SYCAL VENTURES BERHAD

Company No. 547651-U
Incorporated In Malaysia

Annual Report 2016

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 16th Annual General Meeting of the Company will be held at Hotel Pullman Kuala Lumpur Bangsar, Studio III, Level 3, Jalan Pantai Baru, 58000 Kuala Lumpur on 24th May 2017 at 10.00 a.m. to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2016 and the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1 on Ordinary Business)

2. To re-elect the following Directors who retire by rotation pursuant to Article 79 of the Company's Articles of Association:-

   2.1 Mr Chin Kok Wah — Resolution 1

   2.2 Dato' Paduka Dr Abdul Wahid Bin Ahmad Shuhaime — Resolution 2

3. To approve the payment of Directors' fees for the financial year ended 31 December 2016. — Resolution 3

4. To re-appoint Messrs. WHLK as Auditors of the Company for the financial year ending 31 December 2017 and to authorise the Directors to fix the Auditors' remuneration. — Resolution 4

AS SPECIAL BUSINESS

5. To consider and if though fit, to pass the following Ordinary Resolution:- — Resolution 5
   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held in accordance to the provisions of the Companies Act, 2016, whichever is the earlier."

6. To transact any other business of which due notice shall have been given.

By Order of the Board

Koh Kim Koon
Company Secretary

Kuala Lumpur
28th April 2017

Notes:-

1. Only depositors whose names appear on the Record of Depositor as at 15th May 2017 shall be entitled to attend, speak and vote at this 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.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the 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 (1) 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 appointer or of his attorney duly authorized in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorized.
7. The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 4.03A, 4th Floor, Plaza Prima, 4½ Miles, Jalan Kelang Lama, 58200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

A. <u>Explanatory Notes on Ordinary Business</u>

1. Item 1 of the Agenda is meant for discussion only as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, it will not be put forward for voting.
2. Details of the Directors standing for re-appointment/re-election under Ordinary Resolutions 1 and 2 are stated in the Profile of Directors on pages 4 to 5 of this Annual Report. Their securities holdings in the Company are stated on page 97 of this Annual Report.

B. <u>Explanatory Note on Special Business</u>

<u>Resolution pursuant to the Authority to Allot and Issue Shares</u>

The proposed Ordinary Resolution 5 if passed, will allow the Directors of the Company to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company in order to avoid any delay and costs involved in convening a general meeting to approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

This mandate will provide flexibility to the Company for the allotment of shares for the purpose of funding working capital, future expansion, investment/acquisition(s) or such other purposes as the Directors consider would be in the interest of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Haji Abd Rahim Bin Haji Abdul
(Chairman / Non-Executive Director)

Dato' Seow Yong Chin
(Managing Director)

Syed Zain Al-Kudcy Bin Dato' Syed Mahmood
(Executive Director)

Chin Kok Wah
(Executive Director)

Tan Sri Dato' Seri Dr Ting Chew Peh
(Senior Independent Non-Executive Director)

Tee Lay Peng
(Independent Non-Executive Director)

Dato' Paduka Dr Abdul Wahid Bin Ahmad Shuhaime *(Independent Non-Executive Director)*

COMPANY SECRETARY

Koh Kim Koon (MIA7790)

AUDITORS

Messrs WHLK
Chartered Accountants
No. 10-B, Kompleks Damai,
Jalan Lumut, Off Jalan Tun Razak
50400 Kuala Lumpur
Tel: 603-4043 6288
Fax: 603-4045 7288

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela Pusat
Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
Tel: 603-20849000
Fax: 603-20949940 / 603-20950292
E-mail: info@sshsb.com.my

REGISTERED OFFICE

Lot 4.03A, 4th Floor, Plaza Prima
4 ½ Miles, Jalan Kelang Lama
58200 Kuala Lumpur
Tel: 603-7983 9099
Fax: 603-7981 7443
Website : www.sycalberhad.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : SYCAL Stock Code : 9717

PROFILE OF DIRECTORS

Dato' Sri Haji Abd Rahim Bin Haji Abdul *(Male, 67 years of age – Malaysian)*
Chairman / Non-Executive Director
Appointed on 15 March 2006

Dato' Sri Haji Abd Rahim graduated from University of Malaya with a Bachelor of Arts (Honours) Degree in 1972. He obtained his Master of Public Administration from Pennsylvania State University, U.S.A. in 1983 and LLB (Hons) from University of London in 1993. He started his career in the Malaysian Civil Service on 2 March 1973 when he was appointed as Assistant Secretary in the Federal Treasury, a post he held for 14 years. Thereafter, he held various posts in various departments, namely Ministry of Youth and Sports, Prime Minister's Department, National Registration Department, Institute of Islamic Understanding Malaysia and the State Financial Officer of Perlis and Pahang respectively before being appointed as the State Secretary of Pahang on 16 October 2001 until 1 October 2004. His last post was as Deputy Secretary General of Treasury, Ministry of Finance till his retirement on 2 September 2005. He serves as Non-Executive Director of YTL Cement Berhad since April 2004. He is also a director of ASM Investment Service Berhad and Sycal Berhad, a wholly-owned subsidiary of the Company. He is also the chairman/directors of several other private companies.

Dato' Seow Yong Chin *(Male, 57 years of age – Malaysian)*
Group Managing Director / Member of Remuneration Committee
Appointed on 30 November 2005

He has extensive experience in the building, construction and civil engineering industry after having been directly involved in this sector for more than 25 years. He has been actively involved in implementing and managing construction projects undertaken by Sycal Group. He is a director of Sycal Berhad, a wholly-owned subsidiary of the Company, and also director of certain subsidiaries of the Company and several other private limited companies.

Syed Zain Al-Kudcy Bin Dato' Syed Mahmood *(Male, 62 years of age – Malaysian)*
Executive Director
Appointed on 30 November 2005

He is an engineer by profession and is a registered professional engineer with the Board of Engineers, Malaysia. He graduated from the Oxford College of Further Education with Ordinary National Diploma in Engineering in 1974 and holds a Bachelor of Science degree in Civil Engineering from University of Aston in Birmingham, England, in 1977. He is a corporate member of the Institute of Engineers (Malaysia) and Institute of Highway Engineers (United Kingdom). He commenced his career in August 1977 as Road Maintenance Engineer with Jabatan Kerja Raya ("JKR"), Perak and was involved in the implementation of Kampsax Highway Maintenance Programme. From January 1981 to October 1982, he served as District Engineer with JKR, Johor and subsequently served as Executive Director in a civil and building construction company, Tripart Sdn Bhd from November 1982 to 1989. Prior to joining Sycal Berhad in 1994, he was with Percon Corporation Sdn Bhd and was involved in a number of notable projects such as the construction of the 5-Star Istana Hotel in Kuala Lumpur, as well as the Malaysian Embassy in Jakarta. He is director of Sycal Berhad, a wholly-owned subsidiary of the Company, and also director of certain subsidiaries of the Company and several other private limited companies.

Chin Kok Wah *(Male, 57 years of age – Malaysia)*
Executive Director
Appointed on 30 November 2005

He obtained a Certificate in Architectural Draughstmanship from Institut Teknologi Malaysia, Ipoh in 1981. He started his career in 1980 by managing his family's construction business and in 1982 as a clerk of works with Seri Jurutera Perunding Sdn Bhd, a civil and structural consultant company. From 1983 to 1985, he served as site agent with Bandar Baru Bersatu Sdn Bhd and subsequently served for 1½ years with Malaysian Construction Concept Sdn Bhd, a construction company as Site Supervisor. Prior to assuming his current position as Project Director, he was the Project Manager for 2 years and subsequently, the General Manager for 5 years at Sycal Berhad. He is currently responsible for project coordination and is in charge of works progress and staffing. He is also director of Sycal Berhad, a wholly-owned subsidiary of the Company, and also director of certain subsidiaries of the Company and other private limited companies.

Tan Sri Dato' Seri Dr. Ting Chew Peh *(Male, 73 years of age – Malaysian)*
Independent Non-Executive Director / Member of Audit Committee / Chairman of Remuneration Committee / Member of Nomination Committee
Appointed on 27 June 2014

Tan Sri Dato' Seri Dr. Ting has a Bachelor of Arts Degree from University of Malaya and a Master of Science Degree from University of London. He also holds a Doctorate in Philosophy, which he obtained from University of Warwick. Tan Sri Dato' Seri Dr. Ting started his career as a lecturer in the Faculty of Social Sciences and Humanities at Universiti Kebangsaan Malaysia in 1974 until 1980. He was then appointed as an Associate Professor at the Faculty until 1987. In 1987, Tan Sri Dato' Seri Dr. Ting ventured into politics with his election as a Member of Parliament for the Gopeng constituency, which he held until the 2008 general elections. He previously served as a Parliamentary Secretary of the Ministry of Health (1988 – 1989), Deputy Minister in the Prime Minister's Department (1989 – 1990), Minister of Housing and Local Government (1990 – 1999) and Secretary-General of Malaysia Chinese Association (MCA) (1990 – 2005). Tan Sri Dato' Seri Dr. Ting published two books entitled "Konsep Asas Sosiologi" and "Hubungan Ras dan Etnik". He currently sits on the Boards of Hua Yang Berhad, Puncak Niaga Holdings Berhad, Johan Holdings Berhad, UTAR Education Foundation and also serves as a Director of several private companies.

Dato' Paduka Dr Abdul Wahid Bin Ahmad Shuhaime *(Male, 59 years of age – Malaysian)*
Independent Non-Executive Director / Member of Audit Committee / Chairman of Remuneration Committee / Member of Nomination Committee
Appointed on 27 February 2012

He graduated from Universiti Pertanian Malaysia with Bachelor of Agricultural Science Degree in 1982, Master in Economics Degree from Universiti Kebangsaan Malaysia in 1988, Doctor of Philosophy from Universiti Kebangsaan Malaysia in 1993, Master of Business Administration from Newport University, California, United States of America in 2000 and Doctor of Philosophy from Newport University, Newport Beach, California, United States of America in 2004. He was Committee Member of Bentong UMNO Division from 1989 to 1997, Deputy Youth Chief for Bentong UMNO Division and Secretary for the Education Bureau for National UMNO Youth from 1990 to 1995 and Secretary for the Economy Bureau for National UMNO Youth from 1995 to 1998. He has held senior positions in a few private limited companies (e.g. Senior Manager/Senior General Manager of KFC Holdings Bhd from 1993 to 1999, Corporate Advisor/Chief Executive Officer of Pelangi Airways Sdn Bhd from 1999 to 2001, Chief Executive Officer of GO Academy Sdn Bhd from 2001 to 2005 and Executive Chairman of Shakey's Holdings Sdn Bhd from 2005 to 2011).

Tee Lay Peng *(Male, 55 years of age – Malaysian)*
Independent Non-Executive Director / Member of Audit Committee / Chairman of Nomination Committee / Member of Remuneration Committee
Appointed on 30 September 2013

He is a member of the Malaysian Institute of Certified Public Accountants and a registered member of the Malaysian Institute of Accountants. He is also a Certified Financial Planner registered with the Financial Planning Association of Malaysia and holds a Master of Business Administration from the University of Hull, London, United Kingdom. Mr Tee has more than 19 years of extensive experience in the fields of finance, accounting, auditing and management consultancy. In 1995, he set-up his own consulting firm providing financial and management advisory services. He is also a director of Ho Wah Genting Berhad.

Further Information:-

Family Relationship with any Directors and/or Substantial Shareholders

None of the other Directors has any family relationship with each other and/or major shareholders of the Company.

Conflict of Interest with Company and Convictions for Offences of Directors

None of the Directors has any conflict of interest with the Company, or has been convicted of any offence within the past ten (10) years.

Board of Directors' Meeting

Details of attendance of Board Meetings held during the financial year ended 31 December 2016 are disclosed in page 12 of this Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

Koh Kim Koon *(Male, 52 years of age – Malaysian)*
Company Secretary / Accountant
Appointed on 1 July 1997

He is a member of the Malaysian Institute of Accountants. He has more than 20 years of work experience in the fields of investment bank, audit, finance and secretarial. He has no family relationship with any Directors and/or major shareholders of the Company, no conflict of interest with the Company and no conviction for offences, public sanction or penalty imposed by the relevant regulatory bodies within the past 5 years, other than traffic offences.

OBJECTIVE

The principal objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practice of the Company and its subsidiaries and oversees the compliance with the relevant rules and regulations governing listed companies.

MEMBERS

Tan Sri Dato' Seri Dr. Ting Chew Peh *(Chairman, Senior Independent Non-Executive Director)*
Dato' Paduka Dr Abdul Wahid Bin Ahmad Shuhaime *(Independent Non-Executive Director)*
Tee Lay Peng *(Independent Non-Executive Director; Member of Malaysian Institute of Accountants)*

TERMS OF REFERENCE

Composition

The Committee shall be appointed by the Board from amongst their members, comprising at least three (3) members, all of whom must be non-executive directors and must not be substantial shareholders, with majority of them being independent directors. No alternate director shall be appointed as a member of the Audit Committee.

A member must be free from any relationships that, in the opinion of the Board, may interfere with the exercise of independent judgment in carrying out the functions of the Audit Committee.

At least one (1) member of the Audit Committee must be a member of Malaysian Institute of Accountants or possesses equivalent qualifications recognised under the Accountants Act, 1967 or fulfils such other requirements as may be prescribed by Bursa Malaysia Securities Berhad from time to time.

The members of the Committee shall elect a Chairman from amongst their members who shall be an independent director. The Chairman shall report to the Board on the proceedings conducted at each Audit Committee meetings.

In the event of any vacancy in the Audit Committee with the result that the number of members is reduced to below 3, the Board of Directors, must within 3 months of that event, appoint such number of new members as may be required to make up minimum number of 3 members.

Meetings

The quorum necessary for the transaction of business shall be constituted by a majority of the members of the Committee. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

The Committee will meet at least 4 times a year, with authority to convene additional meetings as circumstances require. The Committee will invite members of management, auditors or others to attend meetings and provide pertinent information as necessary.

The Committee shall report to the Board on its activities through presentations during the next Board meeting and/or by submission of the minutes of the Committee meetings to the Board.

In attendance at Meetings

Representatives of the internal auditors and external auditors are invited to meetings where relevant matters are discussed. Where necessary, the Audit Committee will invite any person to be in attendance to assist in its deliberation. Any other Directors and employees shall attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

Authority

The Audit Committee is authorized by the Board of Directors to investigate any activity within its terms of reference and shall have unlimited access to both the internal and external auditors, all information and documents relevant to its activities, as well as the employees of the Company. All employees are directed to cooperate with any request made by the Audit Committee.

The Committee shall have direct access to the external auditors and be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

The Committee shall have the authority to obtain independent legal or other professional advice as it considers necessary. The Company shall provide appropriate funding, as determined by the Committee, for payment of fees to any advisors engaged by the Committee.

It shall also have the power to establish sub-committee(s) to carry out certain investigation on its behalf in such manner as the Committee shall deem fit and necessary.

