Executive Director in the Board (i.e. 14% women directors). To achieve 30% women directors on Board as recommended in the MCCG for large company, the Board will require to add one (1) more women 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	2	2	–	–	4	–	4	–

Age Group	40 - 49 years	50 - 59 years	60 - 69 years	70 - 79 years
Executive Director	1	2	–	–
Independent and Non-Executive Director	–	–	3	1

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

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

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

(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 evaluation is done 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 Nominating Committee for review in due course. For good corporate governance, the Nomination Committee did not review its own effectiveness and the performances 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.

The results of the annual assessment on 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 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.

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

(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 RM208,480. 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 31 May 2019 until the next annual general meeting of the Company.

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

Received from Subsidiaries	EXECUTIVE DIRECTORS		
	Datuk Tee Eng Ho (RM'000)	Datin Toh Siew Chuon (RM'000)	Tee Eng Seng (RM'000)
Directors' Fee	–	–	–
Meeting Allowances	–	–	–
Salaries	1,587	1,022	1,022
Bonus	492	317	317
Benefits-in-Kind	24	17	24
Other Emoluments	251	162	162
Total	**2,354**	**1,518**	**1,525**

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 (RM'000)	Datuk Mohamed Razeek bin Md Hussain Maricar (Appointed on 1/6/18) (RM'000)
Directors' Fee	72.6	55.4	55.4	25
Meeting Allowances	6.5	6.5	6.5	1
Salaries	–	–	–	–
Bonus	–	–	–	–
Benefits-in-Kind	–	–	–	–
Other Emoluments	–	–	–	–
Total	**79.1**	**61.9**	**61.9**	**26**

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

(xi) Remuneration Committee and Remuneration of the Board & Senior Management

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
RM1,500 – RM1,550		√	√
RM2,350 – RM2,400	√		

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 possess 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, External Auditors and Internal Auditor updated the Audit Committee on changes to the accounting standards to ensure the Audit Committee members are keep abreast with latest developments in the statutory and accounting requirements.

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 also 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.

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

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.

At beginning of the Financial Year, the Internal Audit Function is carried out by IA Essential Sdn. Bhd. an outsourced internal audit consulting firm. IA Essential is independent of the Board and the audit personnel assigned to the task are free from any relationships or conflict of interest which could impair their objectivity and independence. The internal audit function by IA Essential Sdn. Bhd. headed by its director who is assisted by a manager and supported by an audit executive. The director in-charge is a qualified accountant while the rest of the team members are accounting graduates from local universities. The Internal Auditors have performed its work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.

During the Financial Year, the Board via the recommendation of the Audit Committee has changed its internal audit service provider. The current internal audit consulting firm is Axcelasia Columbus Sdn. Bhd. 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 Relation" 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 have been identified as the investor contact persons 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 12 April 2019.

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

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.

RISK MANAGEMENT

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.

The Group has enhanced its Enterprise Risk Management ("ERM") framework during the year, focus on the components of risk reporting structure; reporting frequency; types and contents of risk reporting. A group-wide risk management policy statement was drawn up to communicate the Board's expectations on risk management implementation throughout the Group.The Group has also performed a risk assessment on the strategic perspective and the construction operation via a facilitated brainstorming workshop. 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 ISO31000 on Risk Management which is an internationally recognised risk management framework.

The Group's present key focus for its construction division is on manpower, machineries and quality delivery where it intends to improve efficiency, quality, timely delivery and value proposition to the market. With respect to its property development arm, the focus areas are to deliver market driven projects with the intended quality, ensuring their timely completion and achieving its targeted sales. By focusing and managing these risks, the Group intends to achieve its long term growth objective and meet expectations of the market and stakeholders.

INTERNAL CONTROLS

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

(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 Director 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.

The Board has engaged a professional internal audit service company to assist the Board in reviewing and strengthening the Group systems of internal control. The Internal Audit Function 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 review 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.

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 2018. 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 ASSURANCE 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 12 April 2019.

Audit Committee
Report

The Audit Committee of Kerjaya Prospek Group Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2018 ("Financial Year").

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

1. COMPOSITION AND MEETINGS

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

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

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

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

The External Auditors were present at four (4) AC meetings held during the Financial Year whereas the Internal Auditors were present at two (2) 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 THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

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

(1) Reviewed the Company's quarterly financial report through discussions with Management before recommending to the Board for 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 Auditor 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 standards i.e. MFRS 9, Financial Instruments and MFRS 15, Revenue from Contracts with Customers.

(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.

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

(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.

(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.

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

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

The Internal Auditor prepare and table the Internal Audit Plan for the consideration and approval of the AC. It conducts independent reviews of the key activities with the Group's operations based on the audit plan approved by the AC. During the Financial Year, the Internal Auditor have carried out the field audit works covering the subsidiary, Kerjaya Prospek (M) Sdn. Bhd. in relation to its Bukit Bintang City Centre Project 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 costs incurred in maintaining the outsourced the internal audit function for the Financial Year is RM24,000.

5. OTHER INFORMATION

The Nomination Committee had at its meeting held in 13 April 2018 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 with the AC's Terms of Reference. The result of the assessment was reported to the Board and the Board is in concurrence with the 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)
	:	Mr. Lim Kien Lai @ Lim Kean Lai (Independent Non-Executive Director)

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 2018 ("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 Director

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.

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.

Nomination Committee Report (Cont'd)

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

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 Board

During the Financial Year, Datuk Mohamed Razeek bin Md. Hussain Maricar ("**Datuk Razeek**") was appointed to the Board as Independent Non-Executive Director.

The appointment of Datuk Razeek was nominated by the Management as part of its effort to enlarge the board size of 6 Board members by increasing the number of independent directors from 3 to 4 independent directors in compliance with the recommendation of the Malaysian Code on Corporate Governance requiring the board of "large company" to have more than 50% independent directors.

The Nomination Committee has assisted the Board in assessing the suitability of Datuk Razeek, a candidate recommended by the Management, for appointment as independent director. The Nomination Committee has reviewed the independence of Datuk Razeek and noted that Datuk Razeek had no family relationship with any directors and/or major shareholders of the Company. The Nomination Committee also noted Datuk Razeek's disclosure on his interest in securities of the Company, which is negligible. The other criteria included in the assessment were Datuk Razeek's academic background, career, experience, skillset, knowledge and expertise. The Nomination Committee was impressive with Datuk Razeek's career achievements, spanning over 36 years in the corporate, construction and property industries, including a few Malaysian conglomerates. Satisfied with the assessment, the Nomination Committee recommended the appointment of Datuk Razeek as Independent Director of the Company to the Board as the Nomination Committee believed that Datuk Razeek who had vast experiences in property and construction would be able to contribute positively to the Board and the Company.

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 a 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 *Statement*

Commitment to Sustainability

Kerjaya Prospek Group Berhad ("KPGB" or "the Group") has evolved with the changing corporate landscape over the years. As part of our commitment to grow our businesses in a sustainable manner, we embark on our initial set of sustainable values, which would create positive impact towards a wide range of stakeholders - our shareholders, customers business partners, employee and the communities. In 2018, our sustainability efforts focused on delivering value and contributing to a better community living for our society, our employees and our residents.

The Sustainability Statement ("the Statement") is our second year of reporting sustainability as guided by Global Reporting Initiative (GRI") and in accordance with the listing requirement of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Statement highlights sustainability risks, opportunities and material issues relevant to our stakeholders, our strategy in managing these risks, opportunities and issues, and our achievements from sustainability key indicators.

The scope of this statement includes our construction, property and manufacturing operations, all located in Malaysia. The Statement covers a reporting period from 1 January 2018 to 31 December 2018.

This Sustainability Statement is available to all stakeholders in hard copy upon request. The statement can also be downloaded from our corporate website at http://www.kerjayagroup.com.

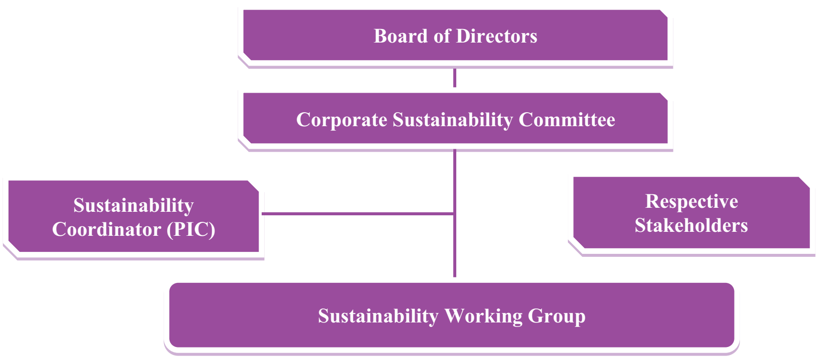
The risks and opportunities are specifically explained in Management Discussion & Analysis and the processes involved are covered under Statement of Risk Management and Internal Controls sections.

Sustainability Governance

We recognise that a strong sustainability governance structure is imperative and key to a sustainable business. In FYE2017, we established a formal sustainability committee. We have developed our Sustainability Working Group comprising Heads of Department, Head of Business Units, Senior Management and Group Sustainability Coordinator. The Sustainability Working Group reports to the Corporate Sustainability Committee and ultimately reports to the Board of Directors on sustainability matters and activities.

The Corporate Sustainability Committee comprises of members of KPGB's Executive Directors and Project Directors and is chaired by the Executive Chairman, whose responsibilities include overseeing the formulation, implementation and effective management of the sustainability matters in line with the Group strategies. The Board on the other hand, has the ultimate responsibility to ensure that the sustainability efforts are embedded in the strategic direction of the Company.

Our sustainability governance structure is summarised as follows:



Key stakeholders

We define our stakeholders in accordance with Bursa Malaysia's Sustainability Reporting Guide of which stakeholders are defined as any individuals, community and entities that may be impacted by KPGB's business operation.

Sustainability Governance (cont'd)

Key stakeholders (cont'd)

These stakeholders were identified through several discussions held with key senior management and the Board. The following table describes our stakeholders and how we engage with stakeholders:

No	Stakeholders	Description	Method of Engagement
1.	Shareholders/ investors	Investors provide the Group with the financial capacity for business operation and growth. Key to engage with shareholders continuously ensuring they understand the Group's operation, strategies and business growth.	• Annual General Meeting • Annual Reports • Bursa Malaysia announcements
2.	Customers	• Property: House buyers / commercial properties buyers / land buyers, tenants and our new buyers. • Construction: owners and main contractors • Kitchen cabinetry and Lighting: House – owners, commercial and contractors	• Daily through various channels such as e-mails, site visits, social media and brochures • Corporate events
3.	Financiers/ banks/ analysts	Funds and information providers	• Annual General Meetings • Extraordinary general meetings • Media announcements • Corporate interviews • Facility review
4.	Government ministries, local authorities, municipalities and other government linked entities	Government ministries and local authorities set the legal framework on our businesses. We engage them to ensure compliance with the regulatory framework established by them.	• Periodic meetings • Regulatory compliance • Briefing and trainings • Meeting with various regulators • Compliance with the rules and regulations
5.	Industry associations and Non-Governmental organisations	The Group participates and engages with industry associations, academia and NGOs to establish good working relationships and to deliver mutual benefits. Among industry associations we involved in are: • Real Estate and Housing Developers' Association Malaysia (REHDA) • Fédération Internationale des Administrateurs de Bien-Conseils Immobiliers - The International Real Estate Federation ("FIABCI") • Construction Industry Development Board (CIDB)	• Meetings • Continuous contribution of ideas and feedback on industry issues • Involvement in associations activities

Sustainability Governance (cont'd)

Key stakeholders (cont'd)

No	Stakeholders	Description	Method of Engagement
6.	Employees	Our employees are critical in our operation and the achievement of our Group objectives.	• Townhall sessions • Company annual dinner / festival functions and celebrations • Informal periodic departmental meetings
7.	Suppliers/ Contractors	Our suppliers are mainly raw materials suppliers such as steel, chemicals and administration supplies.	• Suppliers audit and review • Tender exercises and meetings • Emails and phone calls communication • Suppliers' briefing
8.	Media	New developments for public knowledge / promotion	• Interviews • Advertisements • New product launches
9.	Non-governmental organisations	Environmental matters	• Meetings with various non-governmental organisations

Materiality Assessment and Key Sustainability Matters

KPGB conducted a materiality assessment workshop to identify and prioritise key sustainability matters. The workshop was held with the key senior management and was facilitated through a desktop review on the Group's business operation and risk areas, input from the Board of Directors and the Senior Management.

Through our materiality assessment, there were 17 sustainability matters identified based on GRI standards and were grouped into 3 main theme – namely, Economy, Environment and Social.

This materiality review will be conducted once a year to assess their applicability and relevance to the business. The key sustainability matters identified are outlined in the graph below:

Materiality Assessment and Key Sustainability Matters (cont'd)

MATERIAL SUSTAINABILITY MATTERS

Economy

- Economic presence
- Product and service quality
- Customer satisfaction and engagement
- Innovation
- Anti bribery and corruption

Environment

- Pollution control
- Energy and carbon emission
- Resource and waste management
- Environmental compliance

Social

- Supply chain management
- Employment benefits
- Diversity and equal opportunity
- Training and education
- Security
- Occupational safety and health
- Marketing and customer privacy
- Public and community engagement

We considered a combination of internal and external factors when assessing sustainability matters. Our outlook on the Group's overall mission and competitive strategy, broader societal impacts and expectations, and our business influence on stakeholders were also considered in the assessment.

Details of each of the sustainability material matters are described below.

1. Economic

Economic Presence

KPGB builds homes that house vibrant and diverse for people who love to live, work and play. Our intriguing design and properties are offered to those who are affordable and located in convenient locations.

In providing excellent products and service quality ensuring that our customers achieve their dreams of high quality and comfortable homes, we take significant efforts to ensure that we operate in highest quality through our quality standards.

Awards - Corporate

KPGB was awarded as one of the five Malaysian companies among the top-200 publicly-traded companies in the Asia-Pacific region which are on "Forbes Asia's 200 Best Under A Billion (USD) 2017" company.

In the Property Insight Prestigious Developer Awards 2018, KPGB was conferred as the Best Main Contractor category while in the Edge Billion Ringgit Club 2018, KPGB won the Gold award under the construction category.

