SYCAL VENTURES BERHAD

Company No. 547651-U
Incorporated In Malaysia

Annual Report 2017

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 17th 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 12th June 2018 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 2017 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 Dato' Seow Yong Chin	Resolution 1
	2.2 Tan Sri Dato' Seri Dr Ting Chew Peh	Resolution 2
	2.3 Chin Kok Wah	Resolution 3
3.	To approve the payment of Directors' fees for the financial year ended 31 December 2017.	Resolution 4
4.	To re-appoint Messrs. WHLK as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Directors to fix the Auditors' remuneration.	Resolution 5

AS SPECIAL BUSINESS

5. To consider and if though fit, to pass the following Ordinary Resolution:- *(Resolution 6)*

   "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
30th April 2018

Notes:-

1. Only depositors whose names appear on the Record of Depositor as at 5th June 2018 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 to 3 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 102 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 6 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: 603-4043 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 AND KEY SENIOR MANAGEMENT

Dato' Sri Haji Abd Rahim Bin Haji Abdul *(Male, 68 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, 58 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, 63 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, 58 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, 74 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, 60 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, 56 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

Mr. Tee is a member of The Malaysian Institute of Certified Public Accountants since 1987 and a registered member of the Malaysian Institute of Accountants since 1988. He is also a Certified Financial Planner registered with the Financial Planning Association of Malaysia since 2003. Mr. Tee holds a Master of Business Administration from the University of Hull, London, United Kingdom.

He was formerly an Independent Non-Executive Director of DPS Resources Berhad and also the Chairman of its Audit Committee and Risk Management Committee. He was appointed an Independent Non-Executive Director of Ho Wah Genting Berhad on 11 December 2007.

He has more than 24 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 also holds position as financial controller/corporate advisor in various non-listed companies. In 2010, he was appointed as the corporate advisor of an oil and gas company and subsequently appointed as Chief Executive Officer until 2015. During his tenure, he was tasked with the "turnaround" corporate exercise.

Further Information:-

Family Relationship with any Directors and/or Substantial Shareholders

Name of Director	Family Relationship with any Director and/or Substantial Shareholder
Dato' Sri Haji Abd Rahim Bin Haji Abdul	None
* Dato' Seow Yong Chin	None
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	None
Chin Kok Wah	None
Tan Sri Dato' Seri Dr. Ting Chew Peh	None
Dato' Paduka Dr Abdul Wahid Bin Ahmad Shuhaime	None
Tee Lay Peng	None

* Dato' Seow Yong Chin is a substantial shareholder as disclosed in page 102 of this Annual Report.

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 2017 are disclosed in page 12 of this Annual Report.

AUDIT COMMITTEE REPORT

The Board of Directors of the Company is pleased to present the report of the Audit Committee ("AC") for the financial year ended 31 December 2017.

OBJECTIVE

The principal objective of the AC 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 AC 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 AC.

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 AC.

At least one (1) member of the AC 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 AC 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 AC meetings.

In the event of any vacancy in the AC 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 AC. A duly convened meeting of the AC 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 AC.

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

The AC shall report to the Board on its activities through presentations during the next Board meeting and/or by submission of the minutes of the AC 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 AC will invite any person to be in attendance to assist in its deliberation. Any other Directors and employees shall attend any particular AC meeting only at the AC's invitation, specific to the relevant meeting.

Authority

The AC 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 AC.

The AC 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 AC 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 AC, for payment of fees to any advisors engaged by the AC.

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

Secretaries to Audit Committee

The Company Secretary shall be the Secretary of the AC responsible for drawing up the agenda in consultation with the Chairman. The agenda together with relevant explanatory papers and documents shall be circulated to AC members prior to each meeting. The Secretary shall be responsible for keeping the minutes of the meeting of the AC, circulating them to AC 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 AC and each of its members at least once every 3 years to determine whether such AC and members have carried out their duties accordance with their terms of reference.

Scope and Functions

The AC'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 AC, 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;
- assess 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 AC Charter; and
- consider other topics as defined by the Board.

MEETINGS DURING THE YEAR

The AC met six (6) times during the financial year ended 31 December 2017. The details of AC's meetings held and attendance of the respective members at the meetings 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 2017 in discharging its duties and responsibilities as stipulated in its Terms of Reference:-

Financial Reporting

- reviewed unaudited quarterly reports and annual financial statements of the Company and Group and recommended the same to the Board for approval prior to announcement to Bursa Malaysia Securities Berhad. The key areas of focus are as follows:-
  - any change in accounting policies and practices;
  - significant adjustments arising from the audit;
  - going concern assumption;
  - compliance with accounting standards and other legal requirements;
  - significant matters highlighted in the financial statements; and
  - significant judgements made by the management.
- reviewed and approved the Group's budget for financial year 2017.

External Audit

- reviewed the Audit Plan Memorandum prepared by the External Auditors for financial year ended 31 December 2017. 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 AC.

- 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.
- reviewed and discussed the internal auditors' report on review of internal control and risk management system on Sycal ICC Properties Sdn Bhd, the 100%-owned subsidiary undertaking the commercial suites and hotel development project in Ipoh.

Others

- reviewed related party transactions and conflict of interest situation that may arise within the Group.
- reviewed and recommended to the Board for approval the AC 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 AC functionally. Internal audit reports prepared by the internal auditors would be presented to the AC 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 AC and have access to the Chairman of the AC. The AC 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 2017 amounted to RM23,750.

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 2017 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 in 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 2017, 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 2017.

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 2017 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 - Briefing on ISO 9001 - Briefing on GST Frameworks
Tee Lay Peng	- CG Breakfast Series - Board Excellence : How to Engage and enthuse Beyond Compliance with Sustainability organized by Bursa Malaysia - CG Breakfast Series entitled: Leading in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World organized by Bursa Malaysia - Complimentary Event, Malaysia: Your Preferred Investment Destination in Asia organized by Malaysian Institute of Accountants - MIA International Conference 2017 by Malaysian Institute of Accountants - Invitation to Securities Commission : Conversation with Audit Committees - MIA-SC Workshop on Malaysian Code on Corporate Governance - CG Breakfast Series: "Leading Change @ The Brain" organized by Bursa Malaysia
Dato' Paduka Dr Abdul Wahid Bin Ahmad Shuhaime	- Invitation to Securities Commission : Conversation with Audit Committees

Name	**Seminar(s) Attended**
Tan Sri Dato' Seri Dr Ting Chew Peh	- Sustainability Forum for Directors/CEOs: "The Velocity of Global Change & Sustainability - The New Business Model" - Financial Reporting For Public Listed Company - Cyber In The Boardroom: The First Place To Address Cyber Security Risk - Audit Committee Institute (ACI) Breakfast Roundtable 2017: Malaysian Code on Corporate Governance - SDG Business Summit 2017: Business As A Force For Good. The Role Of Private Sector In Achieving The Sustainable Development Goals - Singapore International Water Week Spotlight (SIWW) 2017 - Malaysian Code On Corporate Governance: Dealing With Issues And Expectations On Board Leadership And Effectiveness - Malaysian Code On Corporate Governance: Dealing With Issues And Expectations On Audit Committee, Risk Management And Stakeholder Management - Directors Risk Management Programme - I Am Ready To Manage Risks - Advocacy Session On Corporate Disclosure For Directors And Principal Officers Of Listed Issuers

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 2017.

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 2017.

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 2017, by category and in bands of RM50,000 are shown below:-

Category of Remuneration	Executive	Non-Executive
Fees (RM)	48,000	156,000
Salary/Bonuses (RM)	1,375,650	-
EPF, SOCSO and others (RM)	184,609	21,000
Total	1,608,259	177,000

Range of Fees/Remuneration (RM)	*Executive*	*Non-Executive*
RM50,000 and below	-	*3*
RM50,001 – RM100,000	-	*1*
RM350,001 – RM400,000	*2*	-
RM850,001 – RM900,000	*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 19 to 20 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 2017, 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 ISO9001:2015 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 2017, 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. 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. Their limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 ("AAPG 3") - Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report . AAPG 3 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 24 April 2018.

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 2017 ("FY2017").

MARKET BACKDROP

According to the report from the Valuation and Property Services Department under the Finance Ministry, Malaysia recorded the highest-ever number of unsold completed residential properties for 2017, totaling 24,738 units (67.2% year-on-year increase compared to 2016) with value of these overhang units jumped 82.8% to RM15.64 billion in 2017.

Based on data compiled by the National Property Information Centre, approximately 50% of unsold stock is priced below RM500,000. Among the reasons cited for the low take-up rates are unattractive locations of some affordable housing projects due to factors such as distance from work places and low transport connectivity. 61% of total unsold units were high-rise apartments, reflecting households' continued preference for landed over high-rise properties. In addition, the target market for affordable homes may comprise many non-qualified applicants, resulting in inability or delays in securing loans which in turn will adversely impact the allocation and take-up rates of such properties.

Looking ahead, Malaysia's gross domestic product growth is expected to remain above 5% in 2018. With consistently low unemployment rates (3.3% in February 2018 according to report from Department of Statistics) and an increasing working-age population, the potential for a sustained healthy growth of the property market can be expected.