Secretaries to Audit Committee

The Company Secretary shall be the Secretary of the Audit Committee responsible for drawing up the agenda in consultation with the Chairman. The agenda together with relevant explanatory papers and documents shall be circulated to Audit Committee members prior to each meeting. The Secretary shall be responsible for keeping the minutes of the meeting of the Audit Committee, circulating them to Audit Committee members and for ensuring compliance with Listing Requirements of Bursa Malaysia Securities Berhad.

Review of the Audit Committee

The Board of Directors of the Company must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether such Audit Committee and members have carried out their duties accordance with their terms of reference.

Scope and Functions

The Committee's responsibility is to oversee the financial reporting process and practices of the Company and to assist the Board in fulfilling its responsibilities to the shareholders, potential shareholders and the investment community to ensure the corporate accounting and reporting practices of the Company are in accordance with all applicable requirements.

The Committee, to the extent it deems necessary or appropriate, shall:-

- consider and recommend the appointment and re-appointment of the external auditors, the compensation and any questions of resignation or dismissal, if any;
- assessing the independence and objectivity of the external auditors annually taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- discuss with the external auditors on their audit plan including the assistance given by the employees of the Company to the external auditors;
- review and discuss the quarterly financial statements and audited financial statements of the Company with the management and the independent auditors, focusing particularly on:-
    - any changes in accounting policies and practices;
    - significant adjustments arising from the audit;
    - the going concern assumption;
    - compliance with accounting standards and other legal requirements; and significant and unusual events;

- discuss problems and reservations arising from the audits and any matter the auditors may wish to discuss;
- review the external auditors' management letter and management's response;
- review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- review the internal audit programmes and results of the internal audit processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit;
- monitor the integrity of the financial statements of the Company, including its annual reports, preliminary results announcements and any other formal announcement relating to its financial performance;
- consider any related party transactions that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- review and reassess the adequacy of the Audit Committee Charter; and
- consider other topics as defined by the Board.

MEETINGS DURING THE YEAR

The Audit Committee met six (6) times during the financial year ended 31 December 2016. The details of Audit Committee's meetings held and attended by the Committee during the financial year are as follows:-

	No. of Meeting Attended
Tan Sri Dato' Seri Dr. Ting Chew Peh	6 / 6
Dato' Paduka Dr Abdul Wahid Bin Ahmad Shuhaime	6 / 6
Tee Lay Peng	6 / 6

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee carried out the following activities during the financial year ended 31 December 2016 in discharging its duties and responsibilities as stipulated in its Terms of Reference:-

Financial Results

- reviewed quarterly unaudited reports and annual financial statements of the Company and recommended the same to the Board for approval prior to announcement to Bursa Malaysia Securities Berhad.
- deliberated on compliance with accounting standards and other legal requirements.
- reviewed and approved the Group's budget for financial year 2016.

External Audit

- reviewed the Audit Plan Memorandum prepared by the External Auditors for the financial year ended 31 December 2016. Audit service team, Audit scope, concept of materiality, areas of audit emphasis, fraud consideration, audit timetable and audit fee were discussed and brought to the attention of the Audit Committee. The Audit Committee was also updated on the significant changes to the reporting contents of the audit report and revised Auditor Reporting standards issued by the Malaysian Institute of Accountants which was applicable for the audits for financial statements for periods ended on or after 15 December 2016. The Audit Committee also noted the requirement for disclosure of Key Audit Matters and additional auditor responsibilities on other information under the amendments to the Main Market Listing Requirements.
- reviewed the independence of the External Auditors. The External Auditors, Messrs WHLK provided confirmation of their independence in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

- reviewed the performance of the External Auditors and was satisfied with their performance, quality of communication, sufficiency and allocation of resources, competency as well as timelines in completing the audit.
- met with the External Auditors without the presence of the Executive Directors and management to discuss matters affecting the audit and the Committee's duties.
- reviewed and discussed with the external auditors on the results of the audit, its comments and findings and considered management's response to the audit findings.

Internal Audit

- reviewed and approved the Group's Internal Audit Plan.
- reviewed and discussed with the Internal Auditors on the results of the internal audit, its comments/findings and subsequent follow-up reviews.
- reviewed the competency and independence of the Internal Auditor and assessed the adequacy of the internal audits works carried out for the Group to determine the adequacy of the Group's internal audit functions.
- prepared and presented to the Board a Report on Review of Adequacy of Internal Audit Functions. Based on the Committee's review of the previous internal audit works carried out for the Group, it was concluded that the internal audit functions of the Group is adequate, considering its current level of operations and size.

Others

- reviewed the Corporate Governance Disclosure Report ("CG Report") prepared by Bursa Malaysia Securities Berhad and recommend that some of the CG practices and additional disclosures of corporate practices/information be incorporated in the Company's Annual Report.
- reviewed and approved the Group's Audit Committee Charter and policies in relation to Fraud & Related Party Transactions
- reviewed related party transactions and conflict of interest situation that may arise within the Group.
- reviewed and recommended to the Board for approval the Audit Committee Reports, Statement on Risk Management and Internal Control and Corporate Governance Statement. for inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent internal audit service company. The internal audit function is to ensure a regular review of the adequacy and integrity of the Group's internal control systems. The internal auditors review and assess the Group's system of internal controls and report to the Audit Committee functionally. Internal audit reports prepared by the internal auditors would be presented to the Audit Committee and forwarded to the management concerned for attention and necessary action. During the financial year under review, the internal auditors had conducted internal audit on the Group's property development and ready-mix concrete activities.

The internal auditors report directly to the Audit Committee and have access to the Chairman of the Committee. The Audit Committee oversees all internal audit functions and is authorized to commission investigations to be conducted by internal auditors as it deems fit.

The total costs incurred for the internal audit function of the Group in year 2016 amounted to RM25,000.

The Board of Directors recognizes that exercise of good corporate governance in conducting the business and affairs of the Company with integrity, transparency and professionalism are key components for the Company's continued progress and success and is committed to creating, protecting and enhancing shareholders value and fulfilling its corporate governance obligations and responsibilities in the best interests of the Group and its stakeholders.

The Board has endeavored to ensure the Principles and Recommendations as set out in the Malaysian Code of Corporate Governance 2012 ("the Code") are observed throughout the Group.

The Board is pleased to present below the manner in which the Group has applied the principles of the Code and the extent of compliance with the best practices throughout the financial year ended 31 December 2016 and up to the date of this Annual Report:-

1. Board of Directors

1.1 Board Charter and Board Responsibilities

Emphasizing its commitment to good corporate governance practices of the Code, the Board had during the financial year 2016 formalized and adopted a Board Charter that sets out, amongst others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with management and the shareholders/stakeholders of the Company.

The roles and functions of the Board, as well as the differing roles of the Chairman and Managing Director, are clearly prescribed in the Board Charter of the Company. The Chairman's main responsibility is to lead and manage the Board in order to ensure its effectiveness. The position of the Managing Director is to ensure the effective implementation of the Group's business plan and policies established by the Board and for corporate governance, besides managing the daily operations of the Group.

The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies, overseeing the resources, investments and businesses of the Group as well as reviewing the adequacy and effectiveness of the internal controls of the Group. All Board members are expected to participate fully in major decisions and key issues involving the Group such as approval of quarterly and annual results, budgets, reviewing the adequacy and integrity of the system of internal control as well as long term strategic planning for the Group.

The Board continues to adhere to the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia.

1.2 Composition of Board of Directors

The Board currently has seven (7) members, comprising the Chairman, the Managing Director, two (2) Executive Directors and three (3) Independent Non-Executive Directors. With this composition, the Board satisfies the requirement of having at least one third of its members as Independent Directors. All the Independent Directors are independent of the management and are free from any business or other relationship that would materially interfere with the exercise of their independent judgment. The Board is of the view that its current size and composition has the required collective skills for the Board to provide clear and effective leadership for the Group. The Directors, with their different background and specialization, collectively bring with them a wide range of experience and expertise to enable the Board in discharging its duties and responsibilities effectively. The profiles of the Director are presented on pages 4 to 6 of this Annual Report.

The Board recognizes the need for the composition to reflect a range of skill mix, expertise, gender, ethnicity and age diversity. The Board has no specific targets but will select candidate as a Director who will best serve the Company and shall endeavor to support gender diversity in the boardroom as recommended by the Code as and when the opportunity arises.

1.3 Board Meetings and Supply of Information

A formal time schedule of Board Meetings is determined in advance for every financial year. In addition to quarterly Board Meetings, special Board Meetings are convened on an ad-hoc basis to consider matters that require the Board's urgent decision.

For the financial year ended 31 December 2016, five (5) Board Meetings were held and the attendance of the Directors who held office during the financial year is set out below:

Name of Directors	No. of Meetings Attended
Dato' Sri Haji Abd Rahim Bin Haji Abdul	4 / 5 (1 time on medical leave)
Dato' Seow Yong Chin	5 / 5
Chin Kok Wah	5 / 5
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	5 / 5
Tan Sri Dato' Seri Dr Ting Chew Peh	5 / 5
Dato' Paduka Dr Abdul Wahid Bin Ahmad Shuhaime	5 / 5
Tee Lay Peng	5 / 5

The Directors have full and timely access to information, with notices of the Board Meetings and, where applicable, board papers for each agenda item distributed in advance of each Board Meeting to ensure that Directors have sufficient time to review and consider the items to be discussed at the Board Meeting.

Minutes of every Board Meetings are circulated to each Director for their perusal prior to confirmation of the minutes at the following Board Meeting. In the intervals between Board Meetings, for any matters requiring Board decisions, Board approvals are obtained through circular resolutions.

The Directors have unrestricted access to the advice and services of the Company Secretary, who is a member of the Malaysian Institute of Accountants, and the senior management staff and under appropriate circumstances may seek independent professional advice at the Company's expense, in furtherance of their duties.

1.4 Appointment to the Board

In order to comply with good practice for the appointment of new directors as well as the proposed re-appointment/re-election of directors through a formal and transparent procedure, the Board has set up a Nomination Committee, which comprises exclusively of Non-Executive Directors, to evaluate any new appointment, proposed re-appointment/re-election of directors before recommending the same to the Board for their approval.

1.5 Retirement and Re-election of Directors

In accordance with the Company's Articles of Association, all newly appointed directors are subject to retirement and are entitled for re-election at the next Annual General Meeting subsequent to their appointment. At least one-third of the remaining directors (including the Managing Director) are required to submit themselves for re-election by rotation at each annual general meeting. All directors shall retire from office at least once in 3 years but shall be eligible for re-election.

The Board Charter provides that the tenure of an Independent Director shall 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 director's re-designation as a Non-Independent Director. Otherwise, the Board must justify and seek shareholders' approval in the event it retains the director as an Independent Director.

None of the Independent Directors have served for a cumulative term of nine (9) years or more for the financial year ended 31 December 2016.

1.6 Directors' Training

Newly appointed directors will be provided with relevant information pertaining to the Group, including visits to the Group's operating sites and meetings with senior management to facilitate their understanding of the nature of business and strategy of the Group.

Directors are encouraged to attend trainings, seminars and/or conferences to keep abreast with development in the industry and market place. All directors of the Company have completed the Mandatory Accreditation Programme in accordance with the Listing Requirements of the Bursa Malaysia Securities Berhad.

During the financial year ended 31 December 2016 and up to the date of this report, the courses attended by the Directors are:-

Name	Seminar(s) Attended
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	- 10th Malaysian Property Summit 2017 - 1 Day ISO 9001 Awareness – Implementing ISO 9001:2015 in Construction
Chin Kok Wah	- 1 Day ISO 9001 Awareness – Implementing ISO 9001:2015 in Construction
Tee Lay Peng	- Breakfast Talk on Companies Bill - Amendments to Bursa's Listing Requirements – "How To Rise Up To Meet Those Challenges!" - The Interplay between CG, Non-Financial Information (NFI) and Investment Decision - Independent Director's Programme-The Essence of Independence - CG Breakfast Series: Cyber Security Threat and How Board Should Mitigate the Risks - Company Law 2016 - Total Revamp with Huge Tax Planning Opportunities - CG Breakfast Series with Directors: " Anti-corruption & Integrity - Foundation of Corporate Sustainability"
Tan Sri Dato' Seri Dr Ting Chew Peh	- Corporate Governance Breakfast Series: Future of Auditor Reporting - Corporate Governance Disclosures "What makes Good, Bad and Ugly Corporate Governance Reporting" - Corporate Governance Breakfast Series: The Strategy, the Leadership, the Stakeholders and the Board - Corporate Governance Breakfast Series: Future of Auditor Reporting: New and Revised Auditor Reporting Standards - Corporate Governance Breakfast Series: How to Leverage on AGMs for Better Engagement with Shareholders - Johan Holdings Berhad In-house Training: Financial Reporting For Public Listed Company

The Board will continue to identify other training programs that can further enhance their knowledge in the latest development relevant to the Group to enable them to discharge their responsibilities effectively.

1.7 Company Secretary

The Company Secretary is a member of Malaysian Institute of Accountants and is responsible for ensuring that Board procedures are adhered to and the applicable rules and regulations for the conduct of the affairs of the Board are complied with.

The Company Secretary attends all Board meetings and ensures that all Board meetings are properly convened, and the proceedings and resolutions passed are properly recorded in the minutes of meetings.

2. The Board Committees

To facilitate the smooth transaction of business within the Company, the Board has formed the following Board committees. All committees are provided with written terms of reference, which state clearly the extent and limits of their responsibility and authority. However, the ultimate responsibility for the final decision on all matters rests with the entire Board.

2.1 Audit Committee

The terms of reference of the Audit Committee, composition of its membership and other pertinent information and its activities are highlighted in the Audit Committee Report on pages 7 to 10 of this Annual Report.

2.2 Nomination Committee

Members
Tee Lay Peng *(Chairman, Independent Non-Executive Director)*
Dato' Paduka Dr Abdul Wahid Bin Ahmad Shuhaime *(Independent Non-Executive Director)*
Tan Sri Dato' Seri Dr. Ting Chew Peh *(Independent Non-Executive Director)*

The Nomination Committee, in its terms of reference, is tasked with the duty of making suitable recommendations to fill vacancies on the Board and its committees. In making these recommendations, the Nomination Committee considers the appropriate size and composition of the Board, required mix of responsibilities, skills and experience, which the directors should bring to the Board. The Nomination Committee will also assist the Board in reviewing on an annual basis the effectiveness of the Board and Board committees (including its size and composition) and of their members. Nonetheless, the approval for appointment of new Board or Committee Members rests with the Board as a whole.

The Board keeps its own performance under review annually through standardized Board Performance Assessment Form and Board Members Assessment Form.

Meetings of the Nomination Committee are held as and when necessary, and at least once a year. The Committee held one (1) meeting which was attended by all its members during the financial year ended 31 December 2016.

During the year under review, the Nomination Committee carried out its duties in accordance with its Terms of Reference which include:-

- reviewed and assessed the effectiveness of the Audit Committee and the Board as a whole;
- reviewed and assessed the mix of skills, experience and competencies of each Director;
- reviewed and assessed the independence of Independent Non-Executive Directors based on criteria set out in the Listing Requirements of Bursa Securities;
- reviewed and recommended to the Board for its approval the re-election of directors at the forthcoming AGM.