With a strong balance sheet and net cash position allow the Group to embrace opportunities and address unforeseen market challenges, maintaining a good balance between growth and stability. KPGB will continue to strengthen its business fundamentals, operationally and financially, and deliver a steady and sustainable performance over the long term. For FYE2018, KPGB reported about 90% with strong contribution from construction and infrastructure projects which include the Seri Tanjung Pinang Phase 2 (STP2) and reclamation works.

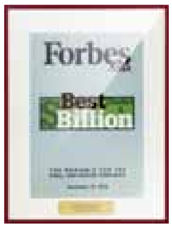
Sustainability Statement (Cont'd)

Materiality Assessment and Key Sustainability Matters (cont'd)

1. Economic (cont'd)

Awards - Corporate (cont'd)

KPGB's financial sustainability is a key sustainability to ensure our long-term profitability and shareholders value are preserved taking into account the interest of all stakeholders. For details of our financial results, please refer to section financial results in page 58 to 135 in this annual report.



On 23 November 2018, KPGB, who has been included in the constituents of FTSE Bursa Malaysia Top 100 Index, has been selected as one of companies qualified under the Green Lane Policy ("GLP") (Qualified Companies). This qualification recognises KPGB as a company with good governance and disclosure practices. Under the GLP privileges, the qualified companies can perform the followings:

a) Issue the circulars to its shareholders as soon as it is ready without having to seek clearance for Bursa Securities; and
b) Bursa Securities will fast track the processing of the Qualifed Companies' complex Circulars.

Product & Service Quality

KPGB is committed to deliver the desired targets, standard and quality of its developments. In ensuring the highest quality product and service are met, we are placed great importance on our quality management while fulfilling the regulatory requirements.

Our wholly owned subsidiary, Kerjaya Prospek (M) Sdn Bhd ("KPMSB") has been certified with ISO 9001:2015 Quality Management System Certification by UKAS, and OHSAS 18001:2007 Occupational Health & Safety.

While part of the KPGB's processes is ISO certified, some of its development projects are rated by the Building and Construction Authority of Singapore through an assessment system known as Construction Quality Assessment System ("CONQUAS"). Contractors under CONQUAS assessment are assessed through projects which are required to comply with CONQUAS requirements. KPGB maintained its CONQUAS quality standards scoring above industry average of 75 marks under construction sector.

Our CONQUAS score highlights for the year of 2018:

- We achieved an average score for Architectural Works category in 2018 at 83.6 marks. Specifically, our project undertaken with Eco World under project Eco Sky Residential was rated at 80.5 marks for its architectural aesthetic features.

- Our Architectural Works category for Setia Sky 88 (Phase 1) was 81.6 marks and for Setia Sky (Phase 2) was 83.3 marks.

We believe in continuous improvement and we aspire to maintain our achievement for other construction projects.

Customer satisfaction and engagement

In line with the theme "Together, We Can", the focus on customers' needs has been part and parcel of KPGB's core value. KPGB has been engaging with the customers to understand their needs and identify opportunities to continuously improve towards a sustainable future.

Materiality Assessment and Key Sustainability Matters (cont'd)

1. Economic (cont'd)

Innovation

With the on-going material and technology advancements in the industry, KPGB provides engineering and value-added design as a key component to our services and sustainability progress. We constantly explore new business opportunities and encourage innovation to improve our technology in order to further meet our customers' needs. The Group introduced use of green cement, a more environmentally friendly cement manufactured using aluminosilicates instead of calcium oxide which is environmentally damaging. The use of green cement requires less natural materials in production and releases less carbon dioxide. [1]

The Group is continuously looking into potential process enhancements and business process improvements, we considered new construction technologies as part of our transformation in our construction processes and meeting our nation aspiration. We invest in new equipment which are technologically more advanced and less damaging to the environment as explained in the Pollution Control and Energy and Carbon Emission sections.

Anti-Bribery & Corruption

KPGB is committed to creating a harmonious corporate culture and operates our business in an ethical and in accordance with good practices of corporate behaviour. KPGB establishes the Board's Code of Ethics and Policy which provides the principles and the expected standard of behaviour. The same Code of Ethics and Conduct are also form part of our employees' contract.

KPGB has also adopted and implemented the 'No Gift Policy' to avoid any conflict of interest for any potential business dealings between the Company and third parties.

Whistle-blowing Policy and Procedures

We practice an open and honest policy enabling our employees to report on any suspected misconduct, corporate misbehaviour and fraudulent activities. As such, we establish our Whistleblowing policy and procedures with the aim to encourage employees and others who have serious concerns about any aspect of our business operation to come forward and voice those concerns. The whistleblowing policy is available on our corporate website at www.kerjayagroup.com.

Code of conduct and ethics

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

[1] Source: What is green cement, Alisha Waghmare, December 3, 2018 https://www.quora.com/What-is-green-cement

Materiality Assessment and Key Sustainability Matters (cont'd)

2. Environmental

Green Project Concept of Development

The growth and development of our communities have a significant and direct impact on the natural environment. The manufacture, design, construction and operation of the buildings in which we live and work consume many of the world's natural resources. In line with the development, KPGB has gradually committed itself to the green project concept of development and instilled such practices in its operations. Actions that we take include:

- Monitor and update ourselves with the latest construction techniques and materials as evolve.
- Increasing the efficiency used of energy, water and materials on building construction and at the project sites.

We strongly believe that by committing to green building concept of development may positively affect our climate and natural environment, preserving precious natural resources and improving our quality of life to a greater height.

Lighting offers one of the opportunities for reducing greenhouse gas emissions. Our responsibility to manage our energy resources, reducing resource depletion and optimise our operation's energy efficiency through the use of LED lightings in our projects.

Pollution control

KPGB establishes comprehensive policies, procedures and detailed action plan to ensure a safe environment to minimise pollution including monitoring air quality and noise level at project sites. The Group monitors pollution control through several construction processes and activities from earthworks construction to reduce and to prevent pollution to the environment.

Open channels of communication and getting feedback from our local communities are steps we take to manage our construction activities towards reducing the noise level below 80dB, as required by the regulatory authorities. We achieved in FYE2018, an average of below 65db noise level. Efforts are undertaken to ensure noise level can further be reduced. Other efforts we take include building the noise and sound barrier walls preventing harmful noise level from surrounding areas, adopt time limit in accordance with the construction schedules and use of latest construction equipment and machinery which produce lesser noise level.

Levels of noise pollution are maintained below thresholds as permitted by the Guidelines for Environmental Noise Limits & Control, published by the Department of Environment Malaysia ("DOE"). KPGB conducts a structured programme and checklist to monitor and reduce noise levels as much as possible, consequently, noise levels were minimised to below the legal limits over the years.

To prevent dust pollution, we installed safety netting at our construction sites. We provide water spraying at certain construction locations to prevent the soil from drying and monitor dust and air pollution meters at several strategic location to monitor dust level.

Materiality Assessment and Key Sustainability Matters (cont'd)

2. Environmental (cont'd)

Energy and Carbon Emission

KPGB most direct and significant environmental impact stems from the operation of our construction, property and manufacturing divisions including our office buildings through the consumption of purchased electricity and through the use of diesel for machinery and equipment.

We set standards for ourselves against external environmental certifications ensuring sustainable designs and practices are considered throughout our businesses and operations. Other efforts include good practices to minimise our electricity and diesel consumption through several brainstorming sessions with our employees and reviewing industry's best practices. Our 4 storey head office building sustainability practices include turning off lights in vacant rooms and air conditioning during lunch.

As part of our efforts protecting the environment, all our construction machinery and equipment are upgraded to the latest technologies and are fitted with inverters, minimising carbon emission from our machinery and equipment. The inverter saves up to an average of 10kwh per day as compared to conventional system.

The construction division has achieved the ISO 14001:2015 Environmental Management System Certification by UKAS since year 2017.

Water monitoring

Our construction activities minimise pollution to the environment in several ways in accordance with the environmental quality regulation. Our construction activities strictly follow environmental quality regulation. At our project sites, we install silt traps to prevent water runaways from polluting our drainage systems. This allows any suspended sediments to settle down and clean water can be released to drainage systems. Excess sediments will be extracted and sent to various approved dump sites by Department of Environment ("DoE").

Resource and waste management

KPGB strongly believes in contributing back to a circular economy. In a circular economy, waste is minimised as materials are reused and recycled to maximise environmental and financial added value. KPGB has adopted some programmes to look into areas of waste generated by the constructions operations mainly on the steel bars.

Aluminium formwork has become the first choice material by KPGB as this formwork is both light and strong but more importantly, it can be recycled and reused. We optimise the use aluminium formwork at all our construction sites to reduce costs and better efficiency in our construction cycle time.

KPGB recycles its cement paper bags used in construction sites as part of our efforts in preserving natural resources and reduce waste.

Materiality Assessment and Key Sustainability Matters (cont'd)

2. Environmental (cont'd)

Environmental compliance

Compliance with laws and regulations is always the highest priority for KPGB.

Our operations namely the construction, property and manufacturing divisions are in compliance with the relevant requirements, according to the assessment conducted by the respective regulators during FYE2018. Divisions with improvement needs have their action plans in place to become fully compliant with the requirements, in ensuring that all resources are available to our employees managing the environmental regulation.

During the FYE2018, we are pleased to highlight that we have not been fined or penalised for any significant environmental violations by Department of Environment.

3. Social

Supply chain management

KPGB's Procurement Standard Operating Policy guides the business conduct of our employees to ensure all suppliers are treated fairly and in the best interest of KPGB. Our Procurement Policy seeks to upkeep confidentiality and avoid conflicts of interest in transactions with our suppliers. KPGB engages with local suppliers where possible to support the local economy and minimise environmental impacts from transportation.

Employment

We aim to create a sustainable value with our business activities. This objective unites our employees and consistent with our corporate values which guides our decision making and our actions. We offer a challenging and conducive working environment, providing our employees with competitive compensation and benefits programme aligned with industry practices.

The Group offers attractive benefits in addition to basic salary to enhance employee wellness and retain the best talent possible.

KPGB complies with the local statutory requirements on wages and benefits such as minimum wages order, employees' provident fund, employees' social security and leaves provision. These benefits include group personal insurance, mobile subsidy. Our employees were feted at the KPGB Annual Dinner in Swiss Garden, Malacca and annual trips to Perth, Australia and Hanoi, Vietnam, providing opportunities for interaction and affinity amongst employees.

We hire local employees wherever possible, to stimulate and help develop local communities. We collaborated with public and private universities such as INTI International University and UNITAR International University offering internship training programmes for students, exposing them to actual business environment and practical experience.

Materiality Assessment and Key Sustainability Matters (cont'd)

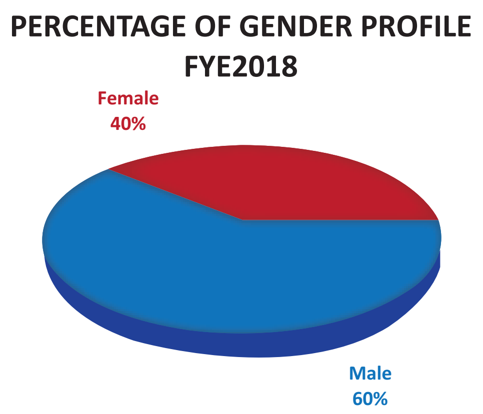
3. Social (cont'd)

Diversity and Equal Opportunity

KPGB provides equal employment opportunity without discriminating our candidates against their race, religion, age, gender, expression, ethnicity, national origin, disability, pregnancy, political affiliation, union membership, covered veteran status, protected genetic information or marital status. This includes hiring and employment practices such as wages, promotions, rewards, and access to training.

The diversity of our employees with their individual differences and perspectives is essential to our strength and innovative capabilities. We want to create an inclusive working environment in which every employee is valued and individual performance is recognized. With numerous programs, training courses, and workshops, we strengthen understanding of diversity and appreciative behaviour.

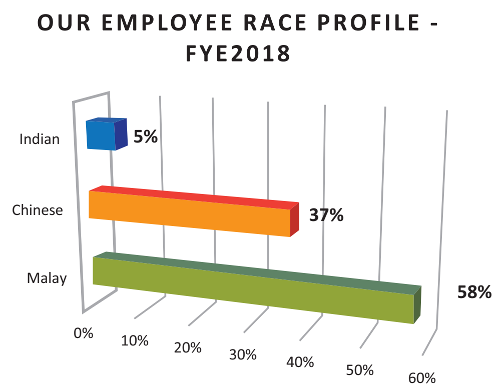
Our employee gender profile composed of 60% Male and 40% Female. KPGB implements various initiatives to realise gender diversity, for female employees for middle and above management positions.



We prefer hiring locals, when that is not possible due to the nature of work, we minimise our foreign workforce based on the construction schedules and requirements. Our workforce comprising locals were at 26% and 74% are foreigners, of which all foreign workers are on contract.

Race profile

KPGB is committed to attracting and retaining a diverse workforce by creating the kind of inclusive work environment KPGB employees want and can be proud of. In enhancing our principle that encourages respectful workplace, we recruit exclusively according to ability, potential and performance. Our goal is to develop the full potential of our employees, regardless of external circumstances. To do so, we want to identify and remove barriers in our thinking and in our processes and we encourage participation from both male and female, involvement of various races and religion in Malaysia and we employed experienced employees as part of enriching our employees profile.

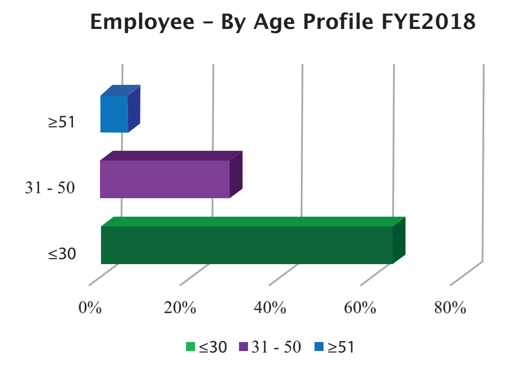


Materiality Assessment and Key Sustainability Matters (cont'd)

3. Social (cont'd)

Employee Age Profile

We employ across all generations of our employees through mentoring and on-the-job training in different business units to promote knowledge transfer and a change of perspective between experienced and less experienced employees. Societal changes, such as anticipated aging population in the near future for Malaysia, pose substantial challenges for companies. We have programmes for better experienced employees to participate in our Group to better meet the challenges posed by demographic changes. We also offer our employees a wide range of programs for maintaining health.