OPERATIONAL & FINANCIAL OVERVIEW

Buildings construction and property development remained the core business activities of the Group for FY2017. For FY2017, the Group recorded revenue of RM82.904 million and profit after tax attributable to owners of the Company of RM2.451 million representing a drop of 39.9% and 54.8% respectively in terms of Group's revenue and profit after tax attributable to owners compared to FY2016. Apart from the impact of the general market sentiment, the management's conservative approach in planning the commencement and launches of its development projects had also contributed to the drop in the Group's results for FY2017.

The Group had in July 2017 completed and handed over to Majlis Bandaraya Ipoh ("MBI") the RM56 million Ipoh Convention Centre ("Centre") located in the heart of Ipoh Greentown business district and have been appointed by MBI to manage the Centre (and its related facilities) on its behalf.

The Group's gearing remained low at 0.20 times and net tangible asset per share attributable to equity holders is RM0.73 per share for FY2017. For FY2017, the Group recorded net increase in cash and cash equivalent of RM3.314 million as a result of RM6.75 million raised from the private placements implemented in December 2017.

The management recognized the need to enhance the Group's liquidity position to ensure its ability to cope with the construction and property development activities of the Group. In this context, the Group had completed its private placements exercise in April 2018, raising another RM17.2 million to be utilized to part finance the Group's operational requirements.

Considering the sluggish demand in property as a results stringent lending policies of the banks, oversupply persisting in certain sub-sectors/areas 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 cash flow. External marketing agents are also being considered to assist in assessing market demands and promoting sales of the properties at the Group's new projects before any new launches.

STATUS OF CORPORATE PROPOSALS

At the Extraordinary General Meeting of the Company held on 23 February 2017, the shareholders of the Company had approved amongst others 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 ("Par Value Reduction") and 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 ("Placement").

The High Court of Malaya at Kuala Lumpur had on 3 May 2017 granted an order confirming the Par Value Reduction. The reduction of share capital has become effective on 5 July 2017 upon receiving the notice of confirming the reduction of share capital pursuant to the Companies Act 2016 from the Suruhanjaya Syarikat Malaysia.

As announced in December 2017 and April 2018, the Company had implemented private placements of 96,074,868 new shares at RM0.25 per share. The gross proceeds of RM24,018,717.00 have been/will be utilized for purposes as detailed in the Shareholders' Circular dated 25 January 2017.

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 3 to 5 years.

Construction and property development activities are expected to pick up in 2018 as works and sales for the Group's Genting Park project in Genting Sempah and Ipoh Greentown - ICC Commercial Suites in Ipoh started.

The Genting Park project comprises 2 blocks of 42-storey condominium nested amongst the greens of Genting Sempah near Bukit Tinggi and approximately 500 meters from the McDonalds and Petronas rest area and is within 15-minutes drive from the Gombak toll and the Genting Premium Outlet/Awana cable car station. This project is expected to generate construction and gross development revenue of approximately RM600 million for the Group.

The ICC Commercial Suite project comprises a 21-storey suites at the recently completed Ipoh Convention Centre located strategically in the heart of Ipoh Greentown business district, next to Majlis Bandaraya Ipoh and approximately 10-minutes from the train station. This project is expected to generate construction and gross development revenue of approximately RM200 million for the Group.

The Board expects the Group's hybrid business model – experienced construction team supporting property development will limit the impacts of the economic cycles and allows the Group to prioritise its business activities to deliver target margins and revenue growth.

The Board remains optimistic that the Group's cautiously planned property launches and cashflow management and the completion of the private placements as stated above are adequate to address the Group's immediate and future financial requirements 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 our 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.

Managing Director
Dato' Seow Yong Chin, DSSA
24 April 2018

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

SYCAL VENTURES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

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 these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements

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	2,710	(468)
Attributable to:		
Equity holders of the Company	2,451	(468)
Non-controlling interests	259	-
	2,710	(468)

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 30 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year,

(i) the Company reduced its issued and paid-up share capital from RM320,249,560 to RM80,062,390 by way of the cancellation of RM0.75 of the par value of every existing ordinary share of RM1.00 each.

(ii) the Company increased its issued and paid-up ordinary share capital from 320,249,560 ordinary shares to 347,249,560 ordinary shares by way of private placement of 27,000,000 new ordinary shares of RM0.25 each.

The new ordinary shares were issued to provide funds for working capital and ranked pari passu in all respects with the existing ordinary shares of the Company.

Further details of the movements in share capital is disclosed in Note 20 of the financial statements.

No debentures were issued during the financial year.

DIRECTORS OF THE COMPANY

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

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

DIRECTORS OF SUBSIDIARIES

The following is a list of directors of the subsidiaries (excluding directors who are also directors of the Company) in office during the financial year and during the period from the end of the financial year to the date of this report:

Kew Lan Tong	Appointed on 12 January 2018
Low Ching Hun	
Nancy Ting Gaik Ching	
Seow Mee Choo	
Teo Kok Keong	

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 of its related corporations during the financial year were as follows:

	Number of ordinary shares			
	As At 01.01.2017	Bought	(Sold)	As At 31.12.2017
Direct interest				
Dato' Seow Yong Chin	33,813,145	13,834,085	-	47,647,230
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	3,989,913	-	(3,446,163)	543,750

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares				
	As At 01.01.2017	Bought	(Sold)	As At 31.12.2017	
Indirect interest					
Dato' Seow Yong Chin	25,903,635	-	-	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 financial year had any interest in the ordinary shares of the Company or its related corporations during the financial 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.

DIRECTORS’ REMUNERATION

The details of directors’ remuneration are disclosed in Note 30 to the financial statements.

OTHER STATUTORY INFORMATION

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

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

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

OTHER STATUTORY INFORMATION (CONT'D)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

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

(f) In the opinion of the directors:

(i) 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 will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

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

SIGNIFICANT AND SUBSEQUENT EVENTS

Significant and subsequent events are disclosed in Note 40 to the financial statements.

AUDITORS' REMUNERATION

The details of auditors' remuneration are set out in Note 30 to the financial statements.

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 24 April 2018

………………………………….	……………………………….
SYED ZAIN AL-KUDCY BIN DATO' SYED MAHMOOD	DATO' SEOW YONG CHIN

Kuala Lumpur

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

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

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 34 to 97, are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 24 April 2018

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

……………………………….
DATO' SEOW YONG CHIN

Kuala Lumpur

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Dato' Seow Yong Chin, NRIC No. 591031-08-6095, being the director primarily responsible for the financial management of Sycal Ventures Berhad, do solemnly and sincerely declare that the financial statements as set out on pages 34 to 97, 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 24 April 2018

………………………………
DATO' SEOW YONG CHIN

Before me :

COMMISSIONER FOR OATHS

WHLK
CHARTERED ACCOUNTANTS
(AF 0831)

10-B, Kompleks Damai, Jalan Lumut Off Jalan Tun Razak, 50400 Kuala Lumpur.
Tel: (6) 03 – 4043 6288 (Hunting Line)
Fax: (6) 03 – 4043 7288 (Audit Dept); (6) 03 - 4041 8999 (Tax Dept)
Email: info@whlk.biz; GST No: 000014573568

Company No. 547651-U

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 2017 of the Group and of the Company, and the statements of 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 34 to 97.

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 2017, 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 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key audit matters ("KAM")	How we addressed KAM in our audit
Revenue and costs recognition on construction contracts and property development Refer to Note 2.18(a), 2.18(c), 3.1, 3.5, 28 & 29 to the financial statements The Group recognises property development and construction contract revenue in the statement of comprehensive income using the stage of completion method. Property development and construction contracts accounting is inherently complex and involves significant estimates and judgement in the determination of: - stage of completion - extent of property development and construction costs incurred todate - estimated total budgeted costs	We reviewed and inspected the minutes of risk management that involved certain key contracts. We evaluated the management's assumptions applied in estimating the total construction costs by comparing the estimated construction costs to actual outcomes and inquired the management regarding variances, if any, to the estimated revenue or costs in respect of the projects. We performed recalculation on percentage of completion of the projects to ascertain the mathematical accuracy of the revenue and profit for the projects.
Impairment of trade receivables Refer to Note 2.21(a), 3.4, 8 & 15 to the financial statements The Group has outstanding billed and unbilled receivables of RM266.203 million after allowances for impairment as at 31 December 2017. We focused on impairment on trade receivables especially those with long overdue debts because directors' assessment on the recoverability of these debts involved subjective judgements and assumptions.	Our procedures included, amongst others the following:- - Obtained an understanding of the policies and procedures over the billing and collection processes. - Inquired management on the recoverability of long overdue debts and reviewed the adequacy of impairment made. - Read minutes of meetings and correspondences on on-going negotiations with selected significant trade receivables. - Reviewed repayment from trade receivables who had made arrangements to repay according to scheduled scheme and inquired management if the repayment is not in accordance with the agreed scheme. - Discussed with management on the significant credit exposures on balances which have been overdue.