2.3 Remuneration Committee

Members
Dato' Paduka Dr Abdul Wahid Bin Ahmad Shuhaime
(Chairman, Independent Non-Executive Director)
Tee Lay Peng *(Independent Non-Executive Director))*
Dato' Seow Yong Chin (*Managing Director)*

The Remuneration Committee is responsible, amongst others, to review and recommend to the Board the remuneration framework of the Executive Directors and senior management staff. The determination of remuneration package of Non-Executive Directors is the responsibility of the Board as a whole. Individual directors will abstain from deliberations and voting on decisions in respect of their own remuneration.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Committee held one (1) meeting which was attended by all its members during the financial year ended 31 December 2016.

Directors' Remuneration

The objective of the Company's policy on Directors' remuneration is to attract and retain experienced and capable directors to run the Group successfully. The remuneration package is linked to the corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual concerned.

The Directors' fees paid or payable by the Company, where applicable, will be tabled for approval by the shareholders at the Annual General Meeting based on the recommendation of the Board.

Details of the remuneration of the Directors of the Company from the Group for the financial year ended 31 December 2016, by category and in bands of RM50,000 are shown below:-

Category of Remuneration	Executive	Non-Executive
Fees (RM)	48,000	162,000
Salary/Bonuses (RM)	1,392,350	-
EPF, SOCSO and others (RM)	184,522	-
Total	1,624,872	162,000

Range of Fees/Remuneration (RM)	*Executive*	*Non-Executive*
RM50,000 and below	-	*3*
RM50,001 – RM100,000	-	*1*
RM350,001 – RM400,000	*2*	-
RM900,001 – RM950,000	*1*	-

The Board has considered the disclosure of the details of the remuneration of each director and is of the view that the transparency and accountability aspects of corporate governance in relation to Directors' remuneration are appropriately served by the above disclosure of analysis by applicable bands of RM50,000, a disclosure required under the Listing Requirements of Bursa Malaysia Securities Berhad.

3. Relationship with Shareholders

Dialogue between the Company and Investors

The Board recognizes the importance of accountability to its shareholders through proper and equal dissemination of information to its shareholders. Such information is disseminated via the Company's annual reports, circular to shareholders, quarterly financial results, announcements made from time to time and notices of general meeting published in at least one national newspaper to provide wider coverage of such notices to encourage shareholders participation. The shareholders may obtain the Group latest announcements via Bursa Malaysia Securities Berhad website at www.bursamalaysia.com.

The Annual General Meeting ("AGM")

The AGM remains the principal forum for dialogue with shareholders where they may communicate, interact and clarify on the Group businesses. Executive Directors, Audit Committee members, senior management team and the external auditors are available to respond to shareholders' questions during the meeting. Where appropriate, the Chairman will undertake to provide written answer to any significant question that cannot be readily answered on the spot.

At each AGM, shareholders are given the opportunity and time to participate in the open question and answer session with regards to the agenda of the general meeting or other concerns over the Group's business as a whole.

For re-election of directors, the Board ensures that full information is disclosed through the Notice of Annual General Meeting regarding directors who are retiring and who are willing to serve if re-elected. Item of special business included in the Notice of the AGM will be accompanied by an explanation of the effects of the proposed resolution.

The Board noted that with the recent amendments of MMLR, all resolutions set out in the notice of any general meeting shall be voted by poll. In line with the requirements, the Board will ensure all resolutions set out in the notice of general meeting will be voted by way of poll. In addition, at least one (1) independent scrutineer will be appointed to validate the votes cast at the general meeting.

4. Accountability and Audit

Financial Reporting

The Board aims to present a balanced, clear and understanding assessment of the Group's financial positions and prospects in the annual financial statements and quarterly announcements to the shareholders, investors and the regulatory authorities. The Directors are satisfied with the presentation of the financial statements which have been prepared in accordance with the applicable accounting standards, consistently applied and supported by reasonable and prudent judgments and estimates. The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy, adequacy and completeness.

Directors' Responsibility Statement

The Directors are responsible for ensuring that the annual financial statements of the Company and the Group are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016 and the Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year, and of the income statement and cash flows of the Company and the Group for the financial year.

In preparing the annual financial statements, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured the adoption of applicable approved accounting standards; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Company and the Group have adequate resources to continue operations for the foreseeable future.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group, and to prevent and detect fraud and other irregularities.

Assessment of Suitability and Independence of External Auditors

The external auditors of the Company fulfill an essential role in giving assurance to the Company's shareholders on the reliability of the Group's financial statements.

The external auditors have an obligation to bring to the attention of the Board, the Audit Committee and Company's management any significant weaknesses in the Company's system of reporting, internal control and compliance with the applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board and regulatory requirements.

The external auditors of the Company are invited to attend all Audit Committee meetings. The Audit Committee also meets with the Group's external auditors at least once a year without the presence of management to discuss and review their audit findings and any other matters they wish to bring to the attention of the Audit Committee.

The external auditors have also confirmed that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

Being satisfied with the external auditors' performance, technical competency and audit independence, the Audit Committee has recommended to the Board and the Board has approved the Audit Committee's recommendation for shareholders' approval to be sought at the forthcoming Annual General Meeting on the re-appointment of the external auditors for the ensuing year.

Related Party Transactions

The Company practices an internal compliance framework in identifying and assessing related party transactions. The Board, through the Audit Committee reviews all related party transactions. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction.

Risk Management and Internal Control

The Board acknowledges its responsibility for the Group's system of risk management and internal control and for reviewing its effectiveness regularly by setting up an internal audit and risk management audit function which provides support to Audit Committee in discharging its duties with respect to the adequacy and integrity of the system of risk management and internal control within the Group.

The Statement on Risk Management and Internal Control which has been reviewed by the External Auditors is set out on pages 18 to 19 of this Annual Report.

Relationship with the Auditors

The Company, through the Audit Committee, has established a transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the accounting standards of Malaysia. The role of the Audit Committee in relation to the external auditors is stated on pages 7 to 10 of this Annual Report.

5. Compliance Statement

Unless indicated otherwise, the Group had complied, throughout the year ended 31 December 2016, with all the best practices of corporate governance set out in Part 1 and Part 2 of the Code.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is committed to maintaining a sound risk management and internal control system in the Group to safeguard shareholders' investment and the Group's assets.

The Board is pleased to provide the following Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Securities and guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers. This Statement outlines the nature and scope of the risk management and internal controls of the Group during the year and up to the date of this Annual Report.

RESPONSIBILITY

The Board recognizes the importance of sound internal control and risk management practices to good corporate governance. The Board acknowledges that it is responsible for the Group's system of internal control and risk management, and for reviewing its adequacy and integrity. The review covers financial, operational and compliance controls of the Group. As there are limitations that are inherent in any risk management and internal control system, this risk management and internal control system is designed to manage rather than eliminate the risk of failure to achieve its business objectives. In other words, such system can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has in place an ongoing process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives throughout the year under review up to the date of this Annual Report. This process is regularly reviewed by the Board.

INTERNAL AUDIT FUNCTIONS

The Board has engaged external independent consultants to provide internal audit services to the Group and to provide an independent and objective assurance to the Audit Committee on the adequacy and effectiveness of the risk management and internal control system.

The internal auditors' duty is, amongst others, to review and assess the Group's risk management and internal control system and report to the Audit Committee directly. Reports on internal audit findings together with recommendations for management responses are presented to the Audit Committee where it then report to the Board of Directors. Follow-up visits will be conducted by the internal auditors to report whether corrective actions have been implemented.

Apart from the internal audit functions, periodic surveillance audits were carried out by external ISO consultants in accordance with the requirements for continuation and maintenance of the ISO9001:2008 certification in respect of provision of design and construction of buildings, structure and civil works.

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board maintains full control and direction over appropriate strategic, financial, organizational and compliance issues. It entrusts the daily running of the business to the Managing Director ("MD") and his management team. The Board members receive timely reports pertaining to the performance of, and information about or affecting the Group through quarterly Board papers, including relevant quantitative and qualitative analyses and trends.

The MD plays a pivotal role in communicating the Board's expectations of the risk management and internal control system to management. This is achieved, on a day-to-day basis, through his active participation in the operations of the business as well as attendance at scheduled management and operational level committee meetings where operational and financial risks, amongst others, are discussed and dealt with. Where appropriate, significant issues are highlighted and discussed at Board level.

The departmental heads are entrusted to provide support and are responsible to ascertain risk management principles and standard operating procedures for all operational risks identified for the Group. Amongst others, the departmental heads are:-

- to identify and evaluate significant business and operational risks applicable to their respective area of business; and
- to evaluate internal management capabilities to manage these risks.

For the financial year ended 31 December 2016, the following activities were conducted as part of the management's review of risk management and internal controls of the Group:-

a) Business plans and budgets were reviewed at various levels of management and approved by the Board of the Company.
b) Quarterly performance reports were prepared by the Group and reviewed against budgets. Significant variances were examined and appropriate management actions were/will be taken where necessary.
c) Regular visits to the operating units and project sites were conducted by members of the management team.
d) Management review meetings were conducted to discuss the findings of the internal audit review and ISO surveillance audits. Weaknesses/shortfalls noted were/will be monitored to ensure appropriate actions/improvements were taken. Various operational and project development matters were also discussed and monitored in the management meetings attended by the Executive Directors, Heads of Departments and Project Managers, as the case maybe.

The Board, throughout the financial year under review, has identified, evaluated and managed the significant risks faced by the Group through the monitoring of the Group's performance and profitability at its Board meetings. The Board is of the view that the current risk management and internal control system in place throughout the Group during the financial year is adequate and effective to safeguard the Group's interest. No significant control failure or weaknesses that would result in material losses and require disclosure in the Group's Annual Report were identified and reported during the financial year under review.

The Board has received assurance from the MD who is also the officer primarily responsible for the Group's financial management, that the risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management model and internal control system adopted by the Group. The Board will continue to evaluate the existing risk management and internal control systems and put in place appropriate action plans, where applicable and necessary, to further enhance the system of internal controls and risk management to meet with the Group's strategic, financial, business and operational requirements regarding the adequacy and effectiveness of the risk management and internal control systems.

The Group has established a Risk Management Committee ("RMC") to ensure proper management of risks that may impede the achievement of the Group's goals and objectives. Members of the RMC comprise top level management personnel including the MD, Executive Directors and Heads of Departments. The RMC is to report to the Audit Committee and the Board on all major business risks faced by the Group and the adequacy of internal controls to manage risks. In addition, matters require major decisions and Board's approval, eg acceptance/award of major contracts/projects or major investments/financial decisions, will be reviewed by the RMC who shall then prepare and present relevant reports to the Audit Committee and the Board to assist them in discharging their responsibilities in relation to risk management within the Group.

This Statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of the Listing Requirements of Bursa Securities and was performed in accordance with Recommended Practice Guide 5 (Revised 2015) Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("RPG 5") issued by the Malaysian Institute of Accountants. RPG 5 does not require the external auditor to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their review, the external auditors have reported that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the risk management and internal control system of the Group.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 21 April 2017.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the Board of Directors of the Company, I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2016 ("FY2016").

OPERATIONAL OVERVIEW

FY2016 has been a challenging year for the Group as the operating and business environment have been affected by the continued uncertainties in the global and local economies. The weakening of the Malaysian Ringgit and stringent lending policies of the banks has also impacted the market sentiments.

Buildings construction and property development remained the core business activities of the Group for FY2016. For FY2016, the Group recorded revenue of RM138 million and profit after tax attributable to owners of the Company of RM5.417 million representing drop of 57.1% and 68.7% respectively in terms of Group's revenue and profit after tax attributable to owners. Apart from the impact of the factors as stated in above paragraph, completion of some external construction contracts in 2015/early 2016 had also contributed to the drop in the Group's results for FY2016.

Considering the sluggish demand in property as a results of the effects of Goods and Service Tax, stringent lending policies of the banks and cautious spending by consumers, the Group had adopted a prudent approach in its property launches, splitting projects into smaller and manageable phases to mitigate the risk of having to hold large quantity of unsold stocks and allow the Group to adapt accordingly its construction and development progresses as well as to better monitor the Group's cashflow.

STATUS OF CORPORATE PROPOSALS

In October 2016, the Company had announced that it proposes to undertake (i) a par value reduction of its equity shares by cancelling RM0.75 of the par value of every existing ordinary share of RM1.00 each in the Company pursuant to Section 64 of the Companies Act 1965; (ii) amendments to the Memorandum & Articles of the Company and (iii) private placement of up to 96,074,868 new ordinary shares of RM0.25 each, representing up to 30% of the issued and paid-up share capital of the Company ("Proposals"). The Proposals had been approved by the shareholders of the Company at the Extraordinary General Meeting duly convened on 23 February 2017. The Proposals is now pending the approval being obtained from the High Court of Malaya.

PROSPECTS

At present, the Group has planned developments in Segari-Manjung, Seri Iskandar-Tronoh, Genting Sempah-Genting and Ipoh Greentown-Ipoh to be carried out over the next 10 to 15 years. The Group has also been appointed as project manager for third-party developments in Klebang-Ipoh, Sitiawan-Manjung and Taiping Heights-Taiping of which the Group is expected to earn revenue over the next 5 years.

The Board remains optimistic that the implementation of the Proposals and the Group's cautiously planned property launches and cashflow management are adequate to address the Group's immediate and future financial concern and that will have a positive impact on the financial performance of the Group moving forward.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to express our sincere appreciation to the management and staff for their hard work, loyalty and commitment to the Group. I would also like to thank my fellow Directors for their valuable inputs and wise counsel throughout the year.

To our shareholders, bankers, clients, business associates, and the government and regulatory authorities, I would like to thank them for their understanding and continued support.

Chairman
Dato' Sri Haji Abd Rahim Bin Haji Abdul
21 April 2017

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

SYCAL VENTURES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are set out in Note 5 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	GROUP RM'000	COMPANY RM'000
Net profit / (loss) for the financial year	6,264	(334)
Attributable to:		
Equity holders of the Company	5,417	(334)
Non-controlling interests	847	-
	6,264	(334)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those as disclosed in Note 28 and the respective notes to the financial statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year and the directors do not recommend any dividend payment for the current financial year.

RESERVES AND PROVISIONS

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

SHARE CAPITAL

There were no changes in the issued and paid-up share capital of the Company during the financial year.

OTHER FINANCIAL INFORMATION

Before the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance have been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

(a) which would render the amounts written off as bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

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

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

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

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

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

In the opinion of the directors, 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 operations of the Group and of the Company for the succeeding financial year.

SIGNIFICANT EVENTS

Significant event is disclosed in Note 39 to the financial statements.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Tan Sri Dato' Seri Dr. Ting Chew Peh
Dato' Sri Haji Abd Rahim Bin Haji Abdul
Dato' Seow Yong Chin
Dato' Paduka Dr. Abdul Wahid Bin Ahmad Shuhaime
Chin Kok Wah
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood
Tee Lay Peng

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1.00 each				
	As At 01.01.2016	**Bought**	**(Sold)**	**As At 31.12.2016**	
Direct interest					
Dato' Seow Yong Chin	18,826,145	14,987,000	-	33,813,145	
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	3,989,913	-	-	3,989,913	
Indirect interest					
Dato' Seow Yong Chin	34,103,635	-	(8,200,000)	25,903,635	*#
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	14,370,754	-	-	14,370,754	*

* by virtue of shares held through Cygal Holdings Sdn. Bhd.
\# by virue of shares held through SYC Holdings Sdn. Bhd.