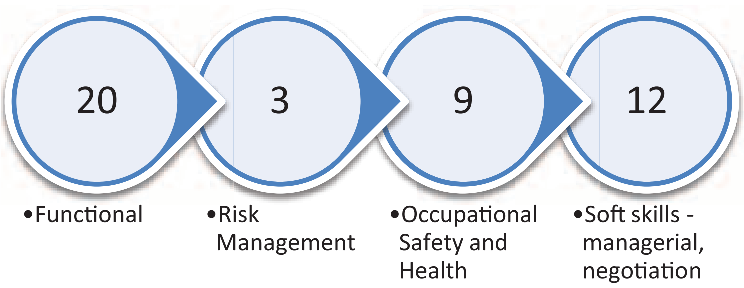


Training and Education

KPGB offers training program to our employees. The training programs are assigned to employees based on their role and area of responsibility within the company. Frequent training involved tailored in-person training to businesses, subsidiaries, staff groups and third parties. Some of this training occurs as part of an annual schedule and other training occurs as requested or deemed appropriate.

During the FYE2018, we provided a total of 3,350 hours of training sessions comprising of various type of trainings which include soft skills, technical skills, managerial as well as latest developments in construction, property and manufacturing divisions.

The training programmes we provide to our employees during the FYE 2018:



Materiality Assessment and Key Sustainability Matters (cont'd)

3. Social (cont'd)

Security, Occupational Safety and Health

KPGB's safety policy applies to its operations everywhere. Hazards in KPGB's workplaces must be well understood and effectively managed to protect KPGB employees, business partners, visitors, customers, locations, and surrounding communities. KPGB believes that a safe and healthy work environment would certainly contribute significantly towards a more productive workforce.

Our employees will feel secure in carrying out their duties and responsibilities when the working environment is safe. In this respect, KPGB aims to constantly promote high safety and health standards. Workplace safety is embedded in KPGB's Code of Ethics, as it is part of our commitment to protect human rights.

Our Safety and Health Committee is responsible for closely monitoring work-related incidents that occur within our facility, particularly the injury frequency rate for industrial accidents. Work-related accidents are categorised into 'major' and 'minor' work-related accidents to enable swift responses and to accurately support our performance data on injury frequency rate for industrial accidents. Major work-related accidents are defined as accidents which cause employees to be on medical or hospitalised.

In view of the criticality, the Board has established an Environmental Occupational Health & Safety Management Committee in July 2018 to monitor and review the safety and health measures, regulatory requirements, best practices in safety, health and environment for our factories and offices throughout our business locations. The activities relevant to safety and health include:

- Weekly safety information / safety talk / briefing
- Weekly safety inspection check
- Weekly safety committees meetings

Delivering quality products and services allows us to maintain our excellent reputation and market standing. Quality management is emphasised to ensure that our projects comply with relevant specifications and regulations.

To instil good safety and health culture in our workforce at all time, we emphasise on safety management, conducted on a regular basis at each construction stages. This is to ensure adherence to the safety specifications and strict compliance with the prescribed procedures and methods.

Based on the FYE 2018 assessment of our Site Health, and Safety Environmental Compliance by one of our clients, we scored a total cumulative score of 825 over a maximum score of 858 (96.15%) and Compliance Grading was assessed as "GOOD" out of 3 ratings of "GOOD", "REVIEW" and "ALERT".

Sustainability Statement (Cont'd)

Materiality Assessment and Key Sustainability Matters (cont'd)

3. Social (cont'd)

Standards and Certifications

Division	Scope	Standards	Certification Date
Kerjaya Prospek (M) Sdn Bhd	Provision of Construction Services In Building, Civil and Structural, Mechanical and Electrical Engineering Works	ISO 9001:2015	29 December 2017
		OHSAS 18001:2007	18 March 2018
		ISO 14001:2015	19 March 2018

No major incidents were reported in relation to the safety, health and environment in the FYE2018.

In KPGB, we remain focused on our long-term objective of "zero accidents." To this end, we are continuously working on improving our workplace safety by providing awareness raising training and investing in enhancing technical safety. We regularly review whether our Safety, Health and Environment (SHE) standards are being strictly adhered to. We also want to improve occupational safety at our subcontractors and that of other companies' employees working at our sites.

There is no major accidents and Lost Time to Injury ("LTI") for the FYE2018,

Marketing and customer privacy

We take seriously our marketing efforts and Customer Privacy. Our marketing brochures, our websites and other marketing materials undergone strict and robust review prior to releasing it to the general public. We also take into consideration and review continuously various laws and regulation governing our marketing materials as breach of customer privacy may pose a risk to reputation as well as customer dissatisfaction. We engage with various ministries including Housing Ministry, local authorities and municipalities on the requirements.

We secure our potential and existing customers' data vigorously and continuously review our interaction of the public's expectation of privacy with the collection and dissemination of data.

We are pleased to mention that there were no serious breach to our marketing materials and leakages of customers' data for the FYE2018.

Public and community Engagement

Every year, we actively engage our local community through our volunteer programmes and donations. Our donation programmes are reviewed annually to ensure distribution of corporate contributions continues to electively address the community's changing needs.

Our long term volunteer programmes include visits to local orphanages, old folks' homes and physically challenged centres during festive periods. Every year, we conduct these programmes to support the local organisations. Our volunteer event in FYE2018 was our Chinese New Year Charity Luncheon, held in February 2018, supported by all of our employees in KPGB Group.

In October 2018, we have created a proud history of being one of the Eco World Foundation donors to help the underprivileged children to have access to education. The main objective is to improve their quality of life and that of their families of all races in Malaysia while fulling our responsibility as a corporate citizen.

Corporate
Social Responsibilities

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

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

- Organised technical in-house training or sent selected staffs for external training course in order to continuously enhance 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, company trips and sponsor of regular badminton session are other ways in which staffs are encouraged to further their camaraderie beyond the work setting and maintain a work-life balance.

Apart from the welfare and development of the employees, the Group is not forgetting its role and responsibilities toward the society. As an effort to support and grow local talent, the Group collaborates with various local university and college to provide internship opportunity to deserving individuals from vast specialty such as Quantity Surveying, Accountancy, Business Admin 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 orphange houses, old folk homes and disability or regularly support charity organization, amongst others, Eco World Foundation.

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 2018 amounted to RM201,717 of which RM36,000 was incurred by Kerjaya Prospek Group Berhad.

The amount of the non-audit fees incurred for services rendered for Kerjaya Prospek Group Berhad by the external auditors for the financial year ended 31 December 2018 was RM 1,100.

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 2018 are as follow:

Transacting Parties	Interested Related Parties	Nature of Transactions	Aggregate value (RM'000)
Kerjaya Prospek Group Berhad and its subsidiaries 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 Prospek 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 Prospek Property Sdn Bhd and its subsidiaries, Desanda Development Sdn Bhd, Dekad Intelek Sdn Bhd, and vice versa	546
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.	139,529

Additional Compliance Information (Cont'd)

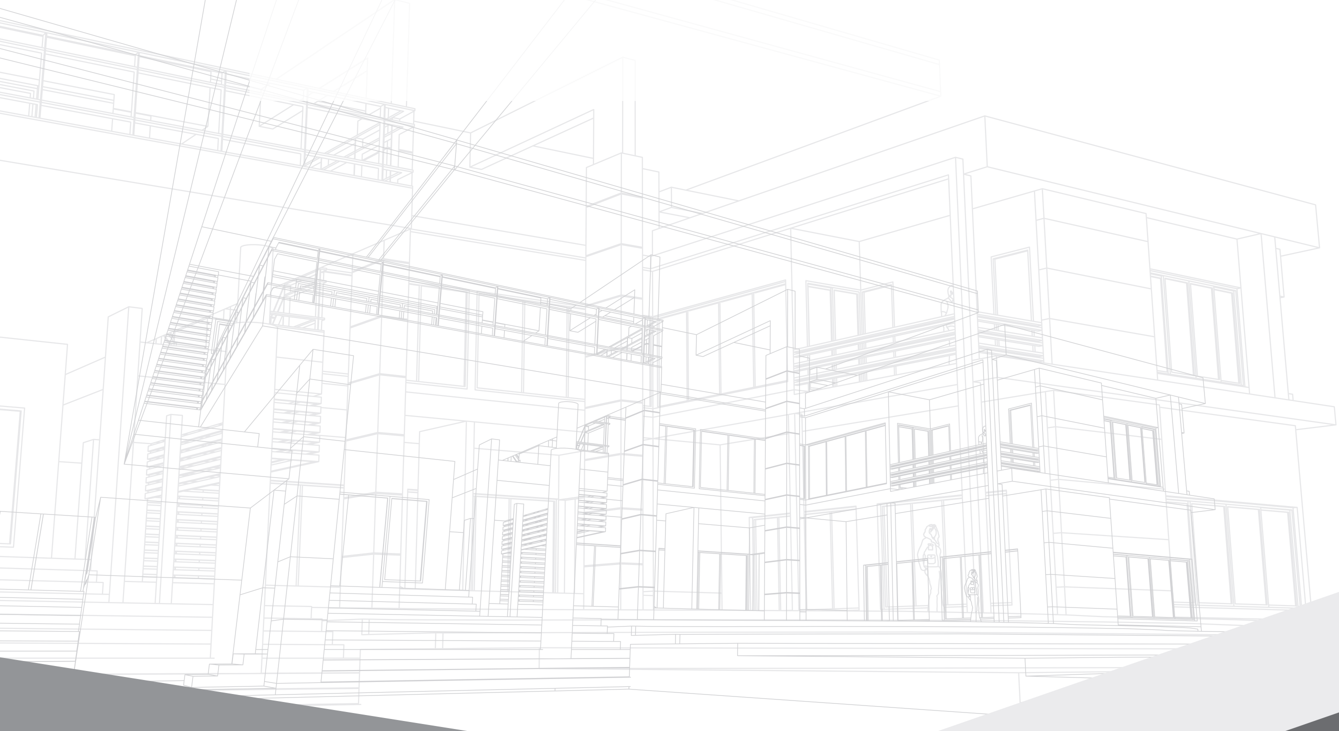
3. MATERIAL CONTRACTS

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 2018

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, 2018.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Profit before taxation	179,669,769	82,684,574
Taxation	(41,330,699)	–
	138,339,070	82,684,574
Attributable to:		
Owners of the Company	138,198,993	82,684,574
Non-controlling interests	140,077	–
	138,339,070	82,684,574

DIVIDEND

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 0.50 sen per share on 1,241,968,766 ordinary shares amounting to RM6,209,841 in respect of the financial year ended 31st December, 2017 was paid on 10th July, 2018.

ii) a single tier interim dividend of 1.50 sen per share on 1,241,450,066 ordinary shares amounting to RM18,621,749 in respect of the financial year ended 31st December, 2018 was paid on 30th October, 2018.

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the current financial year of 2 sen per ordinary share will be proposed for shareholders' approval. The total estimated dividend payable is approximately RM24,683,319. The single tier final dividend was proposed by the board of Directors on 12th April, 2019.

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, 2019.

Directors' Report
(Cont'd)

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 18 to the financial statements.

ISSUE OF SHARES

During the financial year, the Company issued 677,437,384 ordinary shares by way of bonus issue on the basis of six (6) bonus shares for every five (5) existing shares held on entitlement date.

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

SHARE OPTION

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

DIRECTORS

The directors 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
Lim Kien Lai @ Lim Kean Lai
Datuk Mohamed Razeek Bin Md Hussain Maricar (appointed on 01.06.2018)

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 1.1.2018	Bought/ Bonus Issue	Sold	Balance at 31.12.2018
Direct interest:				
Datin Toh Siew Chuon	2,695,143	3,234,171	–	5,929,314
Lim Kien Lai @ Lim Kean Lai	70,000	104,000	–	174,000
Khoo Siong Kee	10,100	12,120	–	22,220
Datuk Mohamed Razeek Bin Md Hussain Maricar	–	153,500	–	153,500
Indirect interest:				
Datuk Tee Eng Ho *	396,662,612	475,995,133	–	872,657,745
Tee Eng Seng *	396,662,612	475,995,133	–	872,657,745
Datin Toh Siew Chuon *	396,662,612	475,995,133	–	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 1.1.2018	Bought/ Bonus Issue	Sold	Balance at 31.12.2018
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 27 of the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

The amount of insurance coverage during the financial year is RM5,000,000 for the directors and officers of the Company.

WARRANTS 2018/2023

During the financial year, the Company issued 169,358,984 warrants by way of bonus issue on the basis of six (6) warrants for every twenty (20) existing shares held on entitlement date.

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 50.32% of the Company's equity shareholdings as at 12th April, 2019

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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.

Directors' Report (Cont'd)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 40 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 41 to the financial statements.

AUDITORS' REMUNERATION

The amount paid or payable to the auditors as remuneration for their service is disclosed in Note 25 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: 12th April 2019
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 70 to 135 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, 2018 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: 12th April 2019
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 70 to 135 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
12th April 2019

DATUK TEE ENG HO

Before me,
LAI DIN
License No. W668
Commisioner 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, 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 70 to 135.

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, 2018, 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:

Revenue Recognition of Construction Contracts and Property Development

Revenue from construction contracts and property development during the financial year are disclosed in Note 21 to the financial statements.

The Group recognises construction contracts and property development revenue in the statements of comprehensive income based on 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 process to measure the construction contracts and property development revenue recognised includes the estimation of total project costs and determination of stage of completion. In making these assessments, the management considers past experience and relies on the work of independent experts.

Key Audit Matters (Cont'd)

Revenue Recognition of Construction Contracts and Property Development (cont'd)

How our audit addressed this matter:

- We compared the accounting policies adopted by the Group on revenue recognition of construction contracts and property development with the requirements of MFRS 15 Revenue from Contracts with Customers;
- 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; and
- On a test basis, we checked the accuracy of computation of the recognised revenue based on the stage of completion method.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and directors' report and, in doing so, consider whether the annual report and directors' report 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.

Independent Auditors' Report (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional 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.

