



*35* 1980 - 2015  
years  
*Developing Your Future*

# OUR VISION

Recognising our responsibilities as a developer and nation builder, we will aspire to deliver sustainable, quality developments that exceed customers' expectations.

# OUR MISSION

- 1) We enhance shareholders' value through sustainable resource management and sound corporate governance that promotes steady earnings growth.
- 2) We are committed to delivering sustainable quality homes that are efficiently planned and innovatively designed on schedule.
- 3) We embrace sustainable practices to preserve the environment for future generations.
- 4) We create learning opportunities and a conducive working environment that promote teamwork and work life balance for sustainable job satisfaction.

# OUR CORE VALUES

## *We are hands-on and committed*

We will accomplish, learn and coach effectively with our own hands-on experience. We will commit ourselves at all times faithfully fulfilling our responsibilities as a developer to the communities in which we operate.

## *We take pride in our work*

We are proud of our KEN brand and we will keep our brand promise to constantly improve our ability to contribute to our customers. We will be Careful, Mindful and Thoughtful in all things that we do to fulfil our Vision Statement.

## *We are innovators and we create value*

We will continually innovate and create value for our brand to achieve world class recognition.

## *We are part of the KEN Family*

We will treat everyone in KEN as a family member and we will pool our abilities to accomplish our shared goals. No matter how talented we are as individuals, without cooperation and family spirit, we will be a company in name only.

## *We embrace sustainable practice – "Mottainai"*

We must value the precious resources that we have and use them wisely, efficiently and effectively. We will embrace sustainable practices and endeavour to create more value by using lesser resources.



# CONTENTS

**KEN HOLDINGS BERHAD**

Awards & Recognition	2	<b>FINANCIAL STATEMENTS</b>	
Chairman's Statement	4	Directors' Report	33
Managing Director's Review	5	Statements of Financial Position	37
Board of Directors	6	Statements of Profit or Loss and Other Comprehensive Income	38
Directors' Profile	7	Consolidated Statement of Changes in Equity	39
Notice of Annual General Meeting	9	Statement of Changes in Equity	40
Notice of Dividend Entitlement	11	Statements of Cash Flows	41
Corporate Information	13	Notes to the Financial Statements	43
Corporate Structure	14	Statement by Directors	84
Financial Highlights	15	Statutory Declaration	84
Statement of Corporate Governance	16	Independent Auditors' Report	85
Statement on Risk Management and Internal Control	21	List of Properties	87
Audit Committee Report	23	Analysis of Shareholdings	89
Additional Disclosure Information	26	Proxy Form	
Sustainability Report	27		

# AWARDS & RECOGNITION



GreenRE Platinum Award (Provisional)

GreenRE Platinum Award



FIABCI Malaysia Property Award: Sustainable Development Category (2014)



GreenRE Gold Award (Provisional)

Carbon Neutral Status (2014)



Carbon Neutral Status (2013)



USGBC LEED Platinum Award (Pre-Certification)



Carbon Neutral Status (2012)



GBI Pilot Project for The GBI Township Tool



Carbon Neutral Status (2011)



FuturArc Green Leadership Citation Award



PAM Silver Award For Excellence In Architecture



FIABCI Malaysia Property Award: Sustainable Development Category (2011)