Other than as shown above, the directors who have substantial interest in the shares of the Company are also deemed to have an interest in the shares of the subsidiary companies to the extent the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate of the emoluments received or due and receivable by the directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than certain directors who have significant interests in companies which had entered into transactions with certain companies in the Group in the ordinary course of business.

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

AUDITORS

The auditors, Messrs. WHLK, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 21 April 2017.

………………………………….
SYED ZAIN AL-KUDCY BIN
DATO' SYED MAHMOOD

……………………………….
DATO' SEOW YONG CHIN

Kuala Lumpur
21 April 2017

SYCAL VENTURES BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood, being two of the directors of Sycal Ventures Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 32 to 92, are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 41 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad ("Bursa") Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa, and is not part of the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 21 April 2017.

………………………………….
SYED ZAIN AL-KUDCY BIN
DATO' SYED MAHMOOD

……………………………….
DATO' SEOW YONG CHIN

Kuala Lumpur

STATUTORY DECLARATION

I, Dato' Seow Yong Chin, NRIC No. 591031-08-6095, being the officer primarily responsible for the financial management of Sycal Ventures Berhad, do solemnly and sincerely declare that the financial statements as set out on pages 32 to 92, are 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
at Kuala Lumpur in the state of
Federal Territory on

………………………………
DATO' SEOW YONG CHIN

Before me :

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYCAL VENTURES BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sycal Ventures Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and 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 32 to 92.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 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 the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for 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.

Key audit matter	Our response
<u>Revenue recognition</u> (Refer Note 3.1 and 3.5 to the financial statements) The Group attributed most of its contract revenue to a number of significant contracts which span more than a year. The Group recognises contract revenue based on the stage of completion method unless the outcome of the construction contract cannot be reliably determined. Significant judgment and estimations are required in determining the stage of completion. Revenue from property development is recognised on the percentage of completion method and in accordance with joint-venture agreement or upon receipt, as the case may be. Significant judgment and estimations are required in determining the stage of completion, the total property development value and costs, as well as the recoverability of the development projects.	We considered the appropriateness of the Group's revenue recognition accounting policies and assessed compliance with the policies. We discussed with the management on the policies to understand the composition of the revenue and its attributes and the specific risks associated with revenue recognition. We evaluated the management's judgement with regard to property projects and long term construction contracts by examining the project documentation and inquiring on the status of on-going material projects with the key finance and project management teams of the Group. We reviewed the supporting documents for those variables which could result in changes in the measurement of revenue. We also assessed management's assumption on the estimation costs and revenue of each project and contract for reasonableness.

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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

As part of an audit in accordance with approved standards of auditing in Malaysia and International Standards on Auditing, we exercise professional judgment 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 the Company's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements (cont’d)

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 auditor’s 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, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors’ reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company’s financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 41 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

WHLK	HAU WAN HOCK
[No : AF - 0891]	[No : 01703/02/2019 J]
Chartered Accountants	Chartered Accountant

Date: 21 April 2017
Kuala Lumpur, Malaysia

SYCAL VENTURES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		GROUP		COMPANY	
		2016	2015	2016	2015
	NOTE	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	4	15,094	16,882	-	-
Investment in subsidiaries	5	-	-	161,165	161,165
Other investments	6	63	63	-	-
Land held for property development and property development costs	7	16,262	16,221	-	-
Trade receivables	10	18,710	28,710	-	-
Amount due by related parties	14	13,121	30,096	-	-
Deferred tax assets	25	2,165	1,524	-	-
		65,415	93,496	161,165	161,165
CURRENT ASSETS					
Held-for-sale properties	8	8,063	8,063	-	-
Inventories	9	16,581	19,932	-	-
Trade receivables	10	175,263	174,072	-	-
Property development costs	11	18,921	8,918	-	-
Joint-venture development costs	12	74,901	70,560	-	-
Due by contract customers	13	125,129	105,361	-	-
Amount due by related parties	14	16,660	3,689	-	-
Amount due by subsidiary companies	15	-	-	2,266	2,266
Other receivables, deposits and prepayments	16	32,743	35,458	-	-
Fixed and security deposits	17	4,598	4,467	-	-
Cash and bank balances	32	1,487	5,205	7	11
		474,346	435,725	2,273	2,277
CURRENT LIABILITIES					
Trade payables	18	68,644	66,624	-	-
Due to contract customers	13	120,506	112,413	-	-
Amount due to related parties	14	456	452	-	-
Amount due to subsidiary companies	15	-	-	31,600	31,251
Other payables, deposits received and accruals	19	21,968	21,616	323	342
Bank borrowings	21	7,248	7,048	-	-
Provisions	22	3,621	5,348	-	-
Tax liabilities		14,073	13,343	-	-
		236,516	226,844	31,923	31,593
NET CURRENT ASSETS / (LIABILITIES)		237,830	208,881	(29,650)	(29,316)
		303,245	302,377	131,515	131,849

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

SYCAL VENTURES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		GROUP		COMPANY	
		2016	2015	2016	2015
	NOTE	RM'000	RM'000	RM'000	RM'000
EQUITY					
Share capital	23	320,250	320,250	320,250	320,250
Reserves	24	(76,971)	(82,047)	(188,735)	(188,401)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		243,279	238,203	131,515	131,849
NON-CONTROLLING INTERESTS		4,376	3,829	-	-
TOTAL EQUITY		247,655	242,032	131,515	131,849
NON-CURRENT LIABILITIES					
Bank borrowings	21	55,590	60,345	-	-
		303,245	302,377	131,515	131,849

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

SYCAL VENTURES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		GROUP		COMPANY	
		2016	2015	2016	2015
	NOTE	RM'000	RM'000	RM'000	RM'000
REVENUE	26	138,037	321,717	-	-
COST OF SALES	27	(116,464)	(280,540)	-	-
GROSS PROFIT		21,573	41,177	-	-
OTHER OPERATING INCOME		5,887	6,426	-	6
		27,460	47,603	-	6
ADMINISTRATION EXPENSES		(10,320)	(10,854)	(216)	(210)
OTHER OPERATING EXPENSES		(6,482)	(13,211)	(118)	(145)
PROFIT / (LOSS) FROM OPERATIONS		10,658	23,538	(334)	(349)
FINANCE COSTS		(1,692)	(1,727)	-	-
PROFIT / (LOSS) BEFORE TAXATION	28	8,966	21,811	(334)	(349)
TAXATION	29	(2,702)	(3,359)	-	3
PROFIT / (LOSS) FOR THE YEAR		6,264	18,452	(334)	(346)
OTHER COMPREHENSIVE INCOME *Items that may not be recycled to profit or loss in future:*					
- Foreign currency translation differences for foreign operation		(341)	(1,402)	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		5,923	17,050	(334)	(346)

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

<u>SYCAL VENTURES BERHAD</u>
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		GROUP		COMPANY	
		2016	**2015**	**2016**	**2015**
	NOTE	**RM'000**	**RM'000**	**RM'000**	**RM'000**
PROFIT / (LOSS) ATTRIBUTABLE TO:					
Owners of the Company		5,417	17,293	(334)	(346)
Non-controlling interests		847	1,159	-	-
PROFIT / (LOSS) FOR THE YEAR		6,264	18,452	(334)	(346)
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:					
Owners of the Company		5,076	15,891	(334)	(346)
Non-controlling interests		847	1,159	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		5,923	17,050	(334)	(346)
EARNINGS PER SHARE (SEN)					
- Basic	30	1.69	5.40		
- Diluted	30	1.69	5.40		

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

SYCAL VENTURES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

THE GROUP	Share Capital RM'000	Share Premium RM'000	Revaluation reserves RM'000	Translation Reserves RM'000	Accumulated Losses RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 January 2015	320,250	16,683	85	12	(114,718)	222,312	2,970	225,282
Total comprehensive income for the year	-	-	-	(1,402)	17,293	15,891	1,159	17,050
Dividends	-	-	-	-	-	-	(300)	(300)
At 31 December 2015	320,250	16,683	85	(1,390)	(97,425)	238,203	3,829	242,032
At 1 January 2016	320,250	16,683	85	(1,390)	(97,425)	238,203	3,829	242,032
Total comprehensive income for the year	-	-	-	(341)	5,417	5,076	847	5,923
Dividends	-	-	-	-	-	-	(300)	(300)
At 31 December 2016	320,250	16,683	85	(1,731)	(92,008)	243,279	4,376	247,655

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

SYCAL VENTURES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

THE COMPANY	Share Capital RM'000	Share Premium RM'000	Accumulated Losses RM'000	Total RM'000
At 1 January 2015	320,250	16,683	(204,738)	132,195
Total comprehensive loss for the year	-	-	(346)	(346)
At 31 December 2015	320,250	16,683	(205,084)	131,849
At 1 January 2016	320,250	16,683	(205,084)	131,849
Total comprehensive loss for the year	-	-	(334)	(334)
At 31 December 2016	320,250	16,683	(205,418)	131,515

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

SYCAL VENTURES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	NOTE	GROUP 2016 RM'000	GROUP 2015 RM'000	COMPANY 2016 RM'000	COMPANY 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit / (Loss) before taxation		8,966	21,811	(334)	(349)
Adjustments for:					
Allowance for foreseeable loss		-	1,637	-	-
Allowance for impairment loss on receivables written back		-	(515)	-	-
Bad debts written off		9	345	-	-
Depreciation of property, plant and equipment		3,040	3,049	-	-
Gain on disposal of held-for-sale property		-	(141)	-	-
Impairment loss on land held for property development		-	103	-	-
Interest expenses		1,455	1,593	-	-
Interest income		(4,964)	(5,360)	-	-
Inventories written down		-	1,363	-	-
Loss on disposal of plant and equipment		-	80	-	-
Provision for late delivery interest		297	571	-	-
Provision for employee benefits		12	67	-	-
Operating profit / (loss) before working capital changes		8,815	24,603	(334)	(349)
Decrease in held-for-sale properties		-	2,830	-	-
Decrease / (Increase) in inventories		3,351	(1,484)	-	-
Decrease / (Increase) in receivables		11,515	(38,315)	-	-
Increase in land held for property development and property development costs		(10,044)	(1,426)	-	-
Increase in joint-venture development costs		(4,341)	(6,347)	-	-
Increase/Decrease in amount due by/to contract customers		(11,675)	14,346	-	-
Decrease in amount due by related parties		4,008	18,558	-	-
Increase / (Decrease) in payables		2,372	(9,539)	(19)	133
Decrease of provisions		(2,036)	(682)	-	-
Cash generated from / (used in) operations		1,965	2,544	(353)	(216)
Interest paid		(1,455)	(1,593)	-	-
Interest received		4,964	5,360	-	-
Tax paid		(2,613)	(6,737)	-	-
Net cash inflow / (outflow) from operating activities		2,861	(426)	(353)	(216)

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

SYCAL VENTURES BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		GROUP		COMPANY	
		2016	2015	2016	2015
	NOTE	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Net advances from subsidiary companies		-	-	349	216
Proceeds from disposal of plant and equipment		-	10	-	-
Purchase of plant and equipment	31	(1,162)	(1,047)	-	-
Dividends paid to non-controlling interests		(300)	(300)	-	-
Increase in pledged deposits		(104)	(89)	-	-
Net cash (outflow) / inflow from investing activities		(1,566)	(1,426)	349	216
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of hire purchase		(1,983)	(1,925)	-	-
Net repayment of term loans		(2,663)	(2,009)	-	-
Proceeds from revolving credit		1	1,526	-	-
Net cash outflow from financing activities		(4,645)	(2,408)	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,350)	(4,260)	(4)	-
EFFECT OF EXCHANGE RATE CHANGES		(341)	(1,402)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		6,096	11,758	11	11
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	32	2,405	6,096	7	11

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated in Malaysia under the Companies Act, 1965 and is domiciled in Malaysia.

The Company is principally an investment holding company and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the subsidiary companies are set out in Note 5 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

The registered office of the Company is located at:

Lot 4.03A,
4th Floor, Plaza Prima,
4 1/2 Miles, Jalan Kelang Lama,
58200 Kuala Lumpur.

The principal place of business of the Company is located at:

Lot 4.21,
4th Floor, Plaza Prima,
4 1/2 Miles, Jalan Kelang Lama,
58200 Kuala Lumpur.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia (RM), which is the Group's and the Company's functional currency.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

(a) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except in the current financial year, the Group and the Company adopted the following amended FRS which are mandatory for annual financial periods beginning on or after 1 January 2016.

- FRS 14: Regulatory Deferral Accounts
- Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception
- Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 101: Disclosure Initiative
- Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRSs: Annual Improvements to FRSs 2012-2014 Cycle

Adoption of the above standards did not have any effect on the financial performance or position of the Group and of the Company.

(b) Standards, revised and amendments to published standards that are applicable to the Group and the Company but not yet effective

	Effective dates for financial periods beginning on or after
Amendments to FRSs: Annual Improvements to FRSs 2014-2016 Cycle	1 January 2017
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	to be announced
MFRS 9: Financial Instruments	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 16: Leases	1 January 2019
1C Int 22: Foreign Currency Transactions and Advance Consideration	1 January 2018

The Group and the Company intend to adopt the above standards, if applicable, when they become effective.

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application, other than the following which impact is still being assessed:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

(b) Standards, revised and amendments to published standards that are applicable to the Group and the Company but not yet effective (cont'd)

MFRS 9 Financial Instruments

MFRS 9 addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities, as well as general hedge accounting. It replaces MFRS 139. MFRS 9 requires financial assets to be classified into two measurement categories, i.e. at fair value and at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to changes in an entity’s own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. MFRS 9 contains a new impairment model based on expected losses (as oppose to ‘incurred loss’ model under MFRS 139), i.e. a loss event need not occur before an impairment loss is recognised, which will result in earlier recognition of losses.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:-

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

MFRS 16 Leases

MFRS 16 introduces a single accounting model to Lessees instead of classification as either operating lease or finance lease. Under MFRS 16, Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Leases are “capitalised” by recognising the present value of the lease as “right-of-use assets”, with a corresponding lease liability. Such assets and liabilities should be distinguished from other assets and liabilities either by separate presentation in the statement of financial position or by disclosure in the notes to the financial statements. The new standard permits Lessees to use either a full retrospective or a modified retrospective approach on transition for leases existing at the date of transition, with options to use certain transition reliefs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

(b) Standards, revised and amendments to published standards that are applicable to the Group and the Company but not yet effective (cont'd)

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of transaction for the purpose of determining the exchange rate to use on initial recogniton of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

(c) Malaysian financial reporting standards

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework (MFRS Framework) in conjunction with its planned convergence of FRSs with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board on 1 January 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception for Transitioning Entities. Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and shall apply the MFRS Framework for annual periods beginning on or after 1 January 2018.