- 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 6 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 KOON LIANG
02909/02/2021 J
Chartered Accountant

Dated: 12th April 2019
Kuala Lumpur

Statements of *Financial Position*

as at 31st December 2018

	Note	Group		Company	
		2018 RM	2017 RM	**2018 RM**	2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	**160,617,955**	145,324,938	**26,100**	29,700
Investment properties	5	**2,592,815**	5,142,200	**-**	–
Investment in subsidiaries	6	**-**	–	**462,864,493**	462,864,493
Other investments	7	**8,200,906**	13,068,990	**-**	–
Intangible assets	8	**353,155,328**	353,186,448	**-**	–
Trade and other receivables	10	**166,278,121**	135,357,643	**-**	–
		690,845,125	652,080,219	**462,890,593**	462,894,193
Current assets					
Inventories	11	**104,366,408**	71,804,992	**-**	–
Trade and other receivables	10	**241,791,753**	238,516,260	**187,552,273**	119,678,688
Contract assets	12	**39,157,800**	33,848,307	**-**	–
Tax recoverable		**1,715,572**	2,988,947	**177,455**	136,471
Cash and bank balances	15	**252,635,237**	185,415,523	**62,883,045**	78,381,955
		639,666,770	532,574,029	**250,612,773**	198,197,114
TOTAL ASSETS		**1,330,511,895**	1,184,654,248	**713,503,366**	661,091,307
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	16	**642,658,306**	642,658,306	**642,658,306**	642,658,306
Treasury shares	17	**(8,056,108)**	–	**(8,056,108)**	–
Reserves	18	**675,709**	724,227	**-**	–
Retained profit		**341,474,802**	234,367,330	**72,826,097**	14,973,113
		976,752,709	877,749,863	**707,428,295**	657,631,419
Non-controlling interests		**2,001,856**	1,861,779	**-**	–
TOTAL EQUITY		**978,754,565**	879,611,642	**707,428,295**	657,631,419
Non-current liabilities					
Deferred tax liabilities	9	**7,010,068**	8,046,160	**-**	–
Trade and other payables	19	**59,506,826**	49,017,495	**-**	–
		66,516,894	57,063,655	**-**	–

Statements of Financial Position (Cont'd)

	Note	Group		Company	
		2018 RM	2017 RM	**2018 RM**	2017 RM
Current liabilities					
Trade and other payables	19	**183,159,406**	145,944,061	**6,075,071**	3,459,888
Contract liabilities	12	**33,196,579**	91,894,421	**–**	–
Income tax payable		**8,760,981**	10,140,469	**–**	–
Short term borrowing	20	**60,123,470**	–	**–**	–
		285,240,436	247,978,951	**6,075,071**	3,459,888
TOTAL LIABILITIES		**351,757,330**	305,042,606	**6,075,071**	3,459,888
TOTAL EQUITY AND LIABILITIES		**1,330,511,895**	1,184,654,248	**713,503,366**	661,091,307

Statements of Profit or Loss

and Other Comprehensive Income

for the year ended 31st December 2018

		Group		Company	
	Note	**2018** **RM**	2017 RM	**2018** **RM**	2017 RM
Revenue	21	**1,068,761,700**	955,669,306	**80,000,000**	51,500,000
Cost of sales	22	**(862,352,946)**	(770,468,154)	**-**	–
Gross profit		**206,408,754**	185,201,152	**80,000,000**	51,500,000
Other operating income	23	**18,373,105**	19,881,003	**3,734,373**	3,237,385
		224,781,859	205,082,155	**83,734,373**	54,737,385
Administrative expenses		**(31,767,022)**	(27,907,541)	**(1,016,344)**	(669,286)
Other operating expenses		**(5,602,385)**	(116,512)	**(33,455)**	–
Profit from operations		**187,412,452**	177,058,102	**82,684,574**	54,068,099
Finance costs	24	**(7,742,683)**	(8,486,745)	**-**	(114,580)
Profit before taxation	25	**179,669,769**	168,571,357	**82,684,574**	53,953,519
Taxation	28	**(41,330,699)**	(42,502,081)	**-**	(124,297)
Profit after taxation		**138,339,070**	126,069,276	**82,684,574**	53,829,222
Other comprehensive expenses:					
Item that is or may be reclassified subsequently to profit or loss					
- Foreign currency translation	18	**(48,518)**	399,955	**-**	–
Total comprehensive income for the year		**138,290,552**	126,469,231	**82,684,574**	53,829,222

Profit for the year attributable to:			
Owners of the Company		**138,198,993**	124,740,059
Non-controlling interest		**140,077**	1,329,217
		138,339,070	126,069,276
Total comprehensive income attributable to:			
Owners of the Company		**138,150,475**	125,140,014
Non-controlling interest		**140,077**	1,329,217
		138,290,552	126,469,231
Earnings per share attributable to Owners of the Company (sen)	29	**11.13**	23.37
Diluted earnings per share (sen)	29	**10.01**	23.37

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

Statements of *Changes in Equity*

for the year ended 31st December 2018

		← Non-distributable			→	← Distributable	→	
	Note	Share capital RM	Treasury shares RM (Note 17)	Reserves RM (Note 18)	RCPS equity component RM	Retained profit RM	Non-controlling interest RM	Total RM
Group								
At 1st January, 2017		254,532,782	–	330,333,440	36,523,318	140,444,288	532,562	762,366,390
Issuance of shares pursuant to:								
- Exercise of warrant 2007/2017		19,005,116	–	461,358	–	–	–	19,466,474
- Conversion of RCPS		38,680,000	–	–	(36,523,318)	–	–	2,156,682
Share issuance expenses		–	–	(30,118)	–	–	–	(30,118)
Total comprehensive income for the year		–	–	399,955	–	124,740,059	1,329,217	126,469,231
Effect of implementation of Companies Act, 2016		330,440,408	–	(330,440,408)	–	–	–	–
Dividend paid	30	–	–	–	–	(30,817,017)	–	(30,817,017)
At 31st December, 2017		642,658,306	–	724,227	–	234,367,330	1,861,779	879,611,642
Adjustment on initial application of MFRS 9, net of tax		–	–	–	–	(6,259,931)	–	(6,259,931)
At 1st January, 2018, restated		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	30	–	–	–	–	(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

Statements of Changes In Equity (Cont'd)

		← Non-distributable			→	← Distributable	→	
	Note	Share capital RM	Treasury shares RM (Note 17)	Reserves RM (Note 18)	RCPS equity component RM	Retained profit RM	Non-controlling interest RM	Total RM
Company								
At 1st January, 2017		254,532,782	–	330,009,168	36,523,318	(8,039,092)	–	613,026,176
Issuance of shares pursuant to:								
- Exercise of warrant 2007/2017		19,005,116	–	461,358	–	–	–	19,466,474
- Conversion of RCPS		38,680,000	–	–	(36,523,318)	–	–	2,156,682
Share issuance expenses		–	–	(30,118)	–	–	–	(30,118)
Total comprehensive income for the year		–	–	–	–	53,829,222	–	53,829,222
Effect of implementation of Companies Act, 2016		330,440,408	–	(330,440,408)	–	–	–	–
Dividend paid	30	–	–	–	–	(30,817,017)	–	(30,817,017)
At 31st December, 2017		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	30	–	–	–	–	(24,831,590)	–	(24,831,590)
At 31st December, 2018		642,658,306	(8,056,108)	-	–	72,826,097	–	707,428,295

Statements of *Cash Flows*

for the year ended 31st December 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**179,669,769**	168,571,357	**82,684,574**	53,953,519
Adjustments for:					
Amortisation of intangible asset		**31,120**	34,073	**-**	–
Allowance for impairment losses on					
- trade and other receivables		**4,665,919**	116,512	**-**	–
- cash and bank balances		**121,846**	–	**-**	–
Bad debt written off		**10,504**	10,000	**-**	–
Depreciation of property, plant and equipment		**32,810,285**	23,782,967	**3,600**	3,600
Dividend income		**-**	-	**(80,000,000)**	(51,500,000)
Interest income		**(5,398,041)**	(4,650,087)	**(2,807,399)**	(1,437,385)
Interest expenses		**217,681**	90,699	**-**	–
Gain on disposal of property, plant and equipment and investment properties (Net)		**(765,925)**	(2,438,000)	**-**	–
Net fair value adjustments		**2,705,240**	4,151,795	**-**	–
Allowance for diminution of investment		**4,819,762**	1,953,899	**-**	–
Reversal of allowance for doubtful debts		**-**	–	**(597,317)**	(1,800,000)
Property, plant and equipment written off		**54,036**	–	**-**	–
Realised gain on foreign exchange		**(8)**	–	**-**	–
Operating profit/(loss) before working capital changes		**218,942,188**	191,623,215	**(716,542)**	(780,266)
(Increase)/decrease in inventories:					
- property under development		**(45,136,330)**	4,500,918	**-**	–
- others		**359,499**	(520,800)	**-**	–
- investment properties		**(33,495,704)**	(5,338,060)	**-**	–
(Increase)/decrease in trade and other receivables		**(45,254,172)**	(26,004,339)	**(67,276,268)**	10,859,450
Decrease/(increase) in contract assets		**21,086,563**	(14,098,316)	**-**	–
Increase/(decrease) in trade and other payables		**46,511,812**	10,147,516	**2,615,183**	2,485,534
(Decrease)/increase in contract liabilities		**(43,784,549)**	3,699,218	**-**	–
Cash generated from/(used in) operations		**119,229,307**	164,009,352	**(65,377,627)**	12,564,718
Interest received		**5,398,041**	4,650,087	**2,807,399**	1,437,385
Interest paid		**(217,681)**	(90,699)	**-**	-
Income taxes refund		**-**	376,963	**-**	-
Income taxes paid		**(43,984,040)**	(38,895,124)	**(40,984)**	(103,792)
Net cash generated from/(used in) operating activities		**80,425,627**	130,050,579	**(62,611,212)**	13,898,311

Statements of Cash Flows (Cont'd)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(50,135,299)**	(53,288,316)	**-**	–
Purchase of other investment		**-**	(14,979,889)	**-**	–
Acquisition of subsidiary companies		**-**	–	**-**	(12)
Proceed from disposal of property, plant and equipment		**9,693,811**	7,011,360	**-**	–
Dividend received, net		**-**	–	**80,000,000**	51,500,000
Net cash (used in)/generated from investing activities		**(40,441,488)**	(61,256,845)	**80,000,000**	51,499,988
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		**(24,831,590)**	(30,817,017)	**(24,831,590)**	(30,817,017)
Purchase of treasury shares		**(8,056,108)**	–	**(8,056,108)**	–
Payment of share issuance expenses		**-**	(30,118)	**-**	(30,118)
Proceeds from issuance of share capital		**-**	19,005,116	**-**	19,005,116
Proceeds from issuance of share capital to NCI		**-**	3	**-**	–
Proceeds from exercise of warrant		**-**	461,358	**-**	461,358
Net cash used in financing activities		**(32,887,698)**	(11,380,658)	**(32,887,698)**	(11,380,661)
Net increase in cash and cash equivalents		**7,096,441**	57,413,076	**(15,498,910)**	54,017,638
Effect of foreign exchange rate changes		**(197)**	399,955	**-**	–
Cash and cash equivalents at beginning of year		**185,415,523**	127,602,492	**78,381,955**	24,364,317
Cash and cash equivalents at end of year	A	**192,511,767**	185,415,523	**62,883, 045**	78,381,955

NOTE

A. **CASH AND CASH EQUIVALENTS**

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

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash and bank balances	**252,757,083**	185,415,523	**62,884,321**	78,381,955
Less: Allowance for ECL	**(121,846)**	–	**(1,276)**	–
Short term borrowing	**(60,123,470)**	–	**-**	–
	192,511,767	185,415,523	**62,883,045**	78,381,955

Notes to *the Financial Statements*

for the year ended 31st December 2018

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

The financial statements for the financial year ended 31st December, 2018 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, 2018.

Description	Effective for annual period beginning on or after
Amendments to MFRS 2 Share-based Payment: Classification and Measurement of Share Based Payment Transactions	1st January, 2018
Amendments to MFRS 128 Annual Improvements to MFRS 2014 – 2016 Cycle	1st January, 2018
Amendments to MFRS 140 Investment Property: Transfers of Investment Property	1st January, 2018
MFRS 9 Financial Instruments	1st January, 2018
MFRS 15 Revenue from Contracts with Customers and clarifications to MFRS 15	1st January, 2018
Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1st January, 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1st January, 2018
Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards: Annual Improvements to MFRSs 2014 – 2016 Cycle	1st January, 2018

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 Group and the Company and not early adopted by the Group and by the Company are as listed below:

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 108: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material	1st January, 2020
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
MFRS 17 Insurance Contracts	1st January, 2021

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 except as mentioned below:

(i) MFRS 16 Leases

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

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

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

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

2. BASIS OF PREPARATION (CONT'D)

(c) Basis of Measurement

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

(i) Business Combinations

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

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

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 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.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation (cont'd)

(i) Business Combinations (cont'd)

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

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

(ii) Transactions with Non-Controlling Interest

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

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

(b) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign Currencies (cont'd)

(ii) Foreign Currency Transactions (cont'd)

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

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

(iii) Foreign Operations

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

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

(c) Property, Plant and Equipment and Depreciation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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.

(d) Intangible Assets

(i) Goodwill

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Intangible Assets (cont'd)

(ii) Computer Software

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

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

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

(e) Investment Properties

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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) Recognition and initial measurement

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) Financial instrument categories and subsequent measurement

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)

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 applie 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments (cont'd)

(v) Hedge accounting (cont'd)

b. Cash flow hedge (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial Instruments (cont'd)

(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.

(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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment (cont'd)

(i) Financial Assets and Contract Assets (cont'd)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) 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.

(j) Contract Asset and Contract Liability

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Inventories (cont'd)

(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.

(iii) Others

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

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

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

Notes to the Financial Statements
(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Leases

As Lessee

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

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

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue (cont'd)

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Income Taxes (cont'd)

(ii) Deferred Tax (cont'd)

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.

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 39 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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, 2018 were RM462,864,493 (2017: RM462,864,493). Further details are disclosed in Note 6 to the financial statements. Based on management's review, no further adjustment for impairment is required for the investment in subsidiaries by the Company during the current year.

(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 37 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)

(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.

(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.