Information Other than the Financial Statements and Auditors’ Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the 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 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional 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 or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

Other Matters

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

WHLK	SIOW HOCK LEE
[No : AF - 0891]	[No : 01489/02/2020 J]
Chartered Accountants	Chartered Accountant

Date: 24 April 2018
Kuala Lumpur, Malaysia

SYCAL VENTURES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		GROUP		COMPANY	
		2017	2016	2017	2016
	NOTE	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	26,403	15,094	-	-
Investment in subsidiaries	5	-	-	161,165	161,165
Other investments	6	60	63	-	-
Land held for property development and property development costs	7	16,332	16,262	-	-
Trade receivables	8	2,884	18,710	-	-
Amount due by related parties	9	-	13,121	-	-
Deferred tax assets	10	4,352	5,620	-	-
		50,031	68,870	161,165	161,165
CURRENT ASSETS					
Held-for-sale properties	11	10,328	8,063	-	-
Inventories	12	22,099	16,581	-	-
Property development costs	13	28,056	18,921	-	-
Joint-venture development costs	14	72,068	74,901	-	-
Due by contract customers	15	111,935	125,129	-	-
Amount due by related parties	9	23,946	16,660	-	-
Amount due by subsidiary companies	16	-	-	2,266	2,266
Current tax assets		189	-	-	-
Trade receivables	8	151,384	175,263	-	-
Other receivables, deposits and prepayments	17	31,752	32,743	-	-
Fixed and security deposits	18	4,562	4,598	-	-
Cash and bank balances	19	5,738	1,487	3,753	7
		462,057	474,346	6,019	2,273
TOTAL ASSETS		512,088	543,216	167,184	163,438

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 2017

		GROUP		COMPANY	
	NOTE	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	20	103,495	320,250	103,495	320,250
Reserves	21	149,706	(76,971)	34,302	(188,735)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		253,201	243,279	137,797	131,515
NON-CONTROLLING INTERESTS		4,335	4,376	-	-
TOTAL EQUITY		257,536	247,655	137,797	131,515
NON-CURRENT LIABILITIES					
Bank borrowings	23	49,985	55,590	-	-
Deferred liability	24	2,966	-	-	-
Deferred tax liabilities	10	2,911	3,455	-	-
		55,862	59,045	-	-
CURRENT LIABILITIES					
Trade payables	25	53,657	68,644	-	-
Due to contract customers	15	95,874	120,506	-	-
Amount due to related parties	14	697	456	-	-
Amount due to subsidiary companies	16	-	-	28,877	31,600
Other payables, deposits received and accruals	26	24,471	21,968	510	323
Bank borrowings	23	8,346	7,248	-	-
Provisions	27	2,901	3,621	-	-
Current tax liabilities		12,744	14,073	-	-
		198,690	236,516	29,387	31,923
TOTAL LIABILITIES		254,552	295,561	29,387	31,923
TOTAL EQUITY AND LIABILITIES		512,088	543,216	167,184	163,438

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 2017

		GROUP		COMPANY	
		2017	2016	2017	2016
	NOTE	RM'000	RM'000	RM'000	RM'000
REVENUE	28	82,904	138,037	-	-
COST OF SALES	29	(65,865)	(116,464)	-	-
GROSS PROFIT		17,039	21,573	-	-
OTHER OPERATING INCOME		13,328	5,887	1	-
		30,367	27,460	1	-
ADMINISTRATION EXPENSES		(9,413)	(10,320)	(207)	(216)
OTHER OPERATING EXPENSES		(13,358)	(6,482)	(262)	(118)
PROFIT / (LOSS) FROM OPERATIONS		7,596	10,658	(468)	(334)
FINANCE COSTS		(1,378)	(1,692)	-	-
PROFIT / (LOSS) BEFORE TAXATION	30	6,218	8,966	(468)	(334)
TAXATION	31	(3,508)	(2,702)	-	-
PROFIT / (LOSS) FOR THE YEAR		2,710	6,264	(468)	(334)
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR *Items that may not be recycled to profit or loss in future:*					
- Foreign currency translation differences for foreign operation		806	(341)	-	-
- Deferred tax on revaluation reserves transferred		(85)	-	-	-
OTHER COMPREHENSIVE INCOME / (LOSS), NET OF TAX		721	(341)	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		3,431	5,923	(468)	(334)

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 2017

	NOTE	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
PROFIT / (LOSS) ATTRIBUTABLE TO:					
Owners of the Company		2,451	5,417	(468)	(334)
Non-controlling interests		259	847	-	-
PROFIT / (LOSS) FOR THE YEAR		2,710	6,264	(468)	(334)
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:					
Owners of the Company		3,172	5,076	(468)	(334)
Non-controlling interests		259	847	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		3,431	5,923	(468)	(334)
EARNINGS PER SHARE (SEN)					
- Basic	32	0.76	1.69		
- Diluted	32	0.76	1.69		

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 2017

		Attributable to owners of the Company								
		Non - distributable					*Distributable*			
THE GROUP	Note	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Revaluation Reserves RM'000	Exchange Translation Reserves RM'000	Retained earnings / (Accumulated Losses) RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
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 paid to non-controlling interests		-	-	-	-	-	-	-	(300)	(300)
At 31 December 2016		320,250	16,683	-	85	(1,731)	(92,008)	243,279	4,376	247,655
At 1 January 2017		320,250	16,683	-	85	(1,731)	(92,008)	243,279	4,376	247,655
Transactions with owners of the Company:										
Effect from adoption of Companies Act 2016	20	16,683	(16,683)	-	-	-	-	-	-	-
Effect of par value reduction	20	(240,188)	-	34,770	-	-	205,418	-	-	-
Issuance of ordinary shares	20	6,750	-	-	-	-	-	6,750	-	6,750
Total transactions with owners of the Company		(216,755)	(16,683)	34,770	-	-	205,418	6,750	-	6,750
Total comprehensive income for the year		-	-	-	(85)	806	2,451	3,172	259	3,431
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(300)	(300)
At 31 December 2017		103,495	-	34,770	-	(925)	115,861	253,201	4,335	257,536

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 2017

		Attributable to owners of the Company				
		Non - distributable			***Distributable***	
THE COMPANY	Note	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Accumulated Losses RM'000	Total RM'000
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
At 1 January 2017		320,250	16,683	-	(205,418)	131,515
Transactions with owners of the Company:						
Effect from adoption of Companies Act 2016	20	16,683	(16,683)	-	-	-
Effect of par value reduction	20	(240,188)	-	34,770	205,418	-
Issuance of ordinary shares	20	6,750	-	-	-	6,750
Total transactions with owners of the Company		(216,755)	(16,683)	34,770	205,418	6,750
Total comprehensive loss for the year		-	-	-	(468)	(468)
At 31 December 2017		103,495	-	34,770	(468)	137,797

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 2017

	NOTE	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit / (Loss) before taxation		6,218	8,966	(468)	(334)
Adjustments for:					
Allowance for impairment loss on land held for property development and property development costs		295	-	-	-
Allowance for impairment loss on quoted shares		3	-	-	-
Allowance for impairment loss on trade receivables		6,239	-	-	-
Bad debts written off		174	9	-	-
Depreciation of property, plant and equipment		3,161	3,040	-	-
Interest expenses		1,378	1,692	-	-
Interest income		(10,243)	(4,964)	-	-
Loss / (Gain) on foreign exchange - unrealised		796	(325)	-	-
Payables written off		(56)	(19)	-	-
Provision for late delivery interest		194	297	-	-
Provision for employee benefits		-	12	-	-
Reversal of provision for late delivery interest		(175)	-	-	-
Utilisation of provision for employee benefits		(54)	-	-	-
Waiver of interest income		24	-	-	-
Operating profit / (loss) before working capital changes		7,954	8,708	(468)	(334)
Increase in held-for-sale properties		(181)	-	-	-
(Increase) / Decrease in inventories		(5,518)	3,351	-	-
Decrease in receivables		32,322	11,698	-	-
Increase in land held for property development and property development costs		(12,089)	(10,044)	-	-
Decrease / (Increase) in joint-venture development costs		2,833	(4,341)	-	-
Increase/Decrease in amount due by/to contract customers		(11,438)	(11,675)	-	-
Decrease in amount due by related parties		6,076	4,008	-	-
(Decrease) / Increase in payables		(12,767)	2,533	187	(19)
Decrease of provisions		(685)	(2,036)	-	-
Cash generated from / (used in) operations		6,507	2,202	(281)	(353)
Interest paid		(1,378)	(1,692)	-	-
Interest received		10,219	4,964	-	-
Tax paid		(4,387)	(2,613)	-	-
Net cash inflow / (outflow) from operating activities		10,961	2,861	(281)	(353)

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 2017

		GROUP		COMPANY	
		2017	2016	2017	2016
	NOTE	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Net advances (to) / from subsidiaries		-	-	(2,723)	349
Purchase of property, plant and equipment	33	(8,922)	(1,162)	-	-
Dividends paid to non-controlling interests		(300)	(300)	-	-
Increase in pledged deposits		(95)	(104)	-	-
Issuance of ordinary shares		6,750	-	6,750	-
Net cash (outflow) / inflow from investing activities		(2,567)	(1,566)	4,027	349
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of finance lease payables		(1,880)	(1,983)	-	-
Net repayment of term loans		(3,200)	(2,663)	-	-
Proceeds from revolving credit		-	1	-	-
Net cash outflow from financing activities		(5,080)	(4,645)	-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		3,314	(3,350)	3,746	(4)
EFFECT OF EXCHANGE RATE CHANGES		806	(341)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		2,405	6,096	7	11
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		6,525	2,405	3,753	7

Represented by:

CASH AND CASH EQUIVALENTS

	NOTE	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
Fixed and security deposits	18	4,562	4,598	-	-
Cash and bank balances	19	5,738	1,487	3,753	7
		10,300	6,085	3,753	7
Deposits pledged for bank facilities		(3,775)	(3,680)	-	-
		6,525	2,405	3,753	7

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

SYCAL VENTURES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated and 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 these activities 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 Financial Reporting Standards ("FRS") and the requirements of the Companies Act 2016 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 2017.