Transitioning Entities refer to entities which are subject to the application of MFRS 141: Agriculture and/ or IC Interpretation: 15 Agreements for the Construction of Real Estate and include those entities that consolidate, equity account or proportionately consolidate an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2012.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of MFRS Framework to 1 January 2018. Accordingly, it will be required to prepare its first financial statements using the MFRS Framework for the financial year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has commenced transitioning its accounting policies and financial reporting from the current Financial Reporting Standards to the MFRS Framework and has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2016 could be different if prepared under the MFRS Framework.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of Consolidation

<u>Subsidiaries</u>

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 for like transactions and events in similar circumstances.

Subsidiaries are entities controlled by the Company.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of Consolidation (Cont'd)

Loss of control

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

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.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Transactions with non-controlling interests

Non-controlling interests represent 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 the equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of Consolidation (Cont'd)

<u>Transactions with non-controlling interests</u>

Changes in the Company's 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 interest in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.3 Property, plant and equipment

(a) Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

(b) Depreciation

Property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets, to their residual values over their estimated useful lives, summarised as follows:

	Useful lives
Freehold office lots and buildings	50 years
Plant and machinery	8 to 10 years
Motor vehicles	5 years
Aircraft parts and equipment	5 years
Office equipment, furniture and fittings	5 to 13 years
Theme park	15 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with the expected pattern of consumption of the future economic benefits embodied the items of plant and equipment.

(c) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(d) Disposals

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Investments

(a) Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(b) Other non-current investments

Other non-current investments are categorised as available-for-sale financial assets and are accounted in accordance with the policy stated in Note 2.22 (ii)(d).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

2.5 Land Held for Property Development and Property Development Costs

(a) 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 accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.21(b).

Land held for property development is reclassified as property development costs (under current assets) at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle of 2 to 4 years.

(b) Joint-venture development project

Land held for property development under joint-venture arrangement is classified within current assets and is stated at cost less any accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Land Held for Property Development and Property Development Costs (Cont'd)

(c) Property development costs and revenue recognition

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

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs or by specific identification based on certification by surveyor.

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 expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

Completed units of development properties not sold at the end of the reporting period are transferred to inventories as current assets.

2.6 Held-for-sale properties

Held-for-sale properties comprises completed units of land and / or buildings acquired with a view to their subsequent disposals and are stated at the lower of carrying amount and fair value less costs to sell.

Held-for-sale properties are not depreciated.

2.7 Inventories

Inventories of completed units of development properties not sold at the end of the reporting period are stated at the lower of cost and net realisable value. The cost of unsold completed units of development properties is determined by an allocation of the accumulated development cost of each individual unit by specific identification or when this is not possible, in accordance with their relative sales values or profits contributions. Cost includes the relevant cost of land, development expenditure and related interest cost incurred during the development period.

Other inventories are stated at the lower of cost, determined on the first-in-first-out basis as applicable or net realisable value. Cost includes the actual cost of materials and incidentals in bringing the inventories to their present location and condition.

In arriving at the net realisable value, due allowance is made for obsolete and slow moving inventories.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Receivables

Trade and other receivables are categorised and measured as loans and receivables in accordance with Note 2.22(ii)(c).

2.9 Construction Contracts

Contracts work-in-progress are stated at cost, and where appropriate, include attributable profit less allowance for foreseeable losses and progress payments received and receivable. Cost includes the actual cost of materials, labour and other incidental expenses incurred in the construction contracts.

The excess of cost incurred plus recognised profit less allowance for foreseeable losses and progress billings received and receivable is shown as “Amount due from contract customers” under current assets. The deficit, if any, is shown as “Amount due to contract customers” under current liabilities.

2.10 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy Note 2.22(ii)(c).

2.11 Payables

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

2.12 Related party

The Company treats a related party (other than holding, subsidiary or associated company) as a company in which the shareholders and directors are substantially in common with those of the Company.

2.13 Provisions

Provisions are made when it is probable that an outflow of resources embodying economic benefits will be required to settle present obligations as a result of past events, and a reliable estimate can be made out of the amount of the obligation.

2.14 Leases

(a) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Leases (Cont'd)

(b) Finance Leases

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

2.15 Borrowings

(a) Classification

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit and loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

(b) 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 incurred in connection with the borrowing of funds.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.17 Income Taxes

Tax on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in the equity, in which case it is recognised in equity.

Current tax is the expected amount of income tax payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the end of the reporting period.

Deferred tax is provided for, using the liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets or liabilities, using tax rates enacted or substantially enacted at the end of the reporting period.

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

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

2.18 Revenue Recognition

(a) Sale of development properties

Profit from sale of development properties is recognised on the percentage of completion method as described in Note 2.5(c). Anticipated losses are immediately recognised in profit or loss.

(b) Contract work not certified

Claims for contract work done submitted but yet to be ascertained and certified / approved by the customers are not recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Revenue Recognition (Cont'd)

(c) Construction contracts

Profit from construction contracts is recognised on the stage of completion method unless the outcome of the construction contracts cannot be reliably determined in which case the completion method is used.

The stage of completion is measured by reference to the certified work done to date.

(d) Project management/consultancy

Revenue from project management/consultancy is recognised as follows:

(i) agreed fixed monthly fee - at the end of the respective months; and

(ii) fee based on certain performance criteria - at the end of the respective reporting periods.

(e) Sale of goods

Revenue from sale of goods and services is recognised based on invoiced value of services rendered and, or goods sold.

(f) Joint-venture development project

Entitlement under joint-venture project is recognised according to the terms under the Joint-Venture Arrangement or upon receipt, as the case may be.

(g) Dividend income

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

2.19 Employee Benefits

(a) Short term benefits

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

(b) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Foreign Currencies

(a) Functional and presentation currency

Items included in the 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 financial statements are presented in Ringgit Malaysia, which is the Group’s functional and presentation currency.

(b) Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except for currency translation differences on net investment in foreign operations.

(c) Translation of Group entities’ financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;

(ii) Income and expenses for each income statement are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

The principal exchange rates (in unit of foreign currency per Ringgit Malaysia) used are as follows:

	Year-end rate		Average rate	
	2016	**2015**	**2016**	**2015**
Hong Kong Dollar	1.729	1.806	1.876	1.979

(d) Consolidation adjustments

On consolidation, currency translation differences arising from the net investment in foreign operations are taken to the foreign currency translation reserve. When a foreign operation is disposed of, such currency translation differences are recognised in the income statement as part of the gain or loss on disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Impairment

(a) Financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

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

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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

(b) Non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Financial Instruments

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised 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

The Company categorise financial instruments as follows:

<u>Financial assets</u>

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group has the positive intention and ability to hold till maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Financial Instruments (Cont'd)

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

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading and other financial assets not classified under 2.22(ii) (a), (b) and (c) above.

Investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

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

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) 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 the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the 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 or cancelled or expires. 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 the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Fair value measurements

The Group measures financial instruments at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 37.

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as disclosed in Note 37.

2.24 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

3.1 Construction contracts

Profit from construction contracts is the excess of contract revenue over contract cost.

The Group recognises contract revenue based on the stage of completion method. The stage of completion is measured by reference to the certified work done to date. Significant judgement is required in determining the stage of completion. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Group relied on past experience and the work of specialists.

An estimation and judgement is also required in determining the estimated total contract costs. The Group relied on past experience and the work of specialists for such estimation and judgement made.

3.2 Recoverable amounts for property, plant and equipment, land held for property development and property development cost

The Group tests whether property, plant and equipment, land held for property development and property development cost have suffered any impairment, in accordance with the accounting policy stated in Note 2.21(b) above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require use of judgements and estimates.

3.3 Depreciation of property, plant and equipment

Property, plant and equipment is depreciated on the straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and machinery to range between 5 and 50 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2016 was RM15.094 million (2015: RM16.882 million). 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. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.4 Allowance for impairment of receivables

The Group and the Company makes allowance for impairment of receivables based on an assessment of the recoverability of trade receivables and other receivables. Allowances for impairment of receivables are applied to trade receivables and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and the allowance for impairment of receivables in the period in which such estimate has been changed.

3.5 Property development

The Group recognises property development revenue and expenses in profit or loss by using the stage of completion method.

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

3.6 Provision for taxation

The Group is subject to income taxes whereby significant judgement is required on determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Consequently, if the final assessment is different from the tax liabilities recognised by the Group, such differences will impact the income tax and deferred tax provision in the period such determination is made.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP COST	Freehold office lots and buildings RM'000	Building work-in-progress RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Theme Park RM'000	Total RM'000
At 1 January 2015	1,264	-	10,852	6,391	795	3,009	22,311
Additions	-	-	582	3,895	173	-	4,650
Disposals	-	-	(96)	-	-	-	(96)
Translation difference	-	-	-	-	8	-	8
At 31 December 2015	1,264	-	11,338	10,286	976	3,009	26,873
Additions	-	580	529	106	37	-	1,252
Written off	-	-	-	-	(86)	-	(86)
Translation difference	-	-	-	-	(2)	-	(2)
At 31 December 2016	1,264	580	11,867	10,392	925	3,009	28,037

ACCUMULATED DEPRECIATION	Freehold office lots and buildings RM'000	Building work-in-progress RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Theme Park RM'000	Total RM'000
At 1 January 2015	492	-	1,558	3,218	468	1,204	6,940
Charge for the year	25	-	1,090	1,594	139	201	3,049
Disposals	-	-	(6)	-	-	-	(6)
Translation difference	-	-	-	-	8	-	8
At 31 December 2015	517	-	2,642	4,812	615	1,405	9,991
Charge for the year	27	-	1,135	1,544	134	200	3,040
Written off	-	-	-	-	(86)	-	(86)
Translation difference	-	-	-	-	(2)	-	(2)
At 31 December 2016	544	-	3,777	6,356	661	1,605	12,943
NET BOOK VALUE							
At 31 December 2016	720	580	8,090	4,036	264	1,404	15,094
At 31 December 2015	747	-	8,696	5,474	361	1,604	16,882

Included in the net book value of property, plant and equipment of the Group are motor vehicles and plant and machinery amounted to RM4,000,253 (2015: RM5,418,477) and RM2,325,846 (2015: RM2,650,531) respectively, acquired under hire purchase arrangements for which instalments are still outstanding at the end of the reporting period.

Net book value of another group of property, plant and equipment of the Group amounted to RM3,976,533 (2015: RM4,525,333) of which has been charged to a financial institution as security for bank facilities granted.

5. INVESTMENT IN SUBSIDIARIES

	COMPANY 2016 RM'000	COMPANY 2015 RM'000
Unquoted shares - at cost	346,205	346,205
Less: Allowance for impairment losses	185,040	185,040
	161,165	161,165

Unless indicated otherwise, all the subsidiary companies are incorporated in Malaysia and have the same reporting date as the Company. The details of the subsidiary companies are as follows:

Name of subsidiary companies	Effective Equity Ownership Interest^ 2016 %	Effective Equity Ownership Interest^ 2015 %	Principal Activities
Sycal Berhad	100	100	Investment holding and contractor for building and civil engineering
and its subsidiaries:			
Sycal Kulai Sdn. Bhd.	100	100	Property development
Cygal Construction Sdn. Bhd.	100	100	Dormant
Sycal Plant & Machinery Sdn. Bhd.	100	100	Contractor for management and operator of plant and machinery
Cygal Industries Sdn. Bhd.	100	100	Dormant
Cygal Hotel Management Services Sdn. Bhd.	100	100	Dormant
Cygal Entertainment Sdn. Bhd.	82	82	Dormant
Sycal Concrete Sdn. Bhd.	70	70	Manufacturing and trading in ready mix concrete
Sycal Geotechnics Sdn. Bhd.	70	70	Dormant
*# United Golden Mile Aviation Ltd	71	71	Inactive
Sycal ICC Properties Sdn. Bhd.	100	100	Property development

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiary companies	Effective Equity Ownership Interest^ 2016 %	Effective Equity Ownership Interest^ 2015 %	Principal Activities
Sycal Properties Sdn. Bhd.	100	100	Property development, property management and consultancy, turnkey contractor
# Sycal Resorts Sdn. Bhd.	100	100	Property development, investment holding and operator of theme park

^ Equals to the proportion of voting rights held
* A company incorporated in Hong Kong
# Subsidiary companies audited other than by Messrs. WHLK

Non-controlling interests in subsidiaries

Name of subsidiary companies	% of equity ownership interest held by non-controlling interests^ 2016	% of equity ownership interest held by non-controlling interests^ 2015	Principal Activities
Cygal Entertainment Sdn. Bhd.	18	18	Dormant
Sycal Concrete Sdn. Bhd.	30	30	Manufacturing and trading in ready mix concrete
Sycal Geotechnics Sdn. Bhd.	30	30	Dormant
* United Golden Mile Aviation Ltd	29	29	Inactive

^ Equals to the proportion of voting rights held
* A company incorporated in Hong Kong.

	GROUP 2016 RM'000	GROUP 2015 RM'000
Carrying amount of non-controlling interests	4,376	3,829
Profit for the year attributable to non-controlling interests	847	1,159

The non-controlling interests in respect of the above subsidiaries are individually not material to the Group.

6. OTHER INVESTMENTS

	GROUP 2016 RM'000	GROUP 2015 RM'000
Unquoted shares - at cost	7,890	7,890
Less: Accumulated impairment losses	7,890	7,890
	-	-
Shares quoted in Malaysia - at cost	6	6
Less: Accumulated impairment losses	3	3
	3	3
Transferable club membership - at cost	150	150
Less: Accumulated impairment losses	90	90
	60	60
	63	63
Market value of quoted shares	2	2

7. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

	Freehold Land RM'000	Development Expenses RM'000	Impairment Losses RM'000	Total RM'000
GROUP				
Cost				
At 1 January 2015	28,585	2,930	(15,294)	16,221
Additions	-	103	(103)	-
At 31 December 2015	28,585	3,033	(15,397)	16,221
Additions	-	41	-	41
At 31 December 2016	28,585	3,074	(15,397)	16,262

The freehold land has been pledged as security for the bank facility granted to the Group as disclosed in Note 21.

An additional impairment of Nil (2015: RM103,400) is made in respect of the above development land during the year. At the end of the reporting period, management carried out a review of the recoverable amount of this asset. The carrying amount of the asset recorded at the end of the reporting period does not exceed the recoverable amount. The recoverable amount was based on the value in use method, determined by discounting the future cash flow projections from the asset. The pre-tax discount rate used was 9.4% (2015: 8.3%).

8. HELD-FOR-SALE PROPERTIES

	GROUP	
	2016	2015
	RM'000	RM'000
Land and/or completed units of buildings	8,063	8,063

9. INVENTORIES

	GROUP	
	2016	2015
	RM'000	RM'000
At cost		
Completed units of development properties	9,945	15,292
Building materials	756	659
	10,701	15,951
At net realisable value		
Completed units of development properties	5,880	3,981
	16,581	19,932

10. TRADE RECEIVABLES

	GROUP	
	2016	2015
	RM'000	RM'000
Trade receivables	217,446	223,746
Allowance for impairment losses		
At 1 January	(24,066)	(24,581)
Reversal during the year	-	515
At 31 December	(24,066)	(24,066)
Amount receivables	193,380	199,680
Less: Amount shown under non-current assets	18,710	28,710
	174,670	170,970
Accrued billings in respect of property development costs	593	3,102
Amount shown under current assets	175,263	174,072

10. TRADE RECEIVABLES (CONT'D)

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
<u>Amount shown under non-current assets:</u>		
More than 1 year and less than 2 years	15,826	10,000
More than 2 years and less than 5 years	2,884	18,710
	18,710	28,710

Included in the trade receivables of the Group is an amount of RM16,523,462 (2015: RM17,793,801) representing contract sum retained in relation to contracting work performed.