(vi) 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 1.1.2018 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)

Group	As at 1.1.2017 RM	Addition RM	Re-classification RM	Disposal/ Write-off/ Transfer RM	As at 31.12.2017 RM
2017					
COST					
Leasehold land and buildings	**19,031,982**	**5,284,054**	**-**	**(2,331,690)**	**21,984,346**
Plant, machinery and site equipment	**135,296,780**	**45,733,232**	**-**	**(65,000)**	**180,965,012**
Vessel	**15,880,241**	**-**	**-**	**-**	**15,880,241**
Other assets *	**16,400,278**	**2,271,030**	**3,300**	**(357,000)**	**18,317,608**
	186,609,281	**53,288,316**	**3,300**	**(2,753,690)**	**237,147,207**

	As at 1.1.2017 RM	Charge for the year RM	Re-classification RM	Disposal/ Write-off/ Transfer RM	As at 31.12.2017 RM
ACCUMULATED DEPRECIATION/ IMPAIRMENT					
Leasehold land and buildings	**1,389,233**	**253,846**	**-**	**(11,896)**	**1,631,183**
Plant, machinery and site equipment	**53,682,704**	**20,268,601**	**-**	**(65,000)**	**73,886,305**
Vessel	**799,339**	**1,588,032**	**-**	**-**	**2,387,371**
Other assets *	**12,681,556**	**1,592,799**	**55**	**(357,000)**	**13,917,410**
	68,552,832	**23,703,278**	**55**	**(433,896)**	**91,822,269**

	As at 31.12.2017 RM
NET BOOK VALUE	
Leasehold land and buildings	**20,353,163**
Plant, machinery and site equipment	**107,078,707**
Vessel	**13,492,870**
Other assets *	**4,400,198**
	145,324,938

* 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	As at 31.12.2018 RM
Company			
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

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

	As at 1.1.2017 RM	Addition RM	As at 31.12.2017 RM
2017			
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 1.1.2017 RM	Charge for the year RM	As at 31.12.2017 RM
ACCUMULATED DEPRECIATION/ IMPAIRMENT			
Office equipment	**57,022**	**-**	**57,022**
Furniture and fittings	**2,376**	**-**	**2,376**
Signboard	**2,700**	**3,600**	**6,300**
	62,098	**3,600**	**65,298**

	As at 31.12.2017 RM
NET BOOK VALUE	
Office equipment	**-**
Furniture and fittings	**-**
Signboard	**29,700**
	29,700

Notes to the Financial Statements (Cont'd)

5. INVESTMENT PROPERTIES

	Group	
	2018 RM	2017 RM
Land and buildings		
Cost		
At 1st January	**5,142,200**	7,475,456
Disposal	**(2,502,487)**	(2,253,567)
Depreciation charged (Note 25)	**(46,898)**	(79,689)
At 31st December	**2,592,815**	5,142,200

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2018 RM	2017 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

Name	**Country of Incorporation**	**Principal Activities**	**Proportion (%) of Ownership Interest 2018**	2017
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

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Country of Incorporation	Principal Activities	Proportion (%) of Ownership Interest **2018**	2017
Held by the Company (cont'd)				
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
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, investment holding and the provision of services relating to application/renewal of permits, operation service, maintenance and leasing for heavy machineries.	**90**	90

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Country of Incorporation	Principal Activities	Proportion (%) of Ownership Interest 2018	2017
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

* Audited by firms of auditors other than Ong & Wong

On 17th August, 2017, the Company incorporated a 70% owned subsidiary namely Kerjaya Prospek Resources Sdn. Bhd. which its total paid up ordinary share capital is RM10.

7. OTHER INVESTMENTS

	Group 2018 RM	2017 RM
(i) Club membership		
Cost	**93,500**	93,500
Allowance for impairment	**(50,500)**	(50,500)
	43,000	43,000
(ii) Quoted shares in Singapore, at fair value		
Cost	**14,979,889**	14,979,889
Allowance for diminution in value	**(6,821,983)**	(1,953,899)
	8,157,906	13,025,990
Total other investments	**8,200,906**	13,068,990

8. INTANGIBLE ASSETS

	Group 2018 RM	2017 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**	174,594
Addition	**-**	-
Reclassification	**-**	(3,300)
At 31st December	**171,294**	171,294
ACCUMULATED AMORTISATION		
At 1st January	**119,115**	85,097
Amortisation charged (Note 25)	**31,120**	34,073
Reclassification	**-**	(55)
At 31st December	**150,235**	119,115
Net carrying amount		
At 1st January	**52,179**	89,497
At 31st December	**21,059**	52,179
Total intangible assets	**353,155,328**	353,186,448

9. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2018 RM	2017 RM	**2018 RM**	2017 RM
At 1st January	**(8,046,160)**	(6,601,713)	**-**	(51,857)
Transfer to statement of profit or loss and other comprehensive income (Note 28)	**1,036,092**	(1,496,304)	**-**	–
Transfer to statement of changes in equity				
- Conversion/Issuance of RCPS	–	51,857	**-**	51,857
At 31st December	**(7,010,068)**	(8,046,160)	**-**	–

	Group		Company	
	2018 RM	2017 RM	**2018 RM**	2017 RM
The deferred tax assets/(liabilities) recognised is in respect of the followings:				
- Temporary difference between depreciation and capital allowance	**(803,473)**	(12,653,033)	**-**	–
Provision and others	**(6,206,595)**	4,606,873	**-**	–
	(7,010,068)	(8,046,160)	**-**	–

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

	Group		Company	
	2018 RM	2017 RM	**2018 RM**	2017 RM
Unused tax losses	**9,231,260**	8,510,818	**-**	–
Unabsorbed capital allowances	**13,877,383**	13,877,383	**-**	–
Unutilised reinvestment allowances	**4,722,545**	4,722,545	**-**	–
Other deductible temporary differences	**3,898,403**	4,427,145	**-**	–
	31,729,591	31,537,891	**-**	–

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

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM	2017 RM	**2018 RM**	2017 RM
Non-Current				
Trade Receivables				
Retention sum	**166,278,121**	135,357,643	**-**	–
Current				
Trade Receivables				
Third parties	**225,350,169**	224,429,200	**-**	–
Retention sum	**2,348,431**	1,542,223	**-**	–
	227,698,600	225,971,423	**-**	–
Less: Allowance for impairment				
- Third parties	**(10,932,895)**	(6,145,130)	**-**	–
	216,765,705	219,826,293	**-**	–
Other Receivables				
Amount due from subsidiaries	**-**	–	**207,923,397**	140,640,640
Prepayment	**120,404**	94,747	**-**	6,489
Deposits	**6,861,979**	3,926,378	**-**	–
Other receivables	**18,409,653**	14,668,842	**-**	–
	25,392,036	18,689,967	**207,923,397**	140,647,129
Less: Allowance for impairment				
- Amount due from subsidiaries	**-**	–	**(20,371,124)**	(20,968,441)
- Third parties	**(365,988)**	–	**-**	–
	25,026,048	18,689,967	**187,552,273**	119,678,688
Total - current	**241,791,753**	238,516,260	**187,552,273**	119,678,688
Total trade and other receivables	**408,069,874**	373,873,903	**187,552,273**	119,678,688

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 (2017: 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.

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade Receivables (cont'd)

Ageing analysis of trade receivables

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

	Group	
	2018	2017
	RM	RM
Not past due	**234,277,412**	212,434,464
1 to 30 days past due	**22,563,049**	43,787,957
31 to 60 days past due	**11,432,643**	26,111,722
61 to 90 days past due	**12,054,664**	7,226,606
More than 90 days past due	**102,716,058**	65,623,187
	148,766,414	142,749,472
Impaired	**10,932,895**	6,145,130
	393,976,721	361,329,066

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 RM148,766,414 (2017: RM142,749,472) 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.

Receivables that are impaired

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

	Group	
	2018	2017
	RM	RM
At 1st January	**6,145,130**	6,028,618
Impact of adoption of MFRS 9	**5,745,017**	–
Reversal for the year	**(3,045,702)**	–
Charge for the year	**2,088,450**	116,512
At 31st December	**10,932,895**	6,145,130

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.

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(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.

11. INVENTORIES

	Group 2018 RM	2017 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	**100,803,942**	52,958,392
Costs incurred during the year	**75,440,819**	47,845,550
At 31st December	**176,244,761**	100,803,942
Cumulative Cost recognised in profit or loss:		
Leasehold Land		
At 1st January	**(3,282,672)**	(1,210,400)
Recognised during the year (Note 22)	**(2,761,439)**	(2,072,272)
At 31st December	**(6,044,111)**	(3,282,672)
Development Costs		
At 1st January	**(74,991,635)**	(24,717,440)
Recognised during the year (Note 22)	**(68,853,629)**	(50,274,195)
At 31st December	**(143,845,264)**	(74,991,635)
Total property development costs	**51,848,884**	48,023,133

11. INVENTORIES (CONT'D)

(ii) Others

	Group	
	2018	2017
	RM	RM
Raw materials	**2,306,407**	2,712,549
Work-in-progress	**563,757**	375,996
Finished goods	**-**	141,118
	2,870,164	3,229,663

(iii) Investment properties

Completed leasehold land and buildings, at cost:

	Group	
	2018	2017
	RM	RM
At 1st January	**20,552,196**	15,214,136
Addition	**33,495,704**	5,338,060
Disposal	**(4,400,540)**	-
At 31st December	**49,647,360**	20,552,196
Total inventories	**104,366,408**	71,804,992

12. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2018	2017
	RM	RM
Contract Assets		
(a) Accrued billings in respect of property development (Note 13)	**26,396,056**	-
(b) Amount due from customers for contract works (Note 14)	**12,761,744**	33,848,307
	39,157,800	33,848,307
Contract Liabilities		
(a) Progress billings in respect of property development (Note 13)	**-**	(14,914,523)
(b) Amount due to customers for contract works (Note 14)	**(33,196,579)**	(76,979,898)
	(33,196,579)	(91,894,421)

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.

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

	Group	
	2018 RM	2017 RM
Cumulative revenue recognised to date	**217,648,481**	118,209,051
Cumulative billings to purchasers	**(191,252,425)**	(133,123,574)
	26,396,056	(14,914,523)

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

14. AMOUNT DUE TO CUSTOMERS FOR CONTRACT WORKS

	Group	
	2018 RM	2017 RM
Construction contract costs incurred to date	**3,112,743,953**	2,626,206,096
Attributable profits	**573,435,963**	489,762,382
	3,686,179,916	3,115,968,478
Less: Progress billings	**(3,706,614,751)**	(3,159,100,069)
	(20,434,835)	(43,131,591)
Presenting after appropriate offsetting as follows:		
Amount due from customers for contract works	**12,761,744**	33,848,307
Amount due to customers for contract works	**(33,196,579)**	(76,979,898)
	(20,434,835)	(43,131,591)

15. CASH AND BANK BALANCES

	Group		Company	
	2018 RM	2017 RM	**2018 RM**	2017 RM
Cash in hand and at bank	**154,382,529**	50,683,400	**1,951,879**	13,780,651
Cash at securities account	**1,312,678**	–	**1,312,678**	–
Quoted unit trust*	**65,116,871**	100,921,748	**59,619,764**	64,601,304
Deposits with licensed banks	**31,945,005**	33,810,375	**-**	–
	252,757,083	185,415,523	**62,884,321**	78,381,955
Less: Allowance for ECL (MFRS 9)	**(121,846)**	–	**(1,276)**	–
	252,635,237	185,415,523	**62,883,045**	78,381,955

The fixed deposits earned interest rates ranging from 3.52% to 4.00% (2017: 3.52% to 4.00%) per annum and have average maturities range from 29 to 61 (2017: 29 to 61) days.

* Stated at market price.

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16. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2018	2017	**2018**	2017
	Unit	Unit	**RM**	RM
Issued and fully paid				
At 1st January	**564,531,382**	509,065,564	**642,658,306**	254,532,782
Issued pursuant to:				
- Bonus issue	**677,437,384**	–	**-**	–
- Conversion of warrant	**-**	22,120,990	**-**	19,005,116
- Conversion of RCPS	**-**	33,344,828	**-**	38,680,000
*Effect of implementation of Companies Act,2016.	**-**	–	**-**	330,440,408
At 31st December	**1,241,968,766**	564,531,382	**642,658,306**	642,658,306

* The new Companies Act, 2016 which came into effect on 31st January, 2017, abolished the concept of par value of share capital and consequently, the amount of RM330,440,408 standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Companies Act, 2016.

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 12th 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 expired on 23rd February, 2023;

Warrants 2007/2017

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

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

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

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

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

16. SHARE CAPITAL (CONT'D)

The Renounceable Rights Issue during the financial year ended 31st December, 2011 had resulted in adjustments to both the number and exercise price of the Warrants 2007/2017, which were made in accordance with the provisions of the Warrant 2007/2017 Deed Poll. Consequently the exercise price of the warrants revised to RM0.88 per share and other salient features of the warrants remain unchanged.

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

	2018 **Unit**	2017 Unit
At 1st January	**-**	22,322,754
Issued during the year	**169,358,984**	–
Exercised during the year	**-**	(22,120,993)
Expired	**-**	(201,761)
At 31st December	**169,358,984**	–

The warrant 2007/2017 has expired on 20th December, 2017.

17. TREASURY SHARES

	Group and Company	
	2018 **RM**	2017 RM
Number of ordinary shares		
At 1st January	**-**	–
Repurchased during the year	**6,834,700**	–
At 31st December	**6,834,700**	–

	2018 **RM**	2017 RM
Ordinary shares		
At 1st January	–	–
Repurchased during the year	**8,056,108**	–
At 31st December	**8,056,108**	–

During the financial year, the Company repurchased 6,834,700 (2017: Nil) ordinary shares from the open market at an average price of RM1.18 (2017: RM Nil) per share. The total consideration paid for the repurchase including transaction costs was RM8,056,108 (2017: RM Nil). 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 968,100 from the open market.

18. RESERVES

		Group		Company	
		2018	2017	**2018**	2017
		RM	RM	**RM**	RM
(a)	Other reserve	**475,000**	475,000	**-**	-
(b)	Foreign currency translation reserve	**200,709**	249,227	**-**	-
		675,709	724,227	**-**	-

(a) Other reserve

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

(b) Share premium

	Group and Company	
	2018	2017
	RM	RM
At 1st January	**-**	330,009,168
Issuance of ordinary shares pursuant to:		
- exercise of warrants 2007/2017	**-**	461,358
Share issuance expenses	**-**	(30,118)
*Effect of implementation of Companies Act, 2016	**-**	(330,440,408)
At 31st December	**-**	-

* The new Companies Act, 2016 which came into effect on 31st January, 2017 abolished the concept of par value of share capital and consequently, the amount of RM330,440,408 standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Companies Act, 2016.