# AWARDS & RECOGNITION



*New Straits Times SC  
Cheah Choice Awards:  
Best Green Developer*



*Carbon Neutral Status  
(2010)*



*BCA Green Mark  
GOLD<sup>PLUS</sup> Award*



*The Edge-PAM Green  
Excellence Award*



*GBI Gold Award*

Year	Award Milestone	
2015	KEN Rimba Condominium 2	GreenRE Platinum Award (Provisional)
	KEN Rimba Jimbaran Residences	GreenRE Platinum Award
2014	KEN Holdings Berhad	Carbon Neutral Status
	KEN Rimba Condominium 1	GreenRE Gold Award (Provisional)
	KEN Rimba Legian Residences	FIABCI Malaysia Property Award: Sustainable Development Category
2013	KEN Holdings Berhad	Carbon Neutral Status
	KEN Rimba Condominium 1	BCA Green Mark GOLD <sup>PLUS</sup> Award (Provisional)
	KEN Rimba Condominium 2	BCA Green Mark Platinum Award (Provisional)
	Menara KEN@TTDI	USGBC LEED Platinum Award (Pre-Certification) BCA Green Mark Platinum Award (Provisional)
2012	KEN Holdings Berhad	Carbon Neutral Status
	KEN Rimba Jimbaran Residences	BCA Green Mark GOLD <sup>PLUS</sup> Award

Year	Award Milestone	
2011	KEN Holdings Berhad	Carbon Neutral Status
	KEN Rimba	GBI Pilot Project for The GBI Township Tool
	KEN Bangsar	FuturArc Green Leadership Citation Award PAM Silver Award For Excellence In Architecture FIABCI Malaysia Property Award: Sustainable Development Category
2010	KEN Holdings Berhad	New Straits Times SC Cheah Choice Awards: Best Green Developer Carbon Neutral Status
	KEN Rimba Legian Residences	BCA Green Mark Gold Award GBI Certified Awards
	KEN Rimba Commercial Centre	BCA Green Mark Certified Award
	KEN Bangsar	The Edge-PAM Green Excellence Award GBI Gold Award
	KEN Bangsar	BCA Green Mark GOLD <sup>PLUS</sup> Award

# CHAIRMAN'S STATEMENT



## DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of KEN Holdings Berhad ("KEN") ("Board"), I am pleased to present the Annual Report and the audited financial statements of KEN and its subsidiaries ("Group") for the financial year ended ("FYE") 31 December 2015.

## SUMMARY & OUTLOOK

The year's operations had been set upon a backdrop of a slowdown in economic growth and a depreciating Ringgit - the economic growth for 2015 was reported at 4.8% (slightly softer than the expected 5%), and the Ringgit experienced up to a 30.9% depreciation (November 2014 to November 2015) hitting a 17 year low of RM4.46 per USD in September 2015. As a result, overall confidence remained on the low and demand for residential and commercial property, weak.

Despite this the Board remains positive. For the FYE 31 December 2015, the Group had recorded lower revenue of RM74.3 million as compared to RM91.1 million of the previous year. Accordingly, the Group's pre-tax profit decreased to RM31.9 million during the year. Net assets per share however has increased to RM1.29 from last year's RM1.18.

## DIVIDENDS

The Board has recommended a first and final ordinary dividend of 6% (3.0 sen) per ordinary share in respect of the FYE 31 December 2015. This recommendation is subject to the approval of the shareholders at the coming AGM.

## EXPECTATIONS & PROSPECTS

In view of the current outlook, sentiments are expected to remain weak in the first half of 2016 as it steadily improves toward the second half of the year. In the residential sub-sector, demand will remain soft. However the Group is well-positioned to meet the growing need for affordable homes across the country. The Group's unique offerings of affordable green developments will continue to attract buyers particularly from the middle-income group and younger working class.

Business confidence is also expected to improve in the second half of the year and following that, the improvement of the commercial sub-sector. The Group will continue to attract property investors and companies with its resonating values

and brand. The Group is set to prudently move forward with its goals while constantly reviewing the market conditions. Remaining alert about the changes and policies in the property market, the Group will remain resilient in its performance this 2016.

## ANNOUNCEMENTS & ACKNOWLEDGMENTS

July 2015 marked the retirement of KEN's long-serving Finance Director, Mr. KC Tang. Mr Tang had prudently and proficiently carried out his duties within the company in looking out for the best interest of the Group and its stakeholders. On behalf of the Group and the Board, I would like to express only the deepest gratitude for his loyalty and services. Mr. Tang had given 18 years of service to the Group.