Included in carrying values of trade receivables is an amount of RM33,878,342 (2015: RM43,093,311) receivable in respect of various sub-contract works done for Prima Ace Sdn Bhd ("PA"). The amounts of RM33.88 million (2015: RM43.09 million) due by PA to the Group are to be repaid over 2 to 3 years by various instalments. The repayment scheme is subject to annual review for any adjustment, if needed. As at 31 December 2016, an amount of RM30.23 million (2015: RM28.71 million) is subject to an interest charge of 8.3% (2015: 8.3%) per annum.

The Group's normal trade credit terms vary from 30 to 120 days. Other trade credit terms are assessed and approved on a case-by-case basis. Trade receivables of the Group are non-interest bearing except for PA as disclosed above and are unsecured.

11. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
Property development costs at 1 January		
- Freehold land - at costs	27,659	28,888
- Development costs	153,988	165,903
	181,647	194,791
Development costs incurred during the year	10,003	4,243
Reversal of property development costs on completed projects	-	(17,387)
	191,650	181,647
Allowance for foreseeable loss	(1,637)	(1,637)
<u>Costs recognised as expenses in profit or loss:</u>		
- At 1 January	(171,092)	(185,559)
- Current year	-	(754)
- Reversal on completed projects	-	17,387
- At 31 December	(171,092)	(168,926)
Transfer to inventories	-	(2,166)
Property development costs at 31 December	18,921	8,918

12. JOINT-VENTURE DEVELOPMENT COSTS

GROUP	JV partners' entitlement RM'000	Development costs incurred RM'000	Advances RM'000	Costs recognised as expenses in profit or loss RM'000	Total RM'000
At 1 January 2015	1,791	14,877	50,649	(3,104)	64,213
Additions	1,000	7,757	-	(2,410)	6,347
At 31 December 2015	2,791	22,634	50,649	(5,514)	70,560
Additions	-	5,158	-	(817)	4,341
At 31 December 2016	2,791	27,792	50,649	(6,331)	74,901

As at the end of the reporting period, the Group had entered into various joint-venture ("JV") arrangements with different JV partners. Among the terms of these JV arrangements, the Group is, at its own costs and expenses, responsible for the construction, completion, marketing, sales, maintenance and management of the development. The Group's entitlements under these JV arrangements are based on various percentages of the gross revenue on all the development units to be constructed.

Included in joint venture development costs is interest expenses charged during the year amounted to RM3,708,868 (2015: RM3,726,000).

13. DUE BY / (TO) CONTRACT CUSTOMERS

	GROUP 2016 RM'000	GROUP 2015 RM'000
Construction costs	2,454,413	2,379,731
Recognised profits less losses	151,750	145,471
Progress billings received and receivable	(2,601,540)	(2,532,254)
	4,623	(7,052)

13. DUE BY / (TO) CONTRACT CUSTOMERS (CONT'D)

	GROUP	
	2016	2015
	RM'000	RM'000
Represented by:		
Due by contract customers	125,129	105,361
Due to contract customers	(120,506)	(112,413)
	4,623	(7,052)
Construction costs incurred during the year	74,682	201,654
Construction costs recognised as contract expenses during the year	69,209	222,291
Included in construction costs incurred during the financial year are:		
Depreciation of plant and equipment	1,042	995
Staff costs	3,881	7,237
Hire of machinery	2,504	3,533
Rental of site	37	104

14. AMOUNT DUE BY / (TO) RELATED PARTIES

		GROUP	
	SUB-NOTE	2016 RM'000	2015 RM'000
Amount receivables:			
- SYC Capital Sdn. Bhd.	5	29,781	33,785
Amount payables:			
- Cygal Holdings Sdn. Bhd.	1,2,3,4	(107)	(103)
- SYC Capital Sdn. Bhd.	5	(349)	(349)
		(456)	(452)

1) Company in which Dato' Seow Yong Chin is also a director.
2) Company in which Encik Syed Zain Al-Kudcy Bin Dato' Syed Mahmood is also a director.
3) Company in which Dato' Seow Yong Chin is also a substantial shareholder.
4) Company in which Encik Syed Zain Al-Kudcy Bin Dato' Syed Mahmood is also a substantial shareholder.
5) Company in which Dato' Seow Yong Chin has controlling interests.

14. AMOUNT DUE BY / (TO) RELATED PARTIES (CONT'D)

The amount receivables are expected to be collected as follows:

2016	**Gross RM'000**	**Individual impairment RM'000**	**Net RM'000**
Current			
Within 12 months	16,660	-	16,660
Non-current			
More than 1 year and less than 2 years	13,121	-	13,121
	29,781	-	29,781
2015			
Current			
Within 12 months	3,689	-	3,689
Non-current			
More than 1 year and less than 2 years	16,975	-	16,975
More than 2 year and less than 5 years	13,121	-	13,121
	30,096	-	30,096
	33,785	-	33,785

The amount due by SYC Capital Sdn. Bhd. ("SYC Capital") is in respect of contracting and other related work done on SYC Capital's project. The outstanding amount as of reporting date is to be settled by 31 December 2018 by various instalments. An amount outstanding of RM27.499 million (2015: RM33.785 million) is subject to interest charge of 8.3% (2015: 8.3%) per annum. The amount due by SYC Capital is unsecured.

All other amounts due by / (to) related parties are unsecured, interest-free and repayable on demand.

15. AMOUNT DUE BY / (TO) SUBSIDIARY COMPANIES

	COMPANY	
	2016 RM'000	**2015 RM'000**
Amount receivables	4,871	4,871
Less: Allowance for impairment losses	2,605	2,605
	2,266	2,266
Amount payables	(31,600)	(31,251)

The amount due by / (to) subsidiary companies are unsecured, interest free and repayable on demand.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Other receivables	16,868	22,311	1,330	1,330
Less: Allowance for impairment losses				
At 1 January	2,325	2,384	1,330	1,330
Written off	-	(59)	-	-
At 31 December	2,325	2,325	1,330	1,330
	14,543	19,986	-	-
Deposits	2,971	3,436	-	-
Prepayments	15,229	12,036	-	-
	32,743	35,458	-	-
These include:				
Amount paid/payable net of amount received/receivable on behalf under project management arrangement	7,871	10,778	-	-
Amount recoverable in respect of expenses incurred pursuant to former arrangements for the development of a project	3,517	4,564	-	-
Prepayment for right-of-use for property	13,342	10,127	-	-

17. FIXED AND SECURITY DEPOSITS

The effective yields of the fixed deposits of the Group at the end of the reporting period ranged from 3.10% to 3.30% (2015: 3.10% to 3.30%) per annum.

The maturities of the fixed deposits of the Group at the end of the financial year were between 1 month to 12 months (2015: 1 month to 12 months).

Included in fixed and security deposits of the Group are fixed deposits amounting to RM3,679,639 (2015: RM3,576,445) which have been placed as securities for bank facilities granted to subsidiaries.

18. TRADE PAYABLES

	GROUP	
	2016	2015
	RM'000	RM'000
Trade payables	64,960	65,628
Progress billings	3,684	996
	68,644	66,624

The normal trade credit terms granted by trade payables to the Group vary from 0 to 120 days.

19. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Other payables	13,965	13,363	129	168
Accruals	7,234	6,725	194	174
Deposits received	769	1,528	-	-
	21,968	21,616	323	342
These include:				
Amount due to a director, Dato' Seow Yong Chin	1,770	3,152	101	101
Amount due to a former shareholder of a subsidiary company	237	237	-	-
Amount due to former subsidiary	152	6,115	-	-
Amount paid/payable net of amount received/receivable on behalf under project management arrangement	4,904	1,466	-	-

The amount due to the director and former shareholder of a subsiadiary company represents unsecured, interest free and repayable on demand.

20. HIRE PURCHASE PAYABLES

	GROUP 2016 RM'000	GROUP 2015 RM'000
Hire purchase obligations repayable:		
Within one year	2,128	2,305
More than one year and less than five years	2,990	4,830
More than five years	36	233
	5,154	7,368
Less: Unexpired finance charges	398	719
	4,756	6,649
Principal amount repayable:		
Current		
Within one year	1,916	1,972
Non-current		
More than one year and less than five years	2,805	4,450
More than five years	35	227
	2,840	4,677
	4,756	6,649

21. BANK BORROWINGS

	GROUP 2016 RM'000	GROUP 2015 RM'000
Current		
Revolving credit (secured)	1,527	1,526
Term loans (secured)	3,805	3,550
Hire purchase payables	1,916	1,972
	7,248	7,048
Non-current		
Term loans (secured)	52,750	55,668
Hire purchase payables	2,840	4,677
	55,590	60,345
Total bank borrowings		
Revolving credit (secured)	1,527	1,526
Term loans (secured)	56,555	59,218
Hire purchase payables	4,756	6,649
	62,838	67,393

21. BANK BORROWINGS (CONT'D)

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
Maturity of borrowings		
Within one year	5,332	5,076
More than 1 year and less than 2 years	5,314	5,110
More than 2 years and less than 5 years	12,377	15,420
More than 5 years	35,059	35,138
	58,082	60,744

The above bank borrowings were secured by way of:

(i) Third party first legal charge over a piece of joint-venture development land of a subsidiary;
(ii) Freehold development land of a subsidiary;
(iii) Certain plant and machinery of the Group;
(iv) Fixed deposits of the Group;
(v) Personal guarantee by a director of the Company; and
(vi) Corporate guarantee by the Company.

The annual effective interest rates at the end of the reporting period were as follows:

	GROUP	
	2016	**2015**
Revolving credit (secured)	8.40%	8.60%
Term loans (secured)	8.25% - 9.15%	8.60% - 9.35%
Hire purchase payables	3.77% - 8.36%	4.42% - 8.36%

22. PROVISIONS

GROUP	Anticipated cost in respect of development projects **RM'000**	Late delivery interest **RM'000**	Employee benefits - Short term accumulating compensated absences **RM'000**	Total **RM'000**
At 1 January 2015	500	4,485	407	5,392
Addition during the year	-	571	67	638
Utilisation during the year	-	(682)	-	(682)
At 31 December 2015	500	4,374	474	5,348
Addition during the year	-	297	12	309
Utilisation during the year	-	(2,036)	-	(2,036)
At 31 December 2016	500	2,635	486	3,621

23. SHARE CAPITAL

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Authorised:				
500,000,000 ordinary shares of RM1.00 each				
At 1 January / 31 December	500,000	500,000	500,000	500,000
Issued and fully paid:				
320,250,000 ordinary shares of RM1.00 each				
At 1 January / 31 December	320,250	320,250	320,250	320,250

24. RESERVES

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Share premium	16,683	16,683	16,683	16,683
Exchange translation reserves	(1,731)	(1,390)	-	-
Revaluation reserves	85	85	-	-
	15,037	15,378	16,683	16,683
Distributable:				
Accumulated losses	(92,008)	(97,425)	(205,418)	(205,084)
	(76,971)	(82,047)	(188,735)	(188,401)

25. DEFERRED TAX ASSETS

	GROUP	
	2016	2015
	RM'000	RM'000
At 1 January	(1,524)	(321)
Amount recognised in profit or loss	(641)	(1,203)
At 31 December	(2,165)	(1,524)

As of 31 December 2016, the amount of estimated net deferred tax assets of the Group calculated at applicable tax rate is as follows:

25. DEFERRED TAX ASSETS (CONT'D)

	GROUP	
	2016	2015
	RM'000	RM'000
(i) Recognised in the financial statements		
Deferred tax liabilities:		
- Plant and equipment	752	654
- Property development costs	3,318	3,969
	4,070	4,623
Deferred tax assets:		
- Unused tax losses and unabsorbed capital allowances	(4,890)	(4,770)
- Other deductible temporary differences	(1,345)	(1,377)
	(6,235)	(6,147)
	(2,165)	(1,524)
(ii) Not recognised in the financial statements		
Tax assets:		
- Plant and equipment	-	(22)
- Unused tax losses and unabsorbed capital allowances	(3,420)	(3,236)
- Other deductible temporary differences	(4,280)	(4,247)
	(7,700)	(7,505)

The unused tax losses and unabsorbed capital allowances are subject to agreement by the tax authorities.

26. REVENUE

	GROUP	
	2016	2015
Revenue comprise:	RM'000	RM'000
Contract revenue	74,243	248,351
Consultation and project management fee	7,012	7,311
Property development revenue	1,577	1,458
Joint venture development revenue	967	3,182
Sales of goods and services	54,238	61,415
	138,037	321,717

27. COST OF SALES

	GROUP	
	2016	2015
Cost of sales comprise:	RM'000	RM'000
Contract cost	69,209	222,291
Property development expenses	2,725	5,450
Joint venture development costs	817	2,410
Cost of sales and services	43,713	50,389
	116,464	280,540

28. PROFIT / (LOSS) BEFORE TAXATION

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit / (Loss) before taxation is arrived at after charging / (crediting):				
Allowance for foreseeable loss	-	1,637	-	-
Allowance for impairment loss on receivables written back	-	(515)	-	-
Auditors' remuneration				
- current year	275	240	48	45
- prior year	(18)	(20)	(4)	(4)
Bad debts recovered	-	(26)	-	-
Bad debts written off	9	345	-	-
Depreciation of property, plant and equipment	1,998	2,054	-	-
Gain on foreign exchange - unrealised	(41)	(215)	-	-
Gain on disposal of held-for-sale property	-	(141)	-	-
Hire of equipment	301	237	-	-
Impairment loss on land held for property development	-	103	-	-
Inventories written down	-	1,363	-	-
Liquidated and ascertained damages	-	6,025	-	-
Loss on disposal of plant and equipment	-	80	-	-
Payables written off	-	(19)	-	-
Provision for late delivery interest	297	571	-	-
Rental of machineries	(410)	(178)	-	-
Rental of premises	222	165	-	-
Interest expenses				
- hire purchase	338	352	-	-
- loans	1,117	1,241	-	-
- revolving credit	27	26	-	-
- others	210	32	-	-
Interest income				
- fixed deposits	(165)	(270)	-	-
- receivable from a related party	(2,282)	(2,689)	-	-
- receivable from a trade receivable	(2,509)	(2,383)	-	-
- others	(8)	(18)	-	-
Staff costs (excluding directors' remuneration):				
- salaries, allowances, wages and bonus	6,781	7,466	-	-
- pension costs - defined contribution plans	645	611	-	-
- social security costs	63	62	-	-
- short term accumulating compensated absences	12	67	-	-
- other staff related expenses	221	238	-	-
Directors' remuneration:				
- Directors of the Company:				
- fees	210	216	102	108
- other emoluments	1,393	1,413	-	15
- pension costs - defined contribution plan	184	180	-	-
- Directors of the subsidiary companies:				
- other emoluments	490	461	-	-
- pension costs - defined contribution plan	80	75	-	-

29. TAXATION

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation based on profit for the year:				
- Current year	3,437	4,754	-	-
- Prior year	(94)	(192)	-	(3)
	3,343	4,562	-	(3)
Deferred taxation :				
- Relating to origination and reversal of temporary differences	(639)	(1,203)	-	-
- Under provided in respect of prior year	3	-	-	-
- Adjustment to opening deferred tax resulting from decrease in income tax rate	(5)	-	-	-
	(641)	(1,203)	-	-
	2,702	3,359	-	(3)

The income tax expense for the financial year can be reconciled to the profit / (loss) before taxation per statements of comprehensive income as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit / (Loss) before taxation	8,966	21,811	(334)	(349)
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	2,151	5,453	(80)	(87)
Tax effects of:				
- Expenses not deductible for tax purposes	614	1,772	80	87
- Income not subject to tax	(168)	(175)	-	-
- Recognition of previously unrecognised tax assets	-	(3,516)	-	-
- Deferred tax assets not recognised during the financial year	292	44	-	-
- Impairment loss on property development	-	(25)	-	-
- Utilisation of previously unrecognised tax assets	(92)	(4)	-	-
- Current year tax over provided in respect of prior year	(94)	(192)	-	(3)
- Deferred tax liabilities under provided in respect of prior year	3	-	-	-
- Adjustment to opening deferred tax resulting from decrease in income tax rate	(5)	-	-	-
- Differences of tax rates in Hong Kong subsidiary	1	2	-	-
Tax expense	2,702	3,359	-	(3)

30. EARNINGS PER SHARE

(i) Basic

The basic earnings per share is calculated by dividing the Group's profit after taxation and non-controlling interests of RM5.417 million (2015: RM17.293 million) by number of ordinary shares in issue of 320.25 million (2015: 320.25 million).