(c) Foreign currency translation reserve

	Group	
	2018	2017
	RM	RM
At 1st January	**249,227**	(150,728)
Change during the year	**(48,518)**	399,955
At 31st December	**200,709**	249,227

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

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM	2017 RM	**2018 RM**	2017 RM
Non-Current				
Trade Payables				
Retention sum	**59,506,826**	49,017,495	**-**	-
Current				
Trade Payables				
Third parties	**163,329,490**	130,682,375	**-**	-
Retention sum	**2,575,403**	1,852,904	**-**	-
	165,904,893	132,535,279	**-**	-
Other Payables				
Accruals	**6,880,827**	7,460,061	**301,365**	266,650
Amount due to subsidiaries	**-**	-	**5,751,793**	3,184,895
Other payables	**9,930,186**	5,532,734	**21,913**	8,343
Deposit received	**443,500**	415,987	**-**	-
	17,254,513	13,408,782	**6,075,071**	3,459,888
Total - current	**183,159,406**	145,944,061	**6,075,071**	3,459,888
Total trade and other payables	**242,666,232**	194,961,556	**6,075,071**	3,459,888

(a) Trade Payables

Trade payables are non-interest bearing and are normally settled on 14 to 90 (2017: 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 (2017: 90) days term.

20. SHORT TERM BORROWING

	Group	
	2018 RM	2017 RM
Bank overdraft	**60,123,470**	-

The bank overdraft is secured by way of corporate guarantee granted by the Company and bears interest of approximately 5.05% (2017: Nil) per annum.

Notes to the Financial Statements
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21. REVENUE

	Group		Company	
	2018	2017	**2018**	2017
	RM	RM	**RM**	RM
Construction activities	**967,832,646**	879,692,228	**-**	–
Property development activities	**99,439,430**	75,507,447	**-**	–
Manufacturing activities	**1,489,624**	469,631	**-**	–
Dividend	**-**	–	**80,000,000**	51,500,000
	1,068,761,700	955,669,306	**80,000,000**	51,500,000

22. COST OF SALES

	Group	
	2018	2017
	RM	RM
Construction costs	**789,791,520**	717,722,501
Property development costs (Note 11 (i))	**71,615,068**	52,346,467
Manufacturing costs	**946,358**	399,186
	862,352,946	770,468,154

23. OTHER OPERATING INCOME

	Group		Company	
	2018	2017	**2018**	2017
	RM	RM	**RM**	RM
Additional car park bay	**80,000**	–	**-**	–
Reversal on allowance for impairment loss	**3,063,196**	–	**-**	–
Administrative charges	**74,830**	41,123	**-**	–
Deposit forfeited	**188,970**	–	**-**	–
Foreign worker - Accommodation	**70**	183,888	**-**	–
Foreign worker - Levy fee	**-**	1,312,459	**-**	–
Fair value adjustment on discounting of retention sum receivables/payables	**-**	2,186,415	**-**	–
Fair value adjustment on short term fund	**147,455**	20,826	**139,336**	–
Gain on disposal of property, plant and equipment and investment properties	**1,781,862**	2,438,000	**-**	–
Insurance compensation	**321,632**	325,515	**-**	–
Interest income from fixed deposits and current account	**5,398,041**	4,650,087	**2,807,399**	1,372,105
Management fee rebate	**190,321**	65,280	**190,321**	65,280
Balance carried forward	**11,246,377**	11,223,593	**3,137,056**	1,437,385

23. OTHER OPERATING INCOME (CONT'D)

	Group		Company	
	2018	2017	**2018**	2017
	RM	RM	**RM**	RM
Balance brought forward	**11,246,377**	11,223,593	**3,137,056**	1,437,385
Miscellaneous	**280,270**	581,080	**-**	–
Penalty charges	**1,755,822**	1,414,978	**-**	–
Promotion and event	**-**	1,415	**-**	–
Realised gain on foreign exchange	**8**	11,108	**-**	–
Rental of machinery	**126,000**	850,308	**-**	–
Rental of others	**73,400**	224,658	**-**	–
Retention sum recover	**-**	2,089,857	**-**	–
Reversal of allowance for doubtful debt	**-**	–	**597,317**	1,800,000
Sales of extra linen	**35,250**	–	**-**	–
Sales of scrap	**4,855,978**	3,484,006	**-**	–
	18,373,105	19,881,003	**3,734,373**	3,237,385

24. FINANCE COSTS

	Group		Company	
	2018	2017	**2018**	2017
	RM	RM	**RM**	RM
Bank overdraft interest	**217,681**	35,199	**-**	–
LC charges	**-**	55,500	**-**	–
Fair value adjustment on discounting of retention sum receivables/payables	**2,705,240**	6,338,210	**-**	–
Allowance for diminution in value	**4,819,762**	1,943,256	**-**	–
Fair value adjustment on unit trust	**-**	114,580	**-**	114,580
	7,742,683	8,486,745	**-**	114,580

25. PROFIT BEFORE TAXATION

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

	Group		Company	
	2018	2017	**2018**	2017
	RM	RM	**RM**	RM
Auditors' remuneration				
- statutory audits				
- current year	**201,717**	199,825	**36,000**	35,000
- (over)/under provision in previous year	**(811)**	(1,137)	**-**	380
- other services	**1,100**	1,050	**1,100**	1,050
Allowance for impairment losses				
- trade receivables (Note 10(a))	**2,088,450**	116,512	**-**	–
- other receivables	**2,577,469**	-	**-**	–
Amortisation of intangible asset (Note 8(ii))	**31,120**	34,073	**-**	–
Bad debt written off	**10,504**	10,000	**-**	–
Depreciation of property, plant and equipment (Note 4)	**32,763,387**	23,703,278	**3,600**	3,600
Depreciation of investment properties (Note 5)	**46,898**	79,689	**-**	–
Employee benefits expense (Note 26)	**31,588,255**	25,938,667	**-**	–
Finance cost (Note 24)	**7,742,683**	8,486,745	**131,058**	114,580
Directors' remuneration (Note 27)				
- executive	**5,592,674**	5,107,267	**-**	–
- non-executive	**228,980**	197,600	**228,980**	197,600
Loss on disposal of property, plant and equipment and investment properties	**302,567**	–	**-**	–
Loss on sales of inventories	**685,540**	–	**-**	–
Rental expenses				
- equipments and sites	**5,120**	–	**-**	–
- premises	**480,800**	445,588	**-**	–

26. EMPLOYEE BENEFITS EXPENSE

	Group	
	2018	2017
	RM	RM
Wages and salaries	**27,185,263**	20,093,672
Social security contributions	**327,789**	234,517
Contributions to defined contribution plan	**2,789,015**	2,507,543
Other benefits	**1,286,188**	3,102,935
	31,588,255	25,938,667

27. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM	2017 RM	**2018 RM**	2017 RM
Executive				
- salaries and other emoluments	**4,921,080**	4,579,341	**-**	-
- contributions to defined contribution plan	**671,594**	527,926	**-**	-
Total executive directors' remuneration (Note 25)	**5,592,674**	5,107,267	**-**	-
Non-executive				
- fees				
- current year	**208,480**	171,600	**208,480**	171,600
- other emoluments				
- current year	**20,500**	26,000	**20,500**	26,000
Total non-executive directors' remuneration (Note 25)	**228,980**	197,600	**228,980**	197,600
	5,821,654	5,304,867	**228,980**	197,600

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

	Number of Director	
	2018	2017
Executive directors		
- RM800,001 - RM1,000,000	**-**	-
- RM1,000,001 and above	**3**	3
Non-executive directors		
- below RM50,000	**1**	-
- RM50,001 - RM100,000	**3**	3

28. TAXATION

	Group		Company	
	2018 RM	2017 RM	**2018 RM**	2017 RM
Current income tax				
- Malaysian income tax	**42,816,314**	40,915,365	**-**	-
- (Over)/underprovision in previous year	**(459,320)**	(43,611)	**-**	124,297
- Real property gain tax	**9,797**	134,023	**-**	-
	42,366,791	41,005,777	**-**	124,297

28. TAXATION (CONT'D)

	Group		Company	
	2018 **RM**	2017 RM	**2018** **RM**	2017 RM
Deferred income tax (Note 9)				
- relating to origination and reversal of temporary differences	**(1,036,092)**	1,601,545	**-**	–
- (Over)/under provision in previous year	**-**	(105,241)	**-**	–
	(1,036,092)	1,496,304	**-**	–
Income tax expense recognised in statement of profit or loss and other comprehensive income	**41,330,699**	42,502,081	**-**	124,297

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31st December, 2018 and 2017 is as follows:

	Group		Company	
	2018 **RM**	2017 RM	**2018** **RM**	2017 RM
Profit before tax	**179,669,769**	168,571,357	**82,684,574**	53,953,519
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	**43,120,745**	40,457,126	**19,844,298**	12,948,845
Income not subject to tax	**(1,930,182)**	(333,326)	**(20,076,336)**	(13,129,818)
Non-deductible expenses	**11,183,847**	8,781,855	**212,215**	180,973
Deferred tax assets not recognised	**1,181,673**	1,075	**19,823**	–
Exemption of increase in chargeable income	**(573,332)**	–	**-**	–
Deferred tax assets recognised on previously unrecognised tax losses and capital allowance	**(23,905)**	1,827,764	**-**	–
Real propety gain tax	**9,797**	134,023	**-**	–
Utilisation of current year's capital allowance	**(8,975,577)**	(7,870,856)	**-**	–
Utilisation of previously unrecognised reinvestment allowance	**57,511**	(346,728)	**-**	–
(Over)/under provision of deferred tax in previous year	**(2,260,558)**	(105,241)	**-**	–
(Over)/underprovision of income tax in previous year	**(459,320)**	(43,611)	**-**	124,297
	41,330,699	42,502,081	**-**	124,297

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

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

29. EARNINGS PER SHARE

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

	Group	
	2018	2017
	RM	RM
(a) Basic		
Profit, net of tax attributable to owners of the Company	**138,198,993**	124,740,059
Weighted average number of ordinary shares outstanding	**1,240,889,410**	533,830,468
Basic earnings per share (sen)	**11.13**	23.37
(b) Diluted		
Profit, net of tax attributable to owners of the Company	**138,198,993**	124,740,059
Weighted average number of ordinary shares as above	**1,240,889,410**	533,830,468
Effect of outstanding warrants	**139,199,165**	–
	1,380,088,575	533,830,468
Diluted earnings per share (sen)	**10.01**	23.37

30. DIVIDEND

	Net Dividend Per Share Sen	**Total Amount RM**	**Date of payment RM**
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	
2017			
Single tier interim	5.50	30,817,017	29th August, 2017

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the current financial year of 2 sen per ordinary share will be proposed for shareholders' approval. The total estimated dividend payable is approximately RM24,683,319.The single tier final dividend was proposed by the board of Directors on 12th April, 2019.

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, 2019.

Notes to the Financial Statements (Cont'd)

31. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

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

	2018 RM	2017 RM
Rental of office premise	**524,400**	495,600
Construction contract sum	**108,047,352**	64,221,214
Sales of finished goods	**786,444**	26,563
Purchase of goods/services	**2,892,824**	114,661
Refreshement/gift	**131,048**	87,722
Accomodation for staffs	**872,088**	4,033,212
Others*	**24,944**	–

* Others consist of facilities chargeable, sewerage charges and maintenance of motor vehicle.

The significant related parties are Dekad Intelek Sdn. Bhd., Kerjaya Prospek Property 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 27.

32. CONTIGENT LIABILITIES

	Company	
	2018 RM	2017 RM
Corporate guarantees in respect of credit facilities granted to subsidiaries	**51,765,725**	25,021,973

33. COMMITMENTS

Operating lease commitments - as lessee

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

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

33. COMMITMENTS (CONT'D)

	Group 2018 RM	2017 RM
Not later than one year	**981,850**	635,180
Later than one year and not later than five years	**535,425**	19,800
	1,517,275	654,980

34. HOLDING COMPANY

The holding company of the Company is Egovision Sdn. Bhd., a company incorporated in Malaysia, and owns 50.32% of the Company's equity shareholdings as at 12th April, 2019.

35. 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)	10
Cash and bank balances (excluding unit trust)	15
Trade and other payables (current)	19
Short term borrowings	20

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.

36. 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.

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

<u>Exposure to credit risk</u>

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

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

<u>Credit Risk Concentration Profile</u>

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

At the reporting date, the Group has 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.

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

(b) Liquidity Risk (cont'd)

Analysis of Financial Instruments by Remaining Contractual Maturities

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

	31.12.2018		
	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**

	31.12.2017		
	On demand or within one year RM	**One to five year RM**	**Total RM**
Group			
Financial Liabilities			
Trade and other payables	145,944,061	49,017,495	194,961,556
Company			
Trade and other payables	3,459,888	-	3,459,888

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

(c) Interest Rate Risk

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

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

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

As at the 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.

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

	Group	
	2018	2017
	RM	RM
United States Dollar ("USD")	**244,878**	516,640
Singapore Dollar ("SGD")	**496,576**	496,097
	741,454	1,012,737

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

<u>Sensitivity Analysis for Foreign Currency Risk</u>

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.

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

(d) Foreign Currency Risk (cont'd)

	Gain/(loss) in profit or loss	
	2018	2017
	RM	RM
USD/RM - strengthened 10%	**24,488**	51,664
- weakened 10%	**(24,488)**	(51,664)
SGD/RM - strengthened 10%	**49,658**	49,610
- weakened 10%	**(49,658)**	(49,610)

37. 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			
31.12.2018			
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

37. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

The table below provides an analysis of financial instruments categorised under MFRS 139 as follows:

(i) Loan and receivables ("LR")
(ii) Fair value through profit and loss ("FVTPL")' and
(iii) Financial liabilities measured at amortised cost ("FL")

	Carrying amount RM	AC RM	FVTPL RM
Financial assets			
31.12.2017			
Group			
Other investments	13,025,990	–	13,025,990
Trade and other receivables (excluding prepayment)	373,779,156	373,779,156	–
Cash and bank balances	185,415,523	84,493,775	100,921,748
Company			
Trade and other receivables (excluding prepayment)	119,672,199	119,672,199	–
Cash and bank balances	78,381,955	13,780,651	64,601,304

	Carrying amount RM	FL RM
Financial liabilities		
31.12.2017		
Group		
Trade and other payables	194,961,556	194,961,556
Company		
Trade and other payables	3,459,888	3,459,888

38. 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, 2018 and 2017.