- Amendments to FRS 12 - Annual Improvements to FRSs 2014-2016 Cycle
- Amendments to FRS 107 - Disclosure Initiative
- Amendments to FRS 112 - Recognition of Deferred Tax Assets for Unrealised Losses

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 issued that are not yet effective

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 and the Company fall within the scope definition of Transitioning Entities and has opted to defer adoption of MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 December 2018. In presenting its first MFRS financial statements, the Group and the Company 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 2017 could be different if prepared under the MFRS Framework.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

(b) Standards issued that are not yet effective (cont'd)

The subsidiaries within the Group which do not fall within the scope of Transitioning Entities have adopted the MFRS Framework. Accordingly, appropriate adjustments (if applicable) have been made to reflect the consolidated financial statements under the FRS Framework.

The Group and the Company will apply the following MFRSs, Amendments to MFRSs and IC Interpretation that have been issued by the MASB upon adoption of the MFRS framework:

	Effective dates for financial periods beginning on or after
MFRS 9: Financial Instruments	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 16: Leases	1 January 2019
Amendments to MFRS 1 and MFRS 128- Annual Improvements to MFRSs 2014-2016 Cycle	1 January 2018
Amendments to MFRS 2 - Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 3 - Annual Improvements to MFRSs 2015-2017 Cycle	1 January 2019
Amendments to MFRS 9 - Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	to be announced
Amendments to MFRS 11 - Annual Improvements to MFRSs 2015-2017 Cycle	1 January 2019
Amendments to MFRS 15 - Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 112 - Annual Improvements to MFRSs 2015-2017 Cycle	1 January 2019
Amendments to MFRS 119 - Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 123 - Annual Improvements to MFRSs 2015-2017 Cycle	1 January 2019
Amendments to MFRS 128 - Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 - Transfers of Investment Property	1 January 2018
IC Int. 22 - Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int. 23 - Uncertainty over Income Tax Treatments	1 January 2019

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:

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

(b) Standards issued that are not yet effective (cont'd)

MFRS 9 Financial Instruments (cont'd)

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)

2.2 Basis of Consolidation

Subsidiaries

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 interest 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 (cont'd)</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

Buildings work-in-progress are not depreciated.

All other 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 profit or loss 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.

(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 profit or loss 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.

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 (cont'd)

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 profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss 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 and buildings work-in-progress acquired with a view to their subsequent disposals and are stated at the lower of cost 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.

Net realisable value is the estimated selling price less the estimated cost necessary to make the sale.

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 substantial shareholders and / or directors of the Company have an interest.

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 profit or loss 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.

Revenue is not recognised when there are significant uncertainties regarding associated costs, the possible return of goods and the recovery of the consideration due.

(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 shareholders right to receive payment is established.

(h) Interest income

Interest income is recognised as it accrues using the effective interest method.

(i) Rental income

Rental income is recognised on an accrual basis, unless collectability is in doubt, in which case it is recognised on a receipt basis.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Employee Benefits (Cont'd)

(b) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the profit or loss as incurred.

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 profit or loss, 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 reporting date presented are translated at the closing rate at the date of the statement of financial position;

(ii) Income and expenses for each profit or loss 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**	
	2017	**2016**	**2017**	**2016**
Hong Kong Dollar	1.925	1.729	1.822	1.876

(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 profit or loss 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 fair values of financial instruments are disclosed in Note 38 to the financial statements.

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 38.

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. 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 equipment to range between 5 and 50 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2017 was RM26.403 million (2016: RM15.094 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.

3.4 Allowance for impairment of investment in subsidiaries and receivables

The Group and the Company makes allowance for impairment of investment in subsidiaries and trade and other receivables including amount due by subsidiaries. Allowances for impairment are applied where events or changes in circumstances indicate that the relevant assets may not be recoverable. The assessment of recoverability requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of the relevant assets and the allowance for impairment in the period in which such estimate has been changed.

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

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.

3.7 Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits will be available against which all deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised. Management judgement is required in determining the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits.

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 2016	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
At 1 January 2017	1,264	580	11,867	10,392	925	3,009	28,037
Reclassification from property development costs	-	3,998	-	-	-	-	3,998
Reclassification to held-for-sale properties	-	(580)	-	-	-	-	(580)
Additions	-	9,357	-	43	1,652	-	11,052
Written off	-	-	-	-	(29)	-	(29)
At 31 December 2017	1,264	13,355	11,867	10,435	2,548	3,009	42,478

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 2016	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
At 1 January 2017	544	-	3,777	6,356	661	1,605	12,943
Charge for the year	25	-	1,154	1,501	280	201	3,161
Written off	-	-	-	-	(29)	-	(29)
At 31 December 2017	569	-	4,931	7,857	912	1,806	16,075
NET CARRYING AMOUNT							
At 31 December 2017	695	13,355	6,936	2,578	1,636	1,203	26,403
At 31 December 2016	720	580	8,090	4,036	264	1,404	15,094

Included in the net carrying amount of property, plant and equipment of the Group are motor vehicles, plant and machinery and equipment amounted to RM2,316,705 (2016: RM3,985,225), RM2,001,161 (2016: RM2,325,846) and RM608,704 (2016: Nil) respectively, acquired under finance lease arrangements for which instalments are still outstanding at the end of the reporting period.

Other property, plant and equipment of the Group with net carrying values amounted to RM3,427,733 (2016: RM3,976,533) of which has been charged to a financial institution as security for bank facilities granted as disclosed in Note 23 to the financial statements.

5. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2017	**2016**
	RM'000	**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^** 2017 %	2016 %	**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
Sycal Park Sdn. Bhd. (*formerly known as Cygal Construction Sdn. Bhd.*)	100	100	Property development
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 and operator of convention hall facilities

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiary companies	Effective Equity Ownership Interest^ 2017 %	2016 %	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

Non-controlling interests in subsidiaries

Name of subsidiary companies	% of equity ownership interest held by non-controlling interests^ 2017	2016	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
\# Subsidiary companies audited other than by Messrs. WHLK

	GROUP 2017 RM'000	2016 RM'000
Carrying amount of non-controlling interests	4,335	4,376
Profit for the year attributable to non-controlling interests	259	847

Summarised financial information before intragroup eliminations of Sycal Concrete Sdn. Bhd., a subsidiary company that has a material non-controlling interests is set out below:

	2017 RM'000	2016 RM'000
Non-current assets	1,026	2,227
Current assets	18,159	22,962
Non-current liabilities	(164)	(345)
Current liabilities	(4,570)	(10,258)
Net assets	14,451	14,586

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

	2017 RM'000	2016 RM'000
Revenue	40,830	54,250
Profit for the financial year	865	2,822
Total comprehensive income for the financial year	865	2,822
Cash flows from operating activities	2,033	810
Cash flows used in investing activities	1	(589)
Cash flows used in financing activities	(1,472)	(1,637)
Net increase / (decrease) in cash and cash equivalents	562	(1,416)
Dividends paid to NCI	300	300

6. OTHER INVESTMENTS

	GROUP	
	2017 RM'000	2016 RM'000
Unquoted shares - at cost	-	7,890
Less: Accumulated impairment losses	-	7,890
	-	-
Shares quoted in Malaysia - at cost	6	6
Less: Accumulated impairment losses	6	3
	-	3
Transferable club membership - at cost	60	150
Less: Accumulated impairment losses	-	90
	60	60
	60	63
Market value of quoted shares	1	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 2016	28,585	3,033	(15,397)	16,221
Additions	-	41	-	41
At 31 December 2016	28,585	3,074	(15,397)	16,262
At 1 January 2017	28,585	3,074	(15,397)	16,262
Additions	-	365	(295)	70
At 31 December 2017	28,585	3,439	(15,692)	16,332

The freehold land has been pledged as security for the bank facility granted to a subsidiary as disclosed in Note 23 to the financial statements.

An additional impairment of RM294,926 (2016: Nil) 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 9.9% (2016: 9.4%).

8. TRADE RECEIVABLES

	GROUP 2017 RM'000	GROUP 2016 RM'000
Trade receivables	172,327	217,446
Allowance for impairment losses		
At 1 January	(24,066)	(24,066)
Additions	(17,474)	-
Written off	23,434	-
At 31 December	(18,106)	(24,066)
Amount receivables	154,221	193,380
Less: Amount shown under non-current assets	2,884	18,710
	151,337	174,670
Accrued billings in respect of property development costs	47	593
Amount shown under current assets	151,384	175,263

8. TRADE RECEIVABLES (CONT'D)

	GROUP 2017 RM'000	GROUP 2016 RM'000
Amount shown under non-current assets:		
More than 1 year and less than 2 years	2,884	15,826
More than 2 years and less than 5 years	-	2,884
	2,884	18,710

Included in the trade receivables of the Group is an amount of RM12,643,707 (2016: RM16,523,462) representing contract sum retained in relation to contracting work performed.

Trade receivables include an amount of RM95,445,662 that is subject to an interest charge of 8.3% per annum.

Trade receivables also include an amount of RM35,135,725 (2016: RM33,878,342) receivable in respect of various sub-contract works done for Prima Ace Sdn. Bhd. The amount is to be repaid over 2 years by various instalments. The repayment scheme is subject to annual review for any adjustment, if needed. As at 31 December 2017, RM33.05 million (2016: RM30.23 million) of the amount is subject to an interest charge of 8.3% (2016: 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 the receivables as disclosed above and are unsecured.