(ii) Diluted

There is no potential ordinary shares that are dilutive due to their conversion to ordinary shares that would increase profit or reduce loss per share from continuing operations.

31. PURCHASE OF PLANT AND EQUIPMENT

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
The Group acquired plant and equipment by way of the following:		
- Hire purchase	90	3,517
- Term loan	-	86
- Cash payments	1,162	1,047
	1,252	4,650

32. CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
These represent:	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Fixed and security deposits	4,598	4,467	-	-
Cash and bank balances	1,487	5,205	7	11
	6,085	9,672	7	11
Deposits pledged for bank guarantee facilities	(3,680)	(3,576)	-	-
	2,405	6,096	7	11

Cash and bank balances include monies placed with licensed banks under Housing Development Accounts amounting to RM213,434 (2015: RM994,844) by the subsidiary companies.

33. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Significant related party transactions during the financial year other than those have been disclosed in the financial statements include:

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Subsidiaries:				
- Loans/Advances from subsidiaries	-	-	(349)	(216)

The Directors are of the opinion that all the above transactions were entered into in the normal course of business and were established on terms and conditions that were not materially different from those obtainable in transactions with unrelated parties.

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including directors of that entity.

The remuneration of key management personnel during the financial year was as follows:

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive Director:				
- Fee	48	48	-	-
- Salaries and other emoluments	1,393	1,398	-	-
- Defined contribution plan	184	180	-	-
	1,625	1,626	-	-
Non-Executive Director:				
- Fee	162	168	102	108
- Other emoluments	-	15	-	15
	162	183	102	123
Other Senior Personnel:				
- Salaries and other emoluments	490	461	-	-
- Defined contribution plan	80	75	-	-
	570	536	-	-
	2,357	2,345	102	123

34. OPERATING SEGMENTS

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on at least a quarterly basis.

(i) Construction	Civil and building construction works.
(ii) Property development	Property development, property management and consultancy
(iii) Manufacturing and trading	Manufacturing and trading in ready-mix concrete and trading in building materials

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total assets are used to measure the returns of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer. Hence, no disclosure is made on segment liability.

34. OPERATING SEGMENTS (CONT'D)

	Construction		Property Development		Manufacturing and Trading		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Segment profit	3,731	11,173	3,327	2,185	4,500	6,021	11,558	19,379

Included in the measure of segment profit are:

	Construction 2016 RM'000	Construction 2015 RM'000	Property Development 2016 RM'000	Property Development 2015 RM'000	Manufacturing and Trading 2016 RM'000	Manufacturing and Trading 2015 RM'000	Total 2016 RM'000	Total 2015 RM'000
Gross Revenue	87,447	272,592	9,556	11,951	54,250	62,705	151,253	347,248
Less: Inter-segment revenue	(13,204)	(24,241)	-	-	(12)	(1,290)	(13,216)	(25,531)
Revenue from external customers	74,243	248,351	9,556	11,951	54,238	61,415	138,037	321,717
Allowance for foreseeable loss	-	-	-	(1,637)	-	-	-	(1,637)
Allowance for impairment loss on receivables written back	-	515	-	-	-	-	-	515
Bad debts recovered	-	26	-	-	-	-	-	26
Bad debts written off	-	(345)	(9)	-	-	-	(9)	(345)
Gain on disposal of held-for-sale property	-	100	-	41	-	-	-	141
Impairment loss on land held for property development	-	-	-	(103)	-	-	-	(103)
Inventories written down to net realisable value	-	-	-	(1,363)	-	-	-	(1,363)
Liquidated and ascertained damages	-	(6,000)	(297)	(596)	-	-	(297)	(6,596)
Loss on disposal of plant and equipment	-	(80)	-	-	-	-	-	(80)
Short term accumulating compensated absences	(2)	(61)	(10)	(6)	-	-	(12)	(67)

34. OPERATING SEGMENTS (CONT'D)

	Construction		Property Development		Manufacturing and Trading		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Not included in the measure of segment profit but provided to Chief Executive Officer:								
Depreciation and amortisation	(1,687)	(1,667)	(648)	(647)	(705)	(735)	(3,040)	(3,049)
Finance costs	(1,563)	(1,540)	(60)	(78)	(69)	(109)	(1,692)	(1,727)
Interest income	4,417	4,650	267	430	16	16	4,700	5,096
Taxation	(1,174)	119	(1,196)	(2,155)	(919)	(1,331)	(3,289)	(3,367)
Segment assets	353,012	349,457	235,124	224,881	25,189	21,773	613,325	596,111
Included in the measure of segment assets are:								
Additions to non-current assets other than financial instruments	638	2,168	50	2,271	605	314	1,293	4,753

Reconciliations of reportable segment revenues, profit or loss, assets and other material items:

<u>Profit or loss</u>	2016 RM'000	2015 RM'000
Total profit for reportable segments	11,558	19,379
Other non-reportable segments	(557)	(456)
Adjustments and eliminations	(2,267)	2,304
Depreciation of plant and equipment	(3,040)	(3,049)
Finance costs	(1,692)	(1,727)
Interest income	4,964	5,360
Consolidated profit before taxation	8,966	21,811

34. OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items: - Cont'd

2016	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Interest income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
Total reportable segments	151,253	(3,040)	(1,692)	4,700	613,325	1,293
Other non-reportable segments	-	-	-	264	18,542	-
Components not monitored by chief executive officer	-	-	-	-	2,228	-
Elimination of inter-segment transactions or balances	(13,216)	-	-	-	(94,334)	-
Consolidated total	138,037	(3,040)	(1,692)	4,964	539,761	1,293
2015						
Total reportable segments	347,248	(3,049)	(1,727)	5,096	596,111	4,753
Other non-reportable segments	-	-	-	264	7,250	-
Components not monitored by chief executive officer	-	-	-	-	1,582	-
Elimination of inter-segment transactions or balances	(25,531)	-	-	-	(75,722)	-
Consolidated total	321,717	(3,049)	(1,727)	5,360	529,221	4,753

34. OPERATING SEGMENTS (CONT'D)

Geographical segments

No geographical segment information is presented as the Group operates principally in Malaysia.

Non-current assets information presented above consist of the following items as presented on the consolidated statement of financial position:

	2016 RM'000	2015 RM'000
Property, plant and equipment	15,094	16,882
Land held for property development and property development costs	16,262	16,221
	31,356	33,103

Major customers

Revenue from major customers of the Group amounted to RM28.794 million (2015: RM128.284 million) arising from revenue by the construction segment.

35. COMMITMENT

On 4 July 1996, the Group entered into a conditional share subscription agreement with Samaworld (Malaysia) Sdn. Bhd. (SMSB) and Samaworld Theme Hotel Sdn. Bhd. (SWTH) with the view to develop a hotel on the piece of land owned by SWTH. The agreement provides for the Group to subscribe to 17.5 million new shares of RM 1.00 each representing 70% equity interest of the enlarged issued and paid-up capital in SWTH for a subscription price of RM 17.5 million. To date, the Group has subscribed to a total of 7,867,821 ordinary shares of RM 1.00 each in SWTH at par.

In March 2003, Official Receiver has been appointed to take over the management of SMSB.

36. FINANCIAL INSTRUMENTS

(i) Financial Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks, including credit risk, interest rate risk, liquidity and cash flow risk. The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions. Financial instruments arising from the operations of the Group comprises trade receivables, other receivables and deposits, trade payables, other payables and accruals, and borrowings. Various risk management policies are in place to control and manage risks associated with these financial instruments.

36. FINANCIAL INSTRUMENTS (CONT'D)

(i) Financial Risk Management Objectives and Policies (Cont'd)

Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables and loans/advances to subsidiary companies.

Trade receivables

Management has a credit policy in place and manages the exposure to credit risk through the application of credit approvals, credit limits and other monitoring procedures. As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

The Group generally has no significant exposure to any individual customers or counterpart nor does it have any major concentration of credit risk related to any financial instruments other than as disclosed in Note 10 and 14.

The ageing of trade receivables as at the end of the reporting period was:

GROUP	Gross RM'000	Individual impairment RM'000	Net RM'000
2016			
Not past due (including retention sum)	50,540	-	50,540
Past due 1 to 30 days	3,735	-	3,735
Past due 31 to 60 days	132	-	132
Past due 61 to 90 days	1,828	-	1,828
Past due 91 to 120 days	6,446	-	6,446
Past due more than 120 days	154,765	(24,066)	130,699
	217,446	(24,066)	193,380
2015			
Not past due (including retention sum)	59,179	-	59,179
Past due 1 to 30 days	5,749	-	5,749
Past due 31 to 60 days	5,700	-	5,700
Past due 61 to 90 days	3,315	-	3,315
Past due 91 to 120 days	7,350	-	7,350
Past due more than 120 days	142,453	(24,066)	118,387
	223,746	(24,066)	199,680

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries.

36. FINANCIAL INSTRUMENTS (CONT'D)

(i) Financial Risk Management Objectives and Policies (Cont'd)

Credit Risk (cont'd)

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

The maximum exposure to credit risk amounted to RM57.769 million (2015: RM60.427 million) representing the outstanding banking facilities of the subsidiaries guaranteed by the Company as at the end of the reporting period.

As at end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company loans

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors the results of the subsidiary regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

The Company does not specifically monitor the ageing of the advances to subsidiary companies. However, an appropriate allowance will be made subsequently if the debt-owing company's financial condition is considered not satisfactory, regardless of whether it still carries on business operation, and there is insufficient evidence to indicate that its financial condition would improve in the foreseeable future.

Interest Rate Risk

The Group's exposure to interest rate risk relates primarily to deposits and debt obligations with financial institutions.

The interest rates on the Group's debt obligations are comparable to interest rates of similar instruments in the market and is managed through a fair mix of fixed and floating rate debts. The Group does not generally hedge interest rate risk as it does not invest significantly in activities that require interest rates hedging.

Fixed deposits are placed with licensed banks to satisfy conditions for bank facilities granted to the Group. Excess funds are placed with reputable banks to generate interest income. The Group manages its interest rate risk by monitoring market rates and placing such funds with varying maturity periods.

36. FINANCIAL INSTRUMENTS (CONT'D)

(i) Financial Risk Management Objectives and Policies (Cont'd)

Interest Rate Risk (cont'd)

Exposure to interest rate risk

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

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
Fixed rate instruments		
Financial assets	62,324	64,273
Financial liabilities	4,756	6,649
	67,080	70,922
Floating rate instruments		
Financial liabilities	58,082	60,744

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

The exposure of cash flow rate risk arises from floating rate instruments of the Group is not material and hence, sensitivity analysis is not presented.

Market Risk

The Group's exposure to market risk arises from quoted investments held for long term purposes. As the amount involved is insignificant, exposure to market risk is minimal.

Foreign Currency Exchange Risk

The Group has a 71%-owned subsidiary company, United Golden Mile Aviation Ltd., which operates in Hong Kong and whose revenue and expenses are denominated primarily in US Dollars and Hong Kong Dollars.

The exposure to foreign currency risk arises from the Group's foreign entity is not material and hence, sensitivity analysis is not presented.

36. FINANCIAL INSTRUMENTS (CONT'D)

(i) Financial Risk Management Objectives and Policies (Cont'd)

Liquidity and Cash Flow Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's exposure to liquidity risk arises principally from its trade and other payables, amount due to holding and related companies and bank borrowings.

The Group's exposure to liquidity risk and cash flow risk is monitored on an on going basis. In the ordinary course of business, the Group practices prudent liquidity risk management by maintaining sufficient level of cash to meet its working capital requirements. The Group reviews its cash flow position regularly to manage its exposure to the fluctuations in future cash flows and balances its portfolio with short term financing so as to achieve overall cost effectiveness.

Maturity analysis:

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments is as follows:

GROUP	Carrying amount RM'000	Contractual interest rate per annum	Contractual cash flow RM'000	Under 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000
2016							
Revolving loan (secured)	1,527	8.40%	1,527	1,527	-	-	-
Term loans (secured)	56,555	8.25% - 9.15%	84,422	9,705	9,705	22,974	42,038
Hire purchase payables	4,756	3.77% - 8.36%	5,154	2,128	1,445	1,545	36
Trade and other payables	82,609	-	82,609	82,609	-	-	-
Amount due to related parties	456	-	456	456	-	-	-
	145,903		174,168	96,425	11,150	24,519	42,074

36. FINANCIAL INSTRUMENTS (CONT'D)

(i) Financial Risk Management Objectives and Policies (Cont'd)

Liquidity and Cash Flow Risk (cont'd)

Maturity analysis (cont'd):

GROUP	Carrying amount RM'000	Contractual interest rate per annum	Contractual cash flow RM'000	Under 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000
2015							
Revolving loan (secured)	1,526	8.60%	1,526	1,526	-	-	-
Term loans (secured)	59,218	8.60% - 9.35%	92,052	8,452	9,705	26,493	47,402
Hire purchase payables	6,649	4.42% - 8.36%	7,368	2,305	2,103	2,727	233
Trade and other payables	79,987	-	79,987	79,987	-	-	-
Amount due to related parties	452	-	452	452	-	-	-
	147,832		181,385	92,722	11,808	29,220	47,635
COMPANY							
2016							
Other payables	129	-	129	129	-	-	-
Amount due to subsidiary companies	31,600	-	31,600	31,600	-	-	-
	31,729		31,729	31,729	-	-	-
2015							
Other payables	168	-	168	168	-	-	-
Amount due to subsidiary companies	31,251	-	31,251	31,251	-	-	-
	31,419		31,419	31,419	-	-	-

37. FAIR VALUES

(a) Determination of fair value

Set out below are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

- Trade and other receivables
- Amount due by related parties
- Amount due by/to inter-companies
- Cash equivalents
- Trade and other payables
- Loans and borrowings
- Hire purchase payables

(i) The fair values of trade receivables and amount due by related parties with maturity period of more than one year are estimated based on present value of future principal and interest cash flows, discounted at the Company's borrowing rate prevailing at the reporting date.