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

	Group		Company	
	2018	2017	**2018**	2017
	RM	RM	**RM**	RM
Trade and other payables	**242,666,232**	194,961,556	**6,075,071**	3,459,888
Less: Net cash and bank balances	**(192,511,767)**	(185,415,523)	**(62,883,045)**	(78,381,955)
Net debt	**50,154,465**	9,546,033	**(56,807,974)**	(74,922,067)
Equity attributable to the owners of the parent, representing total capital	**976,752,709**	877,749,863	**707,428,295**	657,631,419
Capital and net debt	**1,026,907,174**	887,295,896	**650,620,321**	582,709,352
Gearing ratio	**5%**	1%	**0%**	0%

39. 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.

(v) Others – Investment holding and 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.

39. SEGMENT INFORMATION (CONT'D)

	Construction RM	Manufacturing RM	Properties RM	Others RM	Elimination RM	Total RM
31st December, 2018						
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	158,783,001	5,713,097	24,976,395	82,710,445	(84,770,486)	187,412,452
Finance costs						(7,742,683)
Profit before tax						179,669,769
Taxation						(41,330,699)
Profit for the year						138,339,070
Assets						
Segment assets	875,255,335	115,376,726	107,402,743	722,380,102	(489,903,011)	1,330,511,895
Unallocated assets						–
Consolidated total assets						1,330,511,895
Liabilities						
Segment liabilities	584,631,596	111,181,449	61,812,582	28,233,127	(434,101,424)	351,757,330
Unallocated liabilities						–
Consolidated total liabilities						351,757,330
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

39. SEGMENT INFORMATION (CONT'D)

	Construction RM	Manufacturing RM	Properties RM	Others RM	Elimination RM	Total RM
31st December, 2017						
Revenue						
External sales	879,692,228	469,631	75,507,447	–	–	955,669,306
Inter-segment sales	229,136,855	4,805,822	–	51,500,000*	(285,442,677)	–
Total revenue	1,108,829,083	5,275,453	75,507,447	51,500,000	(285,442,677)	955,669,306
Results						
Segment results	161,686,570	1,990,817	19,781,333	53,706,400	(60,107,018)	177,058,102
Finance costs						(8,486,745)
Profit before tax						168,571,357
Taxation						(42,502,081)
Profit for the year						126,069,276
Assets						
Segment assets	702,694,502	107,057,800	83,160,749	672,714,905	(380,973,708)	1,184,654,248
Unallocated assets						–
Consolidated total assets						1,184,654,248
Liabilities						
Segment liabilities	442,986,068	106,914,305	55,562,675	25,554,393	(325,974,835)	305,042,606
Unallocated liabilities						–
Consolidated total liabilities						305,042,606
Other information						
Depreciation of property, plant and equipment	23,328,019	371,659	–	3,600	–	23,703,278
Depreciation of investment properties	79,689	–	–	–	–	79,689
Amortisation of intangible assets	34,073	–	–	–	–	34,073

* Mainly are dividend income from subsidiaries, which will be eliminated upon consolidation.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 3rd January, 2018, the Kerjaya Prospek Group Berhad ("Company") proposed to undertake the following proposals:

(i) Proposed bonus issue of up to 677,437,658 new ordinary shares in the Company ("Kerjaya Shares" or "Shares")("Bonus Shares") on the basis of 6 bonus shares for every 5 existing Kerjaya Shares and;

(ii) Proposed bonus issue of up to 169,359,414 new warrants in the Company ("bonus warrants") on the basis of 6 bonus warrants for every 20 existing Kerjaya Shares ("Proposed bonus issue of warrants").

The bonus issue of shares has been completed following the listing of and quotation for 677,437,384 bonus shares on the Main Market of Bursa Securities on 28th February, 2018.

The proposals bonus issue of warrants are deemed completed following the listing of and quotation for 169,358,984 on the Main Market of Bursa Securities on 7th March, 2018.

(b) On 12th April, 2018, Kerjaya Prospek (M) Sdn. Bhd. ("KPSB"), a wholly-owned subsidiary of the Company, has accepted a letter of award for Superstructure S2 (Parcel 3) main building works ("LA") from BBCC Development Sdn Bhd, an unrelated third party property developer, in respect of main building works for a proposed mixed development project located on part of Lot PT143 Seksyen 56 at Jalan Hang Tuah/Jalan Pudu, Wilayah Persekutuan, Kuala Lumpur.

The contract covers the construction of main building works for the project, which comprises one (1) block of eight (8) storey car park podium with connection from parcel to parcel, a six (6) storey car park and two (2) towers of high-rise buildings of thirty-five (35) and forty-seven (47) storey each, with a total of 666 units service apartments to be built on part of Lot PT143, Seksyen 56 at Jalan Hang Tuah/Jalan Pudu, Wilayah Persekutuan, Kuala Lumpur.

The contract sum for the contract is RM357.30 milllion only. The Contract is expected to commence on 23rd April, 2018 and to be completed within 36 months from the commencement date.

(c) On 5th June, 2018, KPSB has accepted a letter of award amounting to RM138.60 million for execution and completion of marine bridge, embankment at grade and all other associated civil engineering works for the prosposed Seri Tanjung Pinang (Phase 2) Development from Tanjung Pinang Development Sdn. Bhd., a related party project.

(d) On 11th October, 2018, the Company announced that its wholly owned subsidiary, Bazarbayu Sdn. Bhd. ("Bazarbayu") has entered into a Share Sale Agreement ("SSA") to acquire 90,000 ordinary shares in Yakin Land Sdn. Bhd. ("YLSB") representing 90% equity interest in YLSB ("Sale Share") for a total purchase consideration of RM1,350,000 ("Acquisition") for the Sale Shares. The acquisition also involved the liabilities to be assumed by Bazarbayu and YLSB.

(e) On 26th November, 2018, KPSB has accepted two letters of award with an aggregate amount of RM282.25 million from Nusmetro Group, the unrelated third party property developer to undertake the following contracts:-

(i) Construction of sub-structure works for a proposed commercial development at Mont Kiara worth RM29.82 million; and

(ii) Construction of main building for a proposed commercial development at Jalan Cheras worth RM252.43 million.

(f) On 4th December, 2018, KPSB has accepted a letter of award amounting to RM211.58 million from PPB Hartabina Sdn. Bhd., an unrelated third party property developer, in respect of construction of main building and external works for a proposed mixed development project located on Lot PT242, Seksyen 39 (f.k.a Lot-lot 10989 and 10991) Jalan SS24/9, Mukim Sungai Buloh, Daerah Petaling Selangor Darul Ehsan.

41. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

(a) On 10th January, 2019, the Company has announced that the completion of the SSA took place with the payment of the remaining balances of the Purchase Consideration and Vendor's Advances by Bazarbayu to the Vendor totaling RM9,718,481.47. Consequential thereof, Bazarbayu will become the owner of the Sale Shares (i.e 90% equity interest of YLSB).

b) On 17th January, 2019, 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.

42. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the financial year, the Group and the Company adopted MFRS 9 Financial Instruments and MFRS 15 Revenue from Contracts with Customers on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives.

(a) Impacts of MFRS 9 on Statement of Financial Position

The following table summarises the impacts arising from the adoption of MFRS 9:

Group	As at 31.12.2017 RM	Effect of MFRS 9 RM	As at 1.1.2018 RM
Trade and other receivables	373,873,903	(6,199,431)	367,674,472
Cash and bank balances	185,415,523	(60,500)	185,355,023
Total assets	559,289,426	(6,259,931)	553,029,495
Retained earnings	234,367,330	(6,259,931)	228,107,399
Total equity	234,367,330	(6,259,931)	228,107,399

(b) Impacts of MFRS 15 on Statement of Financial Position

The Group has reclassified the assets and liabilities associated with construction contracts and property development to contract assets and liabilities in the Statement of Financial Position in accordance to MFRS 15 Revenue from Contracts with Customers as disclosed in Note 12. The reclassification of assets and liabilities do not have any financial impact to the Group.

43. AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31st December, 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 12th April, 2019.

Top 10 List *of Properties*

No	Address/ Location	Tenure	Area (square metre)	Description/ Existing use	Approximate Age of Building	Net Carrying Amount (RM'000)"	Date of Last Revaluation (R)/ Acquisition (A)
1	Lot 12068, Pekan Klebang Seksyen 111, Melaka (Land)	Leasehold expiring in 2109	20,234 sq meter	Vacant	3	4,894	1/6/2015
2	Unit No.10, Lot 9625 Sungai Buloh Batu 11, Jalan Kuala Selangor.	Leasehold expiring in 2068	918.77 sq meter	Workshop	5	4,142	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 sq ft	Factory	16	3,196	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 sq ft	Vacant	2	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 sq ft	Vacant	2	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 sq ft	Vacant	3	1,269	15/4/2015
7	A1-25-2, My habitat 3, Jalan Aman, Off Jalan Tun Razak, 55000 Kuala Lumpur.	Freehold	883 sq ft	Vacant	7	918	2/3/2011
8	30-03, Block C, Pangsapuri Puncak Setia, Jalan Setia Tropika 1/21, Taman Setia Tropika, 81200 Johor Bahru.	Freehold	1,193 sq ft	Vacant	1	561	12/5/2017
9	29-02, Block C, Pangsapuri Puncak Setia, Jalan Setia Tropika 1/21, Taman Setia Tropika, 81200 Johor Bahru.	Freehold	1,193 sq ft	Vacant	1	557	21/3/2017
10	28-04, Block C, Pangsapuri Puncak Setia, Jalan Setia Tropika 1/21, Taman Setia Tropika, 81200 Johor Bahru.	Freehold	1,261 sq ft	Vacant	1	550	21/3/2017

Analysis of Shareholdings
as at 29 March 2019

Class of Shares	:	Ordinary Share ("Shares")
Issued Share Capital	:	RM642,658,306.46 represented by 1,241,968,766 Shares
Treasury shares	:	7,024,700 Shares held by the Company
Voting Rights of Share	:	One vote per shareholder on a show of hands or one vote per ordinary share on a poll

ANALYSIS OF LISTED SECURITIES BY SIZE OF HOLDINGS AS AT 29 MARCH 2019
(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	294	10.22	11,946	0.00
100 to 1,000	349	12.13	197,615	0.02
1,001 to 10,000	1,432	49.79	5,501,219	0.45
10,001 to 100,000	603	20.97	17,206,781	1.39
100,001 to less than 5% of issued shares	195	6.78	355,368,760	28.78
5% and above of issued shares	3	0.10	856,657,745	69.37
Total	**2,876**	**100.00**	**1,234,944,066***	**100.00**

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 29 MARCH 2019
(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	503,381,464	40.76
2.	AMAZING PARADE SDN BHD	251,482,759	20.36
3.	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR EGOVISION SDN BHD (ESS2.7189-9)*	101,793,522	8.24
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD SFS - DCC MY*	60,353,190	4.89
5.	HSBC NOMINEES (ASING) SDN BHD *HSBC BK PLC FOR ASIA EX JAPAN EQUITY SMALLER COMPANIES (LXG HGIF)*	22,546,840	1.83
6.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND*	19,703,900	1.60
7.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND*	18,263,820	1.48
8.	ONE PERMATANG SDN BHD	17,600,000	1.43
9.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR EGOVISION SDN. BHD. (SMART)*	16,000,000	1.30
10.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS ISLAMIC SMALL-CAP FUND*	13,840,200	1.12

Analysis of Shareholdings (Cont'd)

No.	**Holder Name**	**No. of Shares**	**% of Issued Share Capital***
11.	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)*	12,830,660	1.04
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)*	12,216,160	0.99
13.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD *AS BENEFICIAL OWNER (PF)*	9,398,700	0.76
14.	MAYBANK (NOMINEES) TEMPATAN SDN BHD *NATIONAL TRUST FUND (IFM KENANGA)*	7,831,000	0.63
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *MTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)(419455)*	7,779,340	0.63
16.	CARTABAN NOMINEES (TEMPATAN) SDN BHD *PAMB FOR PRULINK EQUITY FOCUS FUND*	7,776,560	0.63
17.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD *CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND*	7,336,240	0.59
18.	CARTABAN NOMINEES (TEMPATAN) SDN BHD *RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT* SHARIAH PROGRESSFUND	6,835,600	0.55
19.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSMY FOCUS FUND*	6,109,540	0.49
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TOH SIEW CHUON*	5,929,314	0.48
21.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSEQUITY INCOME FUND*	5,075,400	0.41
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (ARIM)*	4,540,000	0.37
23.	HSBC NOMINEES (ASING) SDN BHD *HSBC TUB AG FOR HSHK ASIAN SMALL CAPS (INKA MBH)*	3,668,940	0.30
24.	CARTABAN NOMINEES (TEMPATAN) SDN BHD *PAMB FOR PRULINK EQUITY INCOME FUND*	3,655,960	0.30
25.	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR AFFIN HWANG AIIMAN GROWTH FUND (4207)*	3,431,960	0.28
26.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *CIMB COMMERCE TRUSTEE BERHAD - KENANGA MALAYSIAN INC FUND*	3,394,220	0.27
27.	AMANAH RAYA BERHAD	2,900,000	0.23
28.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN HWNG SM CF)*	2,744,000	0.22
29.	LOO SOO LOONG	2,400,000	0.19
30.	LEMBAGA TABUNG HAJI	2,345,100	0.19
	TOTAL	**1,143,164,389**	**92.57**

Note:

* Exclude a total of 7,024,700 treasury shares retained by the Company as per record of depositors as at 29 March 2019

DIRECTORS' SHAREHOLDINGS IN THE COMPANY
(AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 29 MARCH 2019)

	No. of OS held			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Datuk Tee Eng Ho	–	–	*2 872,657,745	*2 70.66
Tee Eng Seng	–	–	*2 872,657,745	*2 70.66
Datin Toh Siew Chuon	5,929,314	0.48	*2 872,657,745	*2 70.66
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		
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	–	–	–	–

Notes:-

*1 Negligible
*2 Deemed interested by virtue of their interest in Egovision Sdn. Bhd. and Amazing Parade Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 29 MARCH 2019)

	No. of Shares Held			
Name of Substantial Shareholders	**Direct**	**%**	**Indirect**	**%**
Amazing Parade Sdn. Bhd.	251,482,759	20.36	–	–
Egovision Sdn. Bhd.	621,174,986	50.30	–	–
Datuk Tee Eng Ho	–	–	*1 878,587,059	*1 71.14
Tee Eng Seng	–	–	*2 872,657,745	*2 70.66
Datin Toh Siew Chuon	5,929,314	0.48	*2 872,657,745	*2 70.66

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.