9. AMOUNT DUE BY / (TO) RELATED PARTIES

	SUB-NOTE	GROUP 2017 RM'000	GROUP 2016 RM'000
Amount receivables:			
- SYC Capital Sdn. Bhd.	5	23,946	29,781
Amount payables:			
- Cygal Holdings Sdn. Bhd.	1,2,3,4	(96)	(107)
- SYC Capital Sdn. Bhd.	5	(601)	(349)
		(697)	(456)

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.

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

The amount receivables are expected to be collected as follows:

2017	**Gross RM'000**	**Individual impairment RM'000**	**Net RM'000**
Current			
Within 12 months	23,946	-	23,946
2016			
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

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 unsecured and is subject to interest charge of 8.3% (2016: 8.3%) per annum.

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

10. DEFERRED TAX (ASSETS) / LIABILITIES

	GROUP 2017 RM'000	**GROUP 2016 RM'000**
At 1 January	(2,165)	(1,524)
Amount recognised in profit or loss	639	(641)
Amount recognised in other comprehensive income	85	-
At 31 December	(1,441)	(2,165)

The amounts, determined after appropriate offsetting, are as follows:

	GROUP 2017 RM'000	**GROUP 2016 RM'000**
Deferred tax assets	(4,352)	(5,620)
Deferred tax liabilities	2,911	3,455
	(1,441)	(2,165)

10. DEFERRED TAX (ASSETS) / LIABILITIES (CONT'D)

The components and movements of deferred tax (assets) / liabilities during the financial year prior to offsetting are as follows:

	GROUP	
	2017	**2016**
	RM	**RM**
Deferred tax liabilities:		
- **Property, plant and equipment**		
At beginning of year	752	654
Amount recognised in profit or loss	122	98
At end of year	874	752
- **Property development costs**		
At beginning of year	3,318	3,969
Amount recognised in profit or loss	(623)	(651)
Amount recognised in other comprehensive income	85	-
At end of year	2,780	3,318
Total deferred tax liabilities	3,654	4,070
Deferred tax assets:		
- **Unused tax losses and unabsorbed capital allowances**		
At beginning of year	(4,890)	(4,770)
Amount recognised in profit or loss	(205)	(120)
At end of year	(5,095)	(4,890)
- **Other deductible temporary differences**		
At beginning of year	(1,345)	(1,377)
Amount recognised in profit or loss	1,345	32
At end of year	-	(1,345)
Total deferred tax assets	(5,095)	(6,235)

Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the unused tax credits can be utilised.

	GROUP	
	2017	**2016**
	RM'000	**RM'000**
Deferred tax assets have not been recognised in respect of the following temporary differences:		
- Plant and equipment	79	-
- Unused tax losses and unabsorbed capital allowances	(3,940)	(3,734)
- Other deductible temporary differences	-	(3,913)
	(3,861)	(7,647)

11. HELD-FOR-SALE PROPERTIES

	GROUP 2017 RM'000	GROUP 2016 RM'000
Land and/or completed units of buildings	9,830	8,063
Buildings work-in-progress	498	-
	10,328	8,063

12. INVENTORIES

	GROUP 2017 RM'000	GROUP 2016 RM'000
At cost		
Completed units of development properties	15,819	9,945
Building materials	400	756
	16,219	10,701
At net realisable value		
Completed units of development properties	5,880	5,880
	22,099	16,581

13. PROPERTY DEVELOPMENT COSTS

	GROUP 2017 RM'000	GROUP 2016 RM'000
Property development costs at 1 January		
- Freehold land - at costs	27,659	27,659
- Development costs	163,991	153,988
	191,650	181,647
Cost incurred during the financial year		
- Leasehold land - at costs	2,050	-
- Development rights	6,124	-
- Development costs	5,714	10,003
	13,888	10,003
	205,538	191,650
Allowance for foreseeable loss	(1,637)	(1,637)
Costs recognised as expenses in profit or loss:		
- At 1 January	(171,092)	(171,092)
- Current year	(755)	-
- At 31 December	(171,847)	(171,092)
Reclassification to property, plant and equipment	(3,998)	-
Property development costs at 31 December	28,056	18,921

14. JOINT-VENTURE DEVELOPMENT COSTS

GROUP	**JV partners' entitlement RM RM'000**	**Development costs incurred RM RM'000**	**Costs recognised as expenses in profit or loss RM RM'000**	**Transfer to inventories RM RM'000**	**Subtotal RM RM'000**	**Advances RM RM'000**	**Total RM RM'000**
At 1 January 2016	2,791	22,634	(5,514)	-	19,911	50,649	70,560
Additions	-	5,158	(817)	-	4,341	-	4,341
At 31 December 2016	2,791	27,792	(6,331)	-	24,252	50,649	74,901
At 1 January 2017	2,791	27,792	(6,331)	-	24,252	50,649	74,901
Additions	542	6,157	(840)	(8,692)	(2,833)	-	(2,833)
Reversals on completed projects	(2,054)	(10,114)	3,476	8,692	-	-	-
At 31 December 2017	1,279	23,835	(3,695)	-	21,419	50,649	72,068

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 RM3,808,085 (2016: RM3,708,868).

15. DUE BY / (TO) CONTRACT CUSTOMERS

	GROUP	
	2017	**2016**
	RM'000	**RM'000**
Construction costs	1,024,130	2,454,413
Recognised profits less losses	55,858	151,750
Progress billings received and receivable	(1,063,927)	(2,601,540)
	16,061	4,623
<u>Represented by:</u>		
Due by contract customers	111,935	125,129
Due to contract customers	(95,874)	(120,506)
	16,061	4,623
Construction costs incurred during the year	33,957	74,682
Construction costs recognised as contract expenses during the year	26,149	69,209
Included in construction costs incurred during the financial year are:		
Depreciation of plant and equipment	1,060	1,042
Staff costs	2,913	3,881
Hire of machinery	979	2,504
Rental of site	146	37

16. AMOUNT DUE BY / (TO) SUBSIDIARY COMPANIES

	COMPANY	
	2017	**2016**
	RM'000	**RM'000**
Amount receivables	4,871	4,871
Less: Allowance for impairment losses	2,605	2,605
	2,266	2,266
Amount payables	(28,877)	(31,600)

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

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other receivables	17,927	16,868	-	1,330
Less: Allowance for impairment losses				
At 1 January	2,325	2,325	1,330	1,330
Written off	(2,281)	-	(1,330)	-
At 31 December	44	2,325	-	1,330
	17,883	14,543	-	-
Deposits	3,158	2,971	-	-
Prepayments	10,711	15,229	-	-
	31,752	32,743	-	-

These include:

	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
Amount paid/payable net of amount received/receivable on behalf under project management arrangement	9,870	7,871	-	-
Amount recoverable in respect of expenses incurred pursuant to former arrangements for the development of a project	3,007	3,517	-	-
Prepayment for right-of-use for property *(See Note 36(b))*	8,706	7,733	-	-
Prepayment for property development right *(See Note 24)*	-	5,609	-	-

18. 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 3.20% (2016: 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 (2016: 1 month to 12 months).

Included in fixed and security deposits of the Group are fixed deposits amounting to RM3,613,978 (2016: RM3,679,639) which have been placed as securities for bank facilities granted to subsidiaries.

19. CASH AND BANK BALANCES

Cash and bank balances include monies placed with licensed banks under Housing Development Accounts amounting to RM224,270 (2016: RM213,434) by the subsidiary companies.

20. SHARE CAPITAL

		GROUP AND COMPANY			
		Number of ordinary shares		**Amount**	
		2017	**2016**	**2017**	**2016**
	Note	**'000**	**'000**	**RM'000**	**RM'000**
Authorised:					
Ordinary shares		N/A	500,000	N/A	500,000
Issued and fully paid:					
Ordinary shares					
At 1 January		320,250	320,250	320,250	320,250
Effect from adoption of Companies Act 2016	(a)	-	-	16,683	-
Effect of par value reduction	(b)	-	-	(240,188)	-
Issuance of ordinary shares	(c)	27,000	-	6,750	-
At 31 December		347,250	320,250	103,495	320,250

(a) The new Companies Act 2016 in Malaysia ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account has become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM16,683,130 for purposes as set out in Sections 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(b) The issued and paid-up ordinary share capital of the Company was reduced via the cancellation of RM0.75 of the par value each existing ordinary share of RM1.00 each in the Company pursuant to Section 64 of the Companies Act 1965 in Malaysia.

On 5 July 2017, the Company lodged the sealed order of the reduction of the share capital granted by the High Court of Malaya in Kuala Lumpur with the Companies Commission of Malaysia. With the completion of the par value reduction, the par value of each existing ordinary share of the Company was reduced from RM1.00 to RM0.25 each.

The reduction of the issued and paid up share capital of the Company amounting to RM240,187,170 arising from the par value reduction has been utilised to set off against accumulated losses of RM205,417,654 and the balance of RM34,769,516 credited to capital reserve account.

(c) In December 2017, the Company increased its issued and paid-up ordinary share capital from 320,249,560 ordinary shares to 347,249,560 ordinary shares by way of private placement of 27,000,000 new ordinary shares at an issue price of RM0.25 each.