(ii) The carrying amounts of cash equivalents, receivables, payables, amounts due by/to inter-companies and related parties with a maturity period of less than one year are reasonable approximation of fair values at the end of the reporting period due to their relatively short term maturity.

(iii) The carrying amounts of loans and borrowings are reasonable approximation of fair values at the end of the reporting period as they are floating rates instruments that are re-priced to market interest rates on or near reporting date.

The fair values of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

(iv) Hire purchase payables

	2016		2015	
GROUP	**Carrying amounts RM'000**	**Fair values RM'000**	**Carrying amounts RM'000**	**Fair values RM'000**
Non-current				
Hire purchase payables	2,840	2,428	4,677	3,601

The fair values of the non-current portion of hire purchase payables are estimated by discounting expected future cash flows at market incremental lending rate for similar types of leasing arrangements at the reporting date.

The carrying amounts of the current portion of hire purchase payables are reasonable approximation of fair values due to the insignificant impact of discounting.

37. FAIR VALUES (CONT'D)

(b) Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 Quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Investment in quoted shares of the Group has been fully impaired as at the end of the reporting period. Otherwise, the Group does not have any financial assets and financial liabilities carried at fair value nor any instruments classified as Level 1, Level 2 and Level 3 as at 31 December 2016.

38. CAPITAL MANAGEMENT

The Group's and Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group and the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the Group and the Company net gearing (times). The Group's and the Company's net gearing (times) is calculated as net debts divided by total capital. Net debts are calculated as borrowings plus trade and other payables less cash and cash equivalent. Total capital refers to capital employed under equity.

	THE GROUP		THE COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net debts	272,007	262,402	31,916	31,582
Total capital	320,250	320,250	320,250	320,250
Net gearing (times)	0.85	0.82	0.10	0.10

39. SIGNIFICANT EVENTS

(a) Corporate proposals

On 25 October 2016, the Group proposes to undertake the following proposals:

(i) Proposed reduction of the issued and paid-up share capital involving the cancellation of RM0.75 of the par value of every existing ordinary share of RM1.00 each in the Company pursuant to Section 64 of the Companies Act, 1965 ("Proposed Par Value Reduction");

(ii) Proposed private placement of up to 96,074,868 placement shares, representing up to 30% of the issued and paid-up share capital of the Company after the Proposed Par Value Reduction; and

(iii) Proposed amendment to the Memorandum and Articles of Association to facilitate the Proposed Par Value Reduction.

(b) Effective date for Companies Act 2016

As announced by the Minister of Domestic Trade, Co-operatives and Consumerism, the Companies Act 2016 with the exception of Section 241 and Division 8 of Part III, becomes effective on 31 January 2017.

Accordingly, the Company shall prepare its financial statements in accordance with the requirements of the Companies Act 2016 for the financial year ending 31 December 2017.

Among others, the Companies Act 2016 introduces changes to the disclosure requirements in the financial statements. It also removes the need for authorized share capital, introduces the no par share value regime and determines the treatment for share premium and capital redemption reserves that are still standing in the books.

40. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 21 April 2017.

41. SUPPLEMENTARY INFORMATION - BREAKDOWN OF ACCUMULATED LOSSES INTO REALISED AND UNREALISED

The breakdown of the accumulated losses of the Group and of the Company as at 31 December 2016 into realised and unrealised losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	GROUP		COMPANY	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Total accumulated losses the Company and its subsidiaries				
- Realised	(322,464)	(327,853)	(205,418)	(205,084)
- Unrealised	4,723	3,234	-	-
	(317,741)	(324,619)	(205,418)	(205,084)
Consolidation adjustments	225,733	227,194	-	-
Accumulated losses as per financial statements	(92,008)	(97,425)	(205,418)	(205,084)

ADDITIONAL DISCLOSURE REQUIREMENTS

Utilization of Proceeds

There were no proceeds raised by the Company from any corporate proposals during the financial year ended 31 December 2016.

Share Buy-Backs

During the financial year, the Company did not enter into any share buy-backs transactions.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were exercised by the Company in the financial year.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

Sanctions or Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

Non-Audit Fees

There was no non-audit fee paid/payable to the external auditors by the Group during the financial year.

Variation in Results, Profit Estimates or Projection

The Company did not release any profit estimate, forecast, or projection for the financial year.

Profit Guarantee

During the financial year, there was no profit guarantee given by the Company and its subsidiaries.

Material Contract Involving Directors' and Major Shareholders' Interest

There was no material contract entered into by the Company and its subsidiaries which involved Directors' and/or major shareholders' interests subsisting at the end of the financial year ended 31 December 2016 or entered into since the end of the previous financial year.

Revaluation Policy on Landed Properties

The Company has not adopted a policy of regular revaluation of its landed properties and does not have any revaluation done on the landed properties.

Recurrent Related Party Transactions

There was no recurrent related party transaction during the financial year ended 31 December 2016 other than those disclosed in the financial statements.

Corporate Social Responsibility (CSR)

The Company is aware of its Corporate Social Responsibility and endeavours to operate as a responsible and ethical corporate entity.

The Group also remains committed to ensuring the occupational safety and health of all employees at their workplace through increased awareness, accountability and continual training geared towards the conduct of all activities in an environmentally responsible, safe and healthy manner.

1. TYPE OF SECURITIES – ORDINARY SHARES

SHARE CAPITAL

Authorised Share Capital	**: RM500,000,000.00**
Issued and Paid-up Share Capital	**: RM320,249,560.00**
Type of Securities	**: Ordinary shares of RM1.00 each**
Voting Rights	**: One vote per ordinary share**

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	270	7.31	10,930	0.00
100 to 1,000	875	23.70	624,887	0.20
1,001 to 10,000	1,388	37.59	6,802,765	2.12
10,001 to 100,000	992	26.87	35,118,769	10.97
100,001 to less than 5% of issued shares	163	4.41	163,811,761	51.15
5% and above of issued shares	4	0.11	113,880,448	35.56
Total	**3,692**	**100.00**	**320,249,560**	**100.00**

SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)
(as shown in the Register of Substantial Shareholders)

	Name of Shareholders	No. of Shares Held or Beneficiary Interested In	Deemed Interest
1.	SYC Holdings Sdn Bhd	*11,532,881 (3.60%)	-
2.	Dato' Seow Yong Chin	**39,793,145 (12.43%)	#25,903,635 (8.09%)
3.	Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	***3,989,913 (1.25%)	##14,370,754 (4.49%)
4.	Ace Credit Sdn Bhd	30,591,900 (9.55%)	-
5.	Fantastic Hallmark Sdn Bhd	@60,606,048 (18.92%)	-
6.	Mohd Wazir Bin Khalid	-	+60,606,048 (18.92%)
7.	Suzanna Binti Mohd Nor	-	+60,606,048 (18.92%)
8.	Westhill Capital Sdn Bhd	@34,364,524 (10.73%)	-
9.	Hew Kok Long	-	++34,364,524 (10.73%)
10.	Teo Kok Keong	-	++34,364,524 (10.73%)

* *All held through nominee companies.*
** *Of which 10,000,000 ordinary shares are held through nominee companies.*
*** *All held through various nominee companies.*
# *Deemed interest through his shareholdings exceeding 15% in Cygal Holdings Sdn Bhd and SYC Holdings Sdn Bhd.*
Deemed interest through his shareholdings exceeding 15% in Cygal Holdings Sdn Bhd.
@ *All held through nominee companies.*
+ *Deemed interest through their shareholdings exceeding 15% in Fantastic Hallmark Sdn Bhd.*
++ *Deemed interest through their shareholdings exceeding 15% in Westhill Capital Sdn Bhd.*

THIRTY LARGEST SHAREHOLDERS
(without aggregating the securities from different securities accounts belonging to the same Depositor)

	Names	Holdings No.	%
1	Kenanga Nominees (Tempatan) Sdn Bhd - Fantastic Hallmark Sdn Bhd	38,364,048	11.98
2	JF Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Ace Credit (M) Sdn Bhd	30,591,900	9.55
3	Kenanga Nominees (Tempatan) Sdn Bhd - Westhill Capital Sdn Bhd	22,682,500	7.08
4	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Fantastic Hallmark Sdn Bhd	22,242,000	6.95
5	Waste Environment Services Sdn Bhd	14,967,762	4.67
6	RHM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Seow Yong Chin	14,800,000	4.62
7	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Westhill Capital Sdn Bhd	11,682,024	3.65
8	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Seow Yong Chin	11,341,500	3.54
9	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For SYC Holdings Sdn Bhd	10,130,628	3.16
10	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Seow Yong Chin	10,126,145	3.16
11	Chua Seng Boon	6,250,000	1.95
12	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Chua Seng Oun	4,954,800	1.55
13	UOBM Nominees (Tempatan) Sdn Bhd - United Overseas Bank (Malaysia) Bhd	4,226,480	1.32
14	Cheong Sau Wah	3,760,019	1.17
15	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Seow Yong Chin	3,300,000	1.03
16	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Chua Seng Oun	3,258,900	1.02
17	Kenanga Nominees (Tempatan) Sdn Bhd - Syed Zain Al-Kudcy Bin Syed Mahmood	3,256,413	1.02

THIRTY LARGEST SHAREHOLDERS

(without aggregating the securities from different securities accounts belonging to the same Depositor)

	Names	Holdings No.	%
18	Kenanga Nominees (Tempatan) Sdn Bhd - GM Aero Support Sdn Bhd	2,751,001	0.86
19	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Cygal Holdings Sdn Bhd	2,599,500	0.81
20	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Tan Chia Hong @ Gan Chia Hong	2,500,000	0.78
21	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Seow Yong Chin	2,115,000	0.66
22	Lim Kang Pow	1,911,800	0.60
23	Sungai Kasa Sdn. Bhd.	1,860,475	0.58
24	Ital-Pacific Development Sdn Bhd	1,785,000	0.56
25	Kenanga Nominees (Tempatan) Sdn Bhd - SYC Holdings Sdn Bhd	1,402,254	0.44
26	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Cygal Holdings Sdn Bhd	1,391,250	0.43
27	Visefare Villa Sdn Bhd	1,376,656	0.43
28	Lee Chip Hwa	1,232,300	0.38
29	Malaysia Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Cygal Holdings Sdn Bhd	1,175,250	0.37
30	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank For Seow Yong Chin	1,175,000	0.37
		239,210,605	**74.70**

STATEMENT OF DIRECTORS' INTERESTS AS AT 05 APRIL 2017

(i) Interest in the Company

	Name of Directors	No. of Ordinary Shares of RM1.00 each Direct Interest	Deemed Interest
1.	Dato' Sri Haji Abd Rahim Bin Haji Abdul	-	-
2.	Dato' Seow Yong Chin	*39,793,145 (12.43%)	#25,903,635 (8.09%)
3.	Chin Kok Wah	-	-
4.	Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	**3,989,913 (1.25%)	@14,370,754 (4.49%)
5.	Tan Sri Dato' Seri Dr Ting Chew Peh	-	-
6.	Dato' Abdul Wahid Bin Ahmad Shuhaime	-	-
7.	Tee Lay Peng	-	-

* *All held through nominee companies.*
** *Of which 3,985,413 ordinary shares are held through various nominee companies.*
\# *Deemed interest through his shareholdings exceeding 15% in Cygal Holdings Sdn Bhd and SYC Holdings Sdn Bhd.*
@ *Deemed interest through his shareholding exceeding 15% in Cygal Holdings Sdn Bhd.*

(ii) Interest in Related Company

Other than as disclosed below, there are no other Directors of the Company who have interest, direct or indirect, in company related to Sycal Ventures Berhad:-

(a) Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood are deemed to be interested to the extent of the number of shares held by the Company in its subsidiary companies by virtue of their direct and indirect shareholding in the Company. List of subsidiary companies of the Company and effective equity interest held are disclosed in Note 5 of the Notes to the Financial Statements.

(b) Shareholdings of Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood in Cygal Holdings Sdn Bhd, a substantial shareholder holding 14,370,754 ordinary shares or 4.49% equity interest in the Company as at 5 April 2017, are as disclosed below:-

	Name	No. of Shares held Direct	Deemed Interest
1.	Dato' Seow Yong Chin	450,000 (30.00%)	-
2.	Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	385,998 (25.73%)	-

LIST OF MAJOR PROPERTIES OF THE GROUP AS AT 31 DECEMBER 2016

Location	Tenure	Land area	Description	Age of Property	Existing Use	NBV @ 31.12.2016 (RM'000)	Date of Acquisition
Federal Territory							
Lot 4.21, 4th Floor, Plaza Prima, 4 ½ Mile, Old Klang Road, 58200 Kuala Lumpur	Freehold	6,029 sq ft	Commercial + Office building	> 20 years	Office	720	12 August 1994
Johor							
CT 13811, Lot 6019, Mukim of Senai-Kulai District of Johor Bahru	Freehold	5.37 acres	Development land	-	Development	6,354	6 September 1997

PROXY FORM

SYCAL VENTURES BERHAD
(547651-U)

No. of shares held	
CDS account no.	

I/We, ……………………………………….………………………………… (Company/NRIC/Passport No. ……….…………………...) of ………...….….......………………...…………………………………………… …………………………………..being a member of the abovenamed Company, hereby appoint ………………….…………………………………. (NRIC/Passport No. …….….……………………...) of ...……………...…………………………………………………………………………. or failing him, ………….……………………………….……. (NRIC/Passport No. ……….…………………….……...) of ……………………………………..……………………...…….………………. as my/our proxy to vote for me/us on my/our behalf at the 16th Annual General Meeting of the Company, to be held at Hotel Pullman Kuala Lumpur Bangsar, Studio III, Level 3, Jalan Pantai Baru, 58000 Kuala Lumpur on 24th May 2017 at 10.00 a.m., and at any adjournment thereof as indicated:-

No.	Resolutions	For	Against
1.	Re-election of Mr Chin Kok Wah as Director		
2.	Re-election of Dato' Paduka Dr Abdul Wahid Bin Ahmad Shuhaime as Director		
3.	Approve payment of Directors' fee for financial year ended 31 December 2016		
4.	Re-appointment of Messrs. WHLK as Auditors and to authorise the Directors to fix their remuneration		
5.	Authority to allot and issue shares pursuant to 75 and 76 of the Companies Act, 2016		

Please indicate with a cross ("X") in the appropriate box against each Resolution how you wish your proxy to vote. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he think fit.

Signed this ……………. day of …………………….., 2017.

….……………………………………
Signature / Common Seal of Member

Notes:-

1. Only depositors whose names appear on the Record of Depositor as at 15th May 2017 shall be entitled to attend, speak and vote at this 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.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the 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 (1) 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 appointer or of his attorney duly authorized in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorized.
7. The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 4.03A, 4th Floor, Plaza Prima, 4½ Miles, Jalan Kelang Lama, 58200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.