Analysis of Shareholdings (Cont'd)

DIRECTORS' SHAREHOLDINGS IN RELATED CORPORATION
(AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 29 MARCH 2019)

	Direct No. of Ordinary Shares in Egovision Sdn. Bhd.	%	Indirect 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 March 2019

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 MARCH 2019
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Size of Warrantholdings	No. of Holders	%	No. of Holdings	%
Less than 100	448	21.02	10,753	0.01
100 to 1,000	868	40.73	335,994	0.20
1,001 to 10,000	475	22.29	1,674,862	0.99
10,001 to 100,000	256	12.01	10,157,803	6.00
100,001 to less than 5% of issued warrants	81	3.80	38,180,790	22.54
5% and above of issued warrants	3	0.14	118,998,782	70.26
Total	**2,131**	**100.00**	**169,358,984**	**100.00**

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 29 MARCH 2019
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

No.	Holder Name	No. of Holding	%
1.	EGOVISION SDN BHD	70,824,745	41.82
2.	AMAZING PARADE SDN BHD	34,293,103	20.25
3.	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR EGOVISION SDN BHD (ESS2.7189-9)*	13,880,934	8.20
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD SFS - DCC MY*	3,764,570	2.22
5.	ONE PERMATANG SDN BHD	2,400,000	1.42
6.	LUM KWOK WENG @ LUM KOK WENG	1,980,000	1.17
7.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS ISLAMIC SMALL-CAP FUND*	1,887,300	1.11
8.	RHB NOMINEES (ASING) SDN BHD	1,765,720	1.04
9.	TAN KOK WEI	1,508,000	0.89
10.	SZE SEE CHUEN	1,266,000	0.75
11.	ANG KAH KEEM	1,251,300	0.74
12.	PUA GEOK TAN	1,213,290	0.72
13.	CHONG LOKE CHEN	1,100,000	0.65
14.	CHONG MEEI FEN	903,000	0.53
15.	LEE KOK GUAN	847,470	0.50
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TOH SIEW CHUON*	808,542	0.48
17.	CHIA SOW TECK	750,068	0.44
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *TEE TONG LAI*	728,680	0.43
19.	LOO SOO LOONG	600,000	0.35

Analysis of Warrantholdings (Cont'd)

No.	Holder Name	No. of Holding	%
20.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSMY FOCUS FUND*	575,410	0.34
21.	MAK CHEE HOON @ MAK CHEE ONN	530,000	0.31
22.	YAP SWEE HANG	506,500	0.30
23.	TAI SHEAU YANN	500,000	0.30
24.	YAP SWEE HANG	483,500	0.29
25.	TER LEONG SWE	434,300	0.26
26.	HO WEI FUN	406,220	0.24
27.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD – *KENANGA SYARIAH GROWTH FUND*	384,360	0.23
28.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN TEONG HENG (CEB)*	382,500	0.23
29.	TEE YONG SHENG	365,480	0.22
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEN BOOK LEARN*	352,700	0.21
	TOTAL	146,693,692	86.62

DIRECTORS' WARRANTHOLDINGS
(AS PER REGISTER OF DIRECTORS' WARRANTHOLDINGS AS AT 29 MARCH 2019)

	No. of Warrants held			
Name of Directors	**Direct**	**%**	**Indirect**	%
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	–	–
Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof	–	–	–	–

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 March 2019

Notice to *Shareholders*

NOTICE OF THIRTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Fifth Annual General Meeting of the Company will be held at Tiara Rini Ballroom, First Floor, The Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47180 Petaling Jaya, Selangor on Thursday, 30 May 2019 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 2018 and the Reports of Directors and Auditors thereon.

2. To approve a single-tier final dividend of 2 sen per ordinary share for the financial year ended 31 December 2018. *Ordinary Resolution 1*

3. To approve the payment of Directors' fees of RM208,480 in respect of the financial year ended 31 December 2018. *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 31 May 2019 until the next annual general meeting of the Company. *Ordinary Resolution 3*

5. To re-elect Lim Kien Lai @ Lim Kean Lai, who retire by rotation pursuant to Article 90(1) of the Company's Constitution *Ordinary Resolution 4*

6. To re-elect Datuk Mohamed Razeek bin Md Hussain Maricar, who was appointed as Director after last year's annual general meeting and retire pursuant to Article 83 of the Company's Constitution. *Ordinary Resolution 5*

7. To appoint Messrs Ong & Wong as Auditors of the Company and authorise the Directors to determine their remuneration. *Ordinary Resolution 6*

8. 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 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) AUTHORITY TO ALLOT SHARES

   "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." *Ordinary Resolution 8*

(C) PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Ordinary Resolution 9

"THAT subject always to the Companies Act 2016 ("**Act**"), provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant approvals, the Directors of the Company be and are hereby authorised to purchase the Company's ordinary shares ("**Shares**") through Bursa Securities, subject to the following:-

(a) The maximum number of Shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued Shares of the Company at any point in time;

(b) The maximum fund to be allocated by the Company for the purpose of purchasing its Shares shall not exceed the retained profits of the Company;

(c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:-

    (i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed; or

    (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

    (iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in general meeting;

    whichever occurs first;

(d) Upon completion of the purchase(s) of the Shares by the Company, the Shares shall be dealt with in the following manner as the Directors of the Company may decide:-

    (i) cancel the Shares so purchased; or

    (ii) retain the Shares so purchased as treasury shares; or

    (iii) retain part of the Shares so purchased as treasury shares and/or cancel the remainder of the Shares/ treasury shares; or

    (iv) distribute the treasury shares as dividends to shareholders; or

    (v) resell the treasury shares or any of the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; or

    (vi) transfer the treasury shares or any of the treasury shares for the purposes of or under an employees' share scheme; or

    (vii) transfer the treasury shares or any of the treasury shares as purchase consideration; or

    (viii) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe.

THAT the Directors of the Company be and are hereby authorised to take all such steps and enter into all agreements, arrangements and guarantees with any party or parties as are necessary to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares."

(D) PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Ordinary Resolution 10

"THAT, subject to the Companies Act 2016 ("**Act**"), the Constitution of the Company and the Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries ("**Kerjaya Group**") to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ("**Related Parties**") as specified in Section 2.2.2 of Part B of the Circular to Shareholders dated 30 April 2019 in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Recurrent RPTs**") provided that such transactions are:-

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the day-to-day operations;

(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(iv) are not to the detriment of the minority shareholders,

("RRPT Mandate").

AND THAT such approval shall continue to be in force until:-

(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."

9. To transact any other business of which due notice shall have been received.

Notice to Shareholders
(Cont'd)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a single-tier final dividend of 2 sen per ordinary share for the financial year ended 31 December 2018, if approved by shareholders, will be paid on 3 July 2019 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 12 June 2019.

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 12 June 2019 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.

BY ORDER OF THE BOARD

SEOW FEI SAN
MOK MEE KEE
Secretaries

Petaling Jaya
30 April 2019

Notes to the Notice of Thirty-Fifth Annual General Meeting ("35th AGM"):-

1. Proxy

1.1 For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming 35th AGM, the Company shall be requesting the Record of Depositors as at 23 May 2019. Only depositors whose names appear in the Record of Depositors as at 23 May 2019 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 2018

*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.*

Notice to Shareholders (Cont'd)

Notes to the Notice (cont'd)

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 35th 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 2018; and*
- *Ordinary Resolution 3 on payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors from 31 May 2019 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 31 May 2019 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 2018 are disclosed in the Corporate Governance Overview Statement as contained in 2018 Annual Report.

4. Ordinary Resolutions 4 and 5: Re-election of Directors

Re-election of Directors who retire in accordance with Article 90(1) of the Company's Constitution

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 35th AGM, 2 Directors will be retiring in accordance with Article 90(1) of the Company's Constitution. They are Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof ("**Prof Datuk Nik**") and Mr. Lim Kien Lai @ Lim Kean Lai ("**Mr. Peter Lim**"). Mr. Peter Lim, being eligible for re-election has given his consent for re-election at the 35th AGM whilst Prof Datuk Nik has expressed his decision to retire at close of the 35th AGM. In view thereof, Prof Datuk Nik will retire from office upon the close of the 35th AGM of the Company.*

Re-election of Directors who retire in accordance with Article 83 of the Company's Constitution

Article 83 of the Company's Constitution provides that the Directors shall have power from time to time and at any time to appoint additional Directors either to fill a casual vacancy or as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by or pursuant to this Constitution. A Director so appointed shall hold office only until the conclusion of the next annual general meeting, but shall be eligible for re-election (but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting).

Pursuant to the said Article 83, Datuk Mohamed Razeek bin Md Hussain Maricar who was appointed as Director of the Company on 1 June 2018 (after last year's annual general meeting) will retire at the 35th AGM of the Company. Datuk Mohamed Razeek bin Md Hussain Maricar has given his consent for re-election at the forthcoming AGM.

Notes to the Notice (cont'd)

5. Ordinary Resolution 7: Proposed Retention of Independent Non-Executive Director

*The proposed Ordinary Resolution 7 is proposed pursuant to Article 90(2) of the Company's Constitution and if passed, will allow Mr. Khoo Siong Kee ("**Mr. Khoo**") to be retained and continue to act as Independent Non-Executive Director of the Company.*

Mr. Khoo was appointed to the Board as Independent Director on 25 April 2011. As at the date of printing of this Annual Report, Mr. Khoo has served on the Board for a period of 8 years and his term of full 9 years falls on 25 April 2020. The Board wishes to retain Mr. Khoo as Independent Director after 25 April 2020 and is therefore seeking members' approval at the forthcoming 35th AGM to retain him as Independent Director (in view that the next AGM is expected to be held in May/June 2020). Subject to the members' approval being obtained at the 35th AGM, Mr. Khoo will not be redesignated as Non-Independent Non-Executive Director of the Company on 25 April 2020 and will be subject to annual re-appointment by members at annual general meeting.

Full details of the Board's justifications for the retention of Mr. Khoo as Independent Director is set out in the Corporate Governance Overview Statement as contained in 2018 Annual Report.

6. Ordinary Resolution 8: Authority to Allot Shares

The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to allot not more than 10% of the total number of issued shares of the Company subject to approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company. This authorisation will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

As at the date of printing of this Annual Report, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last Annual General Meeting held on 28 May 2018 and which will lapse at the conclusion of the 35th 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 9: Proposed Renewal of Share Buy-back Authority

The proposed Ordinary Resolution No. 9, if passed, will empower the Directors of the Company to purchase the Company's ordinary shares of up to ten percent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. Further information on the proposed renewal of share buy-back authority is set out in the Circular to Shareholders dated 30 April 2019, which is despatched together with the Notice of Annual General Meeting.

8. Ordinary Resolution 10: Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue Or Trading Nature

The proposed Ordinary Resolution 10, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. Further information on the proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature is set out in the Circular to Shareholders dated 30 April 2019, which is despatched together with the Notice of Annual General Meeting.

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CDS Account No.

KERJAYA PROSPEK GROUP BERHAD (122592-U)
(Incorporated in Malaysia)

PROXY FORM

I/We..
(FULL NAME IN CAPITAL LETTER AND I/C NO.)

of ....
(ADDRESSS)

being a member/members of **KERJAYA PROSPEK GROUP BERHAD** (the "Company") hereby appoint

....of
(FULL NAME IN CAPITAL LETTER AND I/C NO.)

....
(ADDRESSS)

or failing him/her ....
(FULL NAME IN CAPITAL LETTER AND I/C NO.)

of ....
(ADDRESSS)

or failing him/her, the CHAIRMAN OF THE MEETING as *my/our proxy, to vote for *me/us and on *my/our behalf at the Thirty-Fifth Annual General Meeting of the Company to be held at Tiara Rini Ballroom, First Floor, The Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47180 Petaling Jaya, Selangor on Thursday, 30 May 2019 at 11.00 a.m., or at any adjournment thereof and to vote as indicated below:-

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1	To approve a single tier final dividend		
2	To approve the Directors' fees		
3	To approve the Directors' benefits		
4	To re-elect Lim Kien Lai @ Lim Kean Lai as a Director of the Company		
5	To re-elect Datuk Mohamed Razeek bin Md Hussain Maricar 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 Independent Non-Executive Director of the Company		
8	To approve authority to allot shares		
9	To approve the proposed renewal of share buy-back authority		
10	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 __________________ 2019

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 35th AGM, the Company shall be requesting the Record of Depositors as at 23 May 2019. Only depositors whose names appear in the Record of Depositors as at 23 May 2019 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

The Company Secretary
KERJAYA PROSPEK GROUP BERHAD (122592-U)
802, 8th Floor, Block C
Kelana Square, 17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Please fold here to seal

CONQUAS SCORE: 81.6 Setia Sky 88 Phase 1

CONQUAS SCORE: 83.3 Setia Sky 88 Phase 2

CONQUAS SCORE: 83.6 Eco Sky - Residential

The Edge Billion Ringgit Club 2017

The Edge Billion Ringgit Club 2018

Forbes Best Under A Billion

Setia QEA Quality Excellence Award

FTSE Russell

PropertyInsight Prestigious Developer Awards 2018

Asia Pacific Property Awards — Best Commercial Landscape Architecture Malaysia — The Shore at Malacca River 2015-2016

KERJAYA PROSPEK GROUP BERHAD (122592-U)

No.1, Jalan Wangsa Permai, 2nd Floor, Bangunan One Wangsa
Taman Wangsa Permai, 52200 Kuala Lumpur.

Tel : +603-6277 2480
Fax : +603-6276 2482
Web : www.kerjayagroup.com