21. RESERVES

	Note	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
Non-distributable:					
Share premium	(a)	-	16,683	-	16,683
Capital reserve	(b)	34,770	-	34,770	-
Exchange translation reserves	(c)	(925)	(1,731)	-	-
Revaluation reserves	(d)	-	85	-	-
		33,845	15,037	34,770	16,683
Distributable:					
Retained earnings / (Accumulated losses)		115,861	(92,008)	(468)	(205,418)
		149,706	(76,971)	34,302	(188,735)

(a) Share premium

Pursuant to the transitional provisions of Companies Act 2016 in Malaysia ("the Act"), the Company may, within 24 months upon the commencement of the Act, use the amount standing to the credit of its share premium account for specific purposes set out in the transitional provisions of the Act. Thereafter, any unutilised credit balance in the share premium account shall be transferred and credited to share capital of the Company.

(b) Capital reserve

Capital reserve represents the balance of the amount arising from the par value reduction after setoff against accumulated losses.

(c) Exchange translation reserves

Exchange translation reserves represents exchange differences arising from translation of the financial statements of a subsidiary whose functional currency differs from the Group's presentation currency.

(d) Revaluation reserves

Revaluation reserves represent cumulative fair value changes, net of tax, of the subsidiaries' property.

22. FINANCE LEASE PAYABLES

	GROUP 2017 RM'000	GROUP 2016 RM'000
Finance lease obligations repayable:		
Within one year	1,744	2,128
More than one year and less than five years	1,952	2,990
More than five years	-	36
	3,696	5,154
Less: Unexpired finance charges	247	398
	3,449	4,756

22. FINANCE LEASE PAYABLES (CONT'D)

	GROUP	
	2017	**2016**
	RM'000	**RM'000**
Principal amount repayable:		
<u>Current</u>		
Within one year	1,599	1,916
<u>Non-current</u>		
More than one year and less than five years	1,850	2,805
More than five years	-	35
	1,850	2,840
	3,449	4,756

23. BANK BORROWINGS

	GROUP	
	2017	**2016**
	RM'000	**RM'000**
<u>Current</u>		
Revolving credit (secured)	1,527	1,527
Term loans (secured)	5,220	3,805
Finance lease payables	1,599	1,916
	8,346	7,248
<u>Non-current</u>		
Term loans (secured)	48,135	52,750
Finance lease payables	1,850	2,840
	49,985	55,590
<u>Total bank borrowings</u>		
Revolving credit (secured)	1,527	1,527
Term loans (secured)	53,355	56,555
Finance lease payables	3,449	4,756
	58,331	62,838

23. BANK BORROWINGS (CONT'D)

	GROUP	
	2017	**2016**
	RM'000	**RM'000**
<u>Maturity of borrowings</u>		
Within one year	6,747	5,332
More than 1 year and less than 2 years	5,031	5,314
More than 2 years and less than 5 years	10,274	12,377
More than 5 years	32,830	35,059
	54,882	58,082

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	
	2017	**2016**
Revolving credit (secured)	7.00%	8.40%
Term loans (secured)	8.25% - 9.40%	8.25% - 9.15%
Finance lease payables	3.77% - 8.36%	3.77% - 8.36%

24. DEFERRED LIABILITY

A subsidiary has been granted the right to develop a mixed development project on a piece of land. In return, the subsidiary is required amongst others, to pay certain amount of cash and deliver several units of the property on the project once they are completed.

The deferred liability represents the estimated fair value of the completed units of the property that are required to be delivered by the subsidiary to the landowner in the future.

25. TRADE PAYABLES

	GROUP	
	2017	**2016**
	RM'000	**RM'000**
Trade payables	49,125	64,960
Progress billings	4,532	3,684
	53,657	68,644

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

Included in trade payables is contract sum retained in relation to the contracting work performed amounted to RM14,713,821 (2016: RM15,733,677).

26. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other payables	17,857	13,965	259	129
Accruals	4,647	7,234	251	194
Deposits received	1,967	769	-	-
	24,471	21,968	510	323
These include:				
Amount due to a director, Dato' Seow Yong Chin	427	1,770	102	101
Amount due to a former shareholder of a subsidiary company	237	237	-	-
Amount due to former subsidiary	152	152	-	-
Amount paid/payable net of amount received/receivable on behalf under project management arrangement	7,136	4,904	-	-
Balance of cash consideration payable for property development right *(See Note 24)*	648	-	-	-

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

27. 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 2016	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
At 1 January 2017	500	2,635	486	3,621
Addition during the year	-	194	-	194
Reversal during the year		(175)	-	(175)
Utilisation during the year	-	(685)	(54)	(739)
At 31 December 2017	500	1,969	432	2,901

28. REVENUE

Revenue comprise:	GROUP 2017 RM'000	GROUP 2016 RM'000
Contract revenue	28,089	74,243
Consultation and project management fee	6,684	7,012
Property development revenue	5,619	1,577
Joint venture development revenue	304	967
Sales of goods and services	40,826	54,238
Property management income	1,382	-
	82,904	138,037

29. COST OF SALES

Cost of sales comprise:	GROUP 2017 RM'000	GROUP 2016 RM'000
Contract costs	26,149	69,209
Property development expenses	3,655	2,725
Joint venture development costs	840	817
Cost of sales and services	33,889	43,713
Property management costs	1,332	-
	65,865	116,464

30. PROFIT / (LOSS) BEFORE TAXATION

	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
Profit / (Loss) before taxation is arrived at after charging / (crediting):				
Allowance for impairment loss on				
- land held for property development and property development costs	295	-	-	-
- quoted shares	3	-	-	-
- trade receivables	6,239	-	-	-
Auditors' remuneration				
- statutory audit				
- current year	277	251	50	48
- prior year	-	(18)	-	(4)
- other services	24	21	9	8
Bad debts written off	174	9	-	-

30. PROFIT / (LOSS) BEFORE TAXATION (CONT'D)

	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
Profit / (Loss) before taxation is arrived at after charging / (crediting):				
Depreciation of property, plant and equipment	2,101	1,998	-	-
Hire of equipment	261	301	-	-
Interest expenses				
- finance lease	215	338	-	-
- loans	791	1,117	-	-
- revolving credit	104	27	-	-
- others	268	210	-	-
Interest income				
- fixed deposits	(140)	(165)	-	-
- receivable from a related party	(2,000)	(2,282)	-	-
- receivable from trade receivables	(8,098)	(2,509)	-	-
- others	(5)	(8)	-	-
Loss / (Gain) on foreign exchange - unrealised	796	(325)	-	-
Payables written off	(56)	(19)	-	-
Provision for late delivery interest	194	297	-	-
Provision for short term accumulating compensated absences	-	12	-	-
Reversal of provision for late delivery interest	(175)	-	-	-
Rental of machineries	(360)	(410)	-	-
Rental of premises	254	222	-	-
Utilisation of short term accumulating compensated absences	(54)	-	-	-
Waiver of interest income	24	-	-	-
Staff costs (excluding directors' remuneration):				
- salaries, allowances, wages and bonus	5,963	6,589	-	-
- pension costs - defined contribution plans	541	607	-	-
- social security costs	58	63	-	-
- other staff related expenses	246	221	-	-
Directors' remuneration:				
- Directors of the Company:				
- fees				
- current year	210	210	102	102
- prior years	(6)	-	(6)	-
- other emoluments				
- current year	1,394	1,393	18	-
- prior year	3	-	3	-
- pension costs - defined contribution plan	184	184	-	-
- Directors of the subsidiary companies:				
- other emoluments	645	682	-	-
- pension costs - defined contribution plan	104	118	-	-

31. TAXATION

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation based on profit for the year:				
- Current year	3,148	3,437	-	-
- Prior year	(279)	(94)	-	-
	2,869	3,343	-	-
Deferred taxation :				
- Relating to origination and reversal of temporary differences	1,020	(639)	-	-
- Under provided in respect of prior year	2	3	-	-
- Adjustment to opening deferred tax resulting from decrease in income tax rate	-	(5)	-	-
- Deferred tax on revaluation surplus transferred	(383)	-	-	-
	639	(641)	-	-
	3,508	2,702	-	-

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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit / (Loss) before taxation	6,218	8,966	(468)	(334)
Tax at Malaysian statutory tax rate of 24%	1,492	2,151	(112)	(80)
Tax effects of:				
- Expenses not deductible for tax purposes	6,928	614	112	80
- Income not subject to tax	(396)	(168)	-	-
- Deferred tax liabilities under provided in respect of prior year	2	3	-	-
- Deferred tax assets not recognised during the financial year	127	292	-	-
- Deferred tax on revaluation surplus transferred	(383)	-	-	-
- Reversal of deferred tax liabilities on property development	(71)	-	-	-
- Utilisation of tax assets	(3,913)	(92)	-	-
- Current year tax over provided in respect of prior year	(279)	(94)	-	-
- Adjustment to opening deferred tax resulting from decrease in income tax rate	-	(5)	-	-
- Differences of tax rates in Hong Kong subsidiary	1	1	-	-
Tax expense	3,508	2,702	-	-

32. 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 RM2.451 million (2016: RM5.417 million) by the weighted average number of ordinary shares in issue of 320.49 million (2016: 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.

33. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	GROUP	
	2017	**2016**
	RM'000	**RM'000**
The Group acquired property, plant and equipment by way of the following:		
- Finance lease	573	90
- Deferred liability *(See Note 24)*	1,557	-
- Cash payments	8,922	1,162
	11,052	1,252

34. 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**	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
<u>Subsidiaries:</u>				
- Net advances to / (from) subsidiaries	-	-	2,723	(349)

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.

34. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(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**	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Executive Director:				
- Fees	48	48	-	-
- Salaries and other emoluments	1,376	1,393	-	-
- Defined contribution plan	184	184	-	-
	1,608	1,625	-	-
Non-Executive Director:				
- Fees				
- current year	162	162	102	102
- prior years	(6)	-	(6)	-
- Other emoluments				-
- current year	18	-	18	-
- prior year	3	-	3	-
	177	162	117	102
Other Senior Personnel:				
- Salaries and other emoluments	645	682	-	-
- Defined contribution plan	104	118	-	-
	749	800	-	-
	2,534	2,587	117	102

35. 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.

35. OPERATING SEGMENTS (CONT'D)

	Construction		Property Development		Manufacturing and Trading		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Segment (loss) / profit	(5,569)	3,731	8,231	3,327	1,817	4,500	4,479	11,558

Included in the measure of segment (loss) / profit are:

	Construction 2017 RM'000	Construction 2016 RM'000	Property Development 2017 RM'000	Property Development 2016 RM'000	Manufacturing and Trading 2017 RM'000	Manufacturing and Trading 2016 RM'000	Total 2017 RM'000	Total 2016 RM'000
Gross Revenue	40,704	87,447	13,989	9,556	40,830	54,250	95,523	151,253
Less: Inter-segment revenue	(12,615)	(13,204)	-	-	(4)	(12)	(12,619)	(13,216)
Revenue from external customers	28,089	74,243	13,989	9,556	40,826	54,238	82,904	138,037
Allowance for impairment loss on land held for property development and property development costs	-	-	(295)	-	-	-	(295)	-
Allowance for impairment loss on quoted shares	(3)	-	-	-	-	-	(3)	-
Allowance for impairment loss on trade receivables	(6,239)	-	-	-	-	-	(6,239)	-
Bad debts written off	(174)	-	-	(9)	-	-	(174)	(9)
Payables written off	56	-	-	-	-	-	56	-
Provision for late delivery interest	-	-	(194)	(297)	-	-	(194)	(297)
Reversal of provision for late delivery interest	-	-	175	-	-	-	175	-
Short term accumulating compensated absences	-	(2)	-	(10)	-	-	-	(12)
Utilisation of short term accumulating compensated absences	53	-	1	-	-	-	54	-

35. OPERATING SEGMENTS (CONT'D)

	Construction		Property Development		Manufacturing and Trading		Total	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Not included in the measure of segment profit but provided to Chief Executive Officer:								
Depreciation and amortisation	(1,713)	(1,687)	(813)	(648)	(635)	(705)	(3,161)	(3,040)
Finance costs	(1,303)	(1,563)	(44)	(60)	(31)	(69)	(1,378)	(1,692)
Interest income	8,009	4,417	1,934	267	15	16	9,958	4,700
Taxation	(999)	(1,174)	(2,640)	(1,196)	(301)	(919)	(3,940)	(3,289)
Segment assets	313,490	353,012	285,444	235,124	19,185	25,189	618,119	613,325
Included in the measure of segment assets are:								
Additions to non-current assets other than financial instruments and deferred tax assets	46	638	11,357	50	14	605	11,417	1,293

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

Profit or loss	**2017 RM'000**	**2016 RM'000**
Total profit for reportable segments	4,479	11,558
Other non-reportable segments	(522)	(557)
Adjustments and eliminations	(3,443)	(2,267)
Depreciation of property, plant and equipment	(3,161)	(3,040)
Finance costs	(1,378)	(1,692)
Interest income	10,243	4,964
Consolidated profit before taxation	6,218	8,966

35. OPERATING SEGMENTS (CONT'D)

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

2017	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	95,523	(3,161)	(1,378)	9,958	618,119	11,417
Other non-reportable segments	-	-	-	285	10,522	-
Components not monitored by chief executive officer	-	-	-	-	4,412	-
Elimination of inter-segment transactions or balances	(12,619)	-	-	-	(120,965)	-
Consolidated total	82,904	(3,161)	(1,378)	10,243	512,088	11,417
2016						
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	-	-	-	-	5,683	-
Elimination of inter-segment transactions or balances	(13,216)	-	-	-	(94,334)	-
Consolidated total	138,037	(3,040)	(1,692)	4,964	543,216	1,293

35. 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:

	2017 RM'000	2016 RM'000
Property, plant and equipment	26,403	15,094
Land held for property development and property development costs	16,332	16,262
	42,735	31,356

Major customers

Revenue from major customers of the Group amounted to RM12.371 million (2016: RM28.794 million) arising from revenue by the construction segment.

36. CAPITAL AND OTHER COMMITMENTS

(a) Capital commitments

	GROUP	
	2017 RM'000	2016 RM'000
Approved and contracted		
- Acquisition of property	125	262

(b) Operating lease commitments

The Group through its subsidiary had entered into an agreement for the lease of a convention hall and its annexed car park for a tenure of eight and three years respectively.

Future minimum rental payable under the lease agreement at the reporting date is as follows:

	GROUP	
	2017 RM'000	2016 RM'000
- Within 1 year	2,100	-
- More than 1 year and less than 5 years	8,158	-
- More than 5 years	5,167	-
	15,425	-

37. FINANCIAL INSTRUMENTS

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.

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 8 and 9.

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
2017			
Not past due (including retention sum)	28,329	-	28,329
Past due 1 to 30 days	3,285	-	3,285
Past due 31 to 60 days	638	-	638
Past due 61 to 90 days	630	-	630
Past due 91 to 120 days	615	-	615
Past due more than 120 days	138,830	(18,106)	120,724
	172,327	(18,106)	154,221
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

37. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

Credit Risk (cont'd)

Financial guarantees

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

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

The Company's maximum exposure to credit risk amounted to RM54.883 million (2016: RM57.769 million) and RM130.321 million (2016: RM130.321 million) representing corporate guarantees issued to financial insititutions for credit facilities granted to subsidiaries and corporate guarantees issued to third party for supply of goods to the subsidiaries respectively as at the end of the reporting period.

The financial guarantees have not been recognised since their fair values on initial recognition were considered 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.

<u>Impairment losses</u>

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.

37. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

Interest Rate Risk (cont'd)

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.

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	
	2017	**2016**
	RM'000	**RM'000**
Fixed rate instruments		
Financial assets	148,160	62,324
Financial liabilities	3,449	4,756
	151,609	67,080
Floating rate instruments		
Financial liabilities	54,882	58,082

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.

37. FINANCIAL INSTRUMENTS (CONT'D)

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 related parties, amount due to subsidiary companies, bank borrowings and deferred liability.

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
2017							
Revolving loan (secured)	1,527	7.00%	1,527	1,527	-	-	-
Term loans (secured)	53,355	8.25% - 9.40%	74,829	9,705	9,052	20,040	36,032
Finance lease payables	3,449	3.77% - 8.36%	3,696	1,744	1,411	541	-
Deferred liability	2,966	-	2,966	-	-	2,966	-
Trade and other payables	71,514	-	71,514	71,514	-	-	-
Amount due to related parties	697	-	697	697	-	-	-
	133,508		155,229	85,187	10,463	23,547	36,032

37. FINANCIAL INSTRUMENTS (CONT'D)

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
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
Finance lease 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
COMPANY							
2017							
Other payables	259	-	259	259	-	-	-
Amount due to subsidiary companies	28,877	-	28,877	28,877	-	-	-
	29,136		29,136	29,136	-	-	-
2016							
Other payables	129	-	129	129	-	-	-
Amount due to subsidiary companies	31,600	-	31,600	31,600	-	-	-
	31,729		31,729	31,729	-	-	-

38. 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/to related parties
- Amount due by/to subsidiary companies
- Cash equivalents
- Trade and other payables
- Loans and borrowings
- Finance lease 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 subsidiary 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) Finance lease payables

GROUP	2017 Carrying amounts RM'000	2017 Fair values RM'000	2016 Carrying amounts RM'000	2016 Fair values RM'000
Non-current				
Finance lease payables	1,850	1,740	2,840	2,428

The fair values of the non-current portion of finance lease 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 finance lease payables are reasonable approximation of fair values due to the insignificant impact of discounting.

38. 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 2017.

39. 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 equity. Net debt comprises bank borrowings less cash and cash equivalents.

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Bank borrowings	58,331	62,838	-	-
Less: Cash and cash equivalents	6,525	2,405	3,753	7
Net debts	51,806	60,433	(3,753)	(7)
Total equity	257,536	247,655	137,797	131,515
Net gearing (times)	0.20	0.24	N/A	N/A

N/A - Gearing ratio is not presented as the Company is in net cash position.

40. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) Corporate proposals

(i) Par Value Reduction

On 5 July 2017, the Company completed its capital reduction exercise involving the cancellation of RM0.75 of the par value of every existing ordinary shares of RM1.00 each pursuant to a Sealed Court Order granted by the High Court Malaya on 3 May 2017.

(ii) Private placement

On 6 January 2017, Bursa Malaysia Securities Berhad approved Private Placement of up to 96,074,868 Placement Shares. The Private Placement may be implemented in a single or multiple tranche(s) within six months upon the completion of the Par Value Reduction. Private Placement was approved by the shareholders at an Extraordinary General Meeting held on 23 February 2017.

The first tranche of the Private Placement was completed on 28 December 2017 with the issuance of 8,000,000 ordinary shares at an issue price of RM0.25 per share for a total cash consideration of RM2,000,000.

The second tranche of the Private Placement was completed on 29 December 2017 with the issuance of 19,000,000 ordinary shares at an issue price of RM0.25 per share for a total cash consideration of RM4,750,000.

On 15 January 2018, Bursa Malaysia Securities Berhad approved the extension of time till 6 July 2018 to complete the implementation of the entire Private Placement.

On 19 April 2018, the third and final tranche of the Private Placement for the remaining 69,074,868 ordinary shares was completed at an issue price of RM0.25 per share for a total cash consideration of RM17,268,717.

(b) Material litigation

On 21 June 2016 the Adjudicator awarded Sycal Bhd ("Sycal"), a wholly-owned subsidiary of the Company, a total sum of RM15.6 million, together with interest and costs (Awarded Sum) to be paid by Guangxi Dev & Cap Sdn Bhd ("GDC"), a customer involved in property development, for construction works done and related services rendered.

On 9 March 2017 the High Court dismissed GDC’s application to set aside the Awarded Sum. GDC then filed an appeal to the Court of Appeal. On 2 March 2018 the Court of Appeal set aside the High Court’s decision and the Awarded Sum. Sycal had consulted its legal advisor and has on 28 March 2018 applied for leave from Federal Court to appeal against the Court of Appeal’s decision. Sycal is now contemplating further courses of action.

The eventual outcome of the litigation is not expected to have a material and adverse impact as adequate allowance has been made in the financial statements to recognize the possible impairment on this receivable.

41. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 24 April 2018.

ADDITIONAL DISCLOSURE REQUIREMENTS

Utilization of Proceeds

As announced in December 2017 and April 2018, the Company had implemented private placements of 96,074,868 new shares at RM0.25 per share. RM6.75 million of the placement proceeds had been utilized for the Group's general working capitals and to part finance the Group's existing construction and property development projects in Klebang Perdana Ipoh and Ipoh Greentown. The remaining proceeds from the private placements will be utilized for purposes as detailed in the Shareholders' Circular dated 25 January 2017.

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 other than as disclosed in the Notes to the Financial Statements.

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 2017 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 2017 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.

ANALYSIS OF SHAREHOLDINGS AS AT 30 MARCH 2018

1. TYPE OF SECURITIES

Class of Shares : Ordinary shares
Total number of issued shares : 347,249,560.00
Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Category	No. of Holders	%	No. of Holdings	%
1 - 99	279	8.08	11,240	0.00
100 - 1,000	852	24.66	604,551	0.17
1,001 - 10,000	1,268	36.70	5,992,047	1.73
10,001 - 100,000	879	25.44	31,682,461	9.12
100,001 – 17,362,477	172	4.98	194,182,961	55.92
17,362,478 and above	5	0.14	114,776,300	33.05
Total	**3,455**	**100.00**	**347,249,560**	**100.00**

SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

Name of Substantial Shareholders	Direct Holdings		Indirect Holdings (excluding bare trustees)	
	No.	%	No.	%
Hew Kok Long	0	0.00	++ 28,664,524	8.25
Teo Kok Keong	0	0.00	++ 28,664,524	8.25
Mohd Wazir Bin Khalid	0	0.00	+ 22,306,048	6.42
Suzanna Binti Mohd Nor	0	0.00	+ 22,306,048	6.42
Westhill Capital Sdn Bhd	* 28,664,524	8.25	0	0.00
Fantastic Hallmark Sdn Bhd	* 22,306,048	6.42	0	0.00
Dato' Seow Yong Chin	* 47,647,230	13.72	# 25,903,635	7.46
Ace Credit (M) Sdn Bhd	* 23,677,300	6.82	0	0.00
West Emerald Isle Sdn Bhd	* 27,000,000	7.78	0	0.00
West Malaysia Holdings Sdn Bhd	0	0.00	@ 27,000,000	7.78

++ *Deemed interest through Westhill Capital Sdn Bhd.*
+ *Deemed interest through Fantastic Hallmark Sdn Bhd.*
* *All held through nominee companies.*
# *Deemed interest through Cygal Holdings Sdn Bhd and SYC Holdings Sdn Bhd.*
@ *Deemed interest through West Emerald Isle Sdn Bhd.*

THIRTY LARGEST SHAREHOLDERS

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

	Names	Holdings No.	%
1	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd - Account For West Emerald Isle Sdn Bhd	27,000,000	7.78
2	JF Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Ace Credit (M) Sdn Bhd	23,677,300	6.82
3	Kenanga Nominees (Tempatan) Sdn Bhd - Westhill Capital Sdn Bhd	22,682,500	6.53
4	Kenanga Nominees (Tempatan) Sdn Bhd - Fantastic Hallmark Sdn Bhd	22,242,000	6.41
5	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Seow Yong Chin	19,174,500	5.52
6	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Loh Chen Yook	16,000,000	4.61
7	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Waste Environment Services Sdn Bhd	14,967,762	4.31
8	Doh Jee Ming	12,547,000	3.61
9	Lee Hong King	11,000,000	3.17
10	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Seow Yong Chin	10,590,446	3.05
11	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Doh Tee Leong	10,500,000	3.02
12	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For SYC Holdings Sdn Bhd	10,130,628	2.92
13	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Seow Yong Chin	7,800,000	2.25
14	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Seow Yong Chin	6,520,794	1.88
15	Chua Seng Boon	6,280,000	1.81
16	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Westhill Capital Sdn Bhd	5,700,000	1.64
17	Mercsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Siow Wong Yen @ Siow Kwang Hwa	5,084,000	1.46

THIRTY LARGEST SHAREHOLDERS

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

	Names	Holdings No.	Holdings %
18	UOBM Nominees (Tempatan) Sdn Bhd - United Overseas Bank (Malaysia) Bhd	4,226,480	1.22
19	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank For Loh Chen Yook	4,000,000	1.15
20	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Seow Yong Chin	3,300,000	0.95
21	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Cygal Holdings Sdn Bhd	2,599,500	0.75
22	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Tan Chia Hong @ Gan Chia Hong	2,500,000	0.72
23	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Seow Yong Chin	2,115,000	0.61
24	Lim Kang Pow	2,111,800	0.61
25	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Doh Jee Ming	1,953,000	0.56
26	Patricia Ling	1,855,000	0.53
27	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Lim Lee Foon	1,813,050	0.52
28	Ital-Pacific Development Sdn Bhd	1,785,000	0.51
29	Mercsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Ho Lih Meng	1,700,000	0.49
30	Ong Chin Kang	1,600,000	0.46
		263,455,750	**75.87**

STATEMENT OF DIRECTORS' INTERESTS AS AT 30 MARCH 2018

(i) ***Interest in the Company***

	Name of Directors	No. of shares held Direct Interest	Deemed Interest
1.	Dato' Sri Haji Abd Rahim Bin Haji Abdul	-	-
2.	Dato' Seow Yong Chin	*47,647,230 (13.72%)	#25,903,635 (7.46%)
3.	Chin Kok Wah	-	-
4.	Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	** 543,750 (0.16%)	@14,370,754 (4.14%)
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.*
** *539,250 shares held through nominee companies.*
\# *Deemed interest through Cygal Holdings Sdn Bhd and SYC Holdings Sdn Bhd.*
@ *Deemed interest through 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) Shareholding of Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood in Cygal Holdings Sdn Bhd, a shareholder holding 14,370,754 ordinary shares or 4.14% equity interest in the Company as at 30 March 2018, are as disclosed below:-

	Name	No. of Shares held Direct	Deemed Interest
1.	Dato' Seow Yong Chin	585,002 (39.00%)	-
2.	Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	385,998 (25.73%)	-

(b) Shareholding of Dato' Seow Yong Chin in SYC Holdings Sdn Bhd, a shareholder holding 11,532,881 ordinary shares or 3.32% equity interest in the Company as at 30 March 2018, are as disclosed below:-

	Name	No. of Shares held Direct	Deemed Interest
1	Dato' Seow Yong Chin	1 (50.00%)	-

LIST OF MAJOR PROPERTIES OF THE GROUP AS AT 31 DECEMBER 2017

List of completed properties as included in the Group’s Non-Current Assets are as follows:-

Location	Tenure	Land area	Description	Age of Property	Existing Use	Net carrying value @ 31.12.2017 (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	695	12 August 1994
Johor							
CT 13811, Lot 6019, Mukim of Senai-Kulai District of Johor Bahru	Freehold	5.37 acres	Development land	-	Development	16,332	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 17th 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 12th June 2018 at 10.00 a.m., and at any adjournment thereof as indicated:-

No.	Resolutions	For	Against
1.	Re-election of Dato' Seow Yong Chin as Director		
2.	Re-election of Tan Sri Dato' Seri Dr Ting Chew Peh as Director		
3.	Re-election of Chin Kok Wah as Director		
4.	Approve payment of Directors' fee for financial year ended 31 December 2017		
5.	Re-appointment of Messrs. WHLK as Auditors and to authorise the Directors to fix their remuneration		
6.	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 …………………….., 2018.

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

Notes:-

1. Only depositors whose names appear on the Record of Depositor as at 5th June 2018 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.