The Board acknowledges the responsibility in upholding the best practices as set out in the Malaysian Code of Corporate Governance 2012 ("Code"). The Group's Statement of Corporate Governance pertaining to the implementation of the Code during the year under review is set out on pages 16 to 20 of this Annual Report.

The Group's achievements remain a testament of the dedication and efforts of its employees and its successes are attributable only to the support and commitment of the Board, our purchasers, business associates, suppliers, financiers and the various regulatory authorities. I therefore express my sincere appreciation to all of them. With their continued support the Board is confident that KEN will continue to move forward to achieve sustainable success.

**DATO' TAN BOON KANG** DPMT., DPNS  
*Group Executive Chairman*  
Kuala Lumpur  
28 March 2016



# MANAGING DIRECTOR'S REVIEW



On behalf of the Management, it gives me great pleasure to present a review on the KEN Group's performance for the financial year ended 31 December 2015.

In view of the forecasts for the year and the challenges we had not been hasty in the launching of new projects. We remain on track in achieving our long term goals. We look forward to the launch of Menara KEN@TTDI which, upon its completion, will set for the Malaysian industry new green building standards. In view of the current economic climate we continue to prudently and responsibly move forward with the planning of future projects.

Despite the weak sentiment brought about by the slow economic climate: rising living costs, and weak currency, KEN's financial performance demonstrates a resilience that is a result of our approach in building a sustainable business and our long-term strategy on building and strengthening our sustainable recurring income.

## **SUSTAINABLE DEVELOPMENT**

KEN had been built on the foundation of engineering expertise and credible properties and over the years gained a reputation as a green developer for its commitments to sustainable development. Through its developments, it has continuously strived to meet international green building standards. The MSC status Menara KEN@TTDI will offer green office spaces to companies hoping to build sustainability into their practices and I am pleased that Menara KEN@TTDI has raised the benchmark for green buildings in Malaysia with its BCA Green Mark Platinum Award on top of the coveted US Green Building Council LEED Platinum certification.

Consistent with KEN's core values, the Group will continue building spaces that have long-term value. We look forward to the completion of KEN Rimba Condominium 1. The construction for Block C has been completed and the building of Block B is underway. KEN Rimba Condominium 1 will be another addition to the KEN Rimba Township offering affordable green homes to the market. Through its green township, KEN has managed to build sustainable living into the lifestyles of their residents. We have also worked on building education and advocacy into our branding and communications initiatives thus strengthening our commitment to our core values, and

our standing as a truly green brand. Through this we hope to further encourage sustainable practices in both residential and commercial spaces.

## **SUSTAINABLE GROWTH**

KEN fully understands its role as a corporate entity and responsibly manages its resources while ensuring we play a positive role in the economic development of the state. We have built green practices into our everyday operations that include recycling and keeping our carbon footprint to the minimum. KEN continues in its carbon offsetting initiatives to consistently hold its carbon neutral status which it has maintained for over 5 years.

KEN has played a role in contributing to the economic and youth development of the communities it operates in. Through its Foundation, KEN contributes to the development of talent in the property development industry. Through our internship programme, we have also offered opportunities and training to these students adding positively to their growth and development.

Further details of KEN's commitment to sustainable development can be found in the Sustainability Report found on pages 27 to 32 of this Annual Report.

I am positive about the coming year as we push forward toward in our goals striving to remain committed to our responsibilities toward our eco-system and continuing in our commitment in creating value for our buyers, communities and stakeholder. With this mindset and perspective, we can continue to be confident in our efforts and remain positive about our future endeavours.

## **TAN CHEK SIONG**

*Group Managing Director*

Kuala Lumpur

28 March 2016

# BOARD OF DIRECTORS

**Sha Thiam Lu**  
*Independent Non-Executive Director*

7

**Dato' Ir. Dr. Ashaari bin Mohamad**  
*Independent Non-Executive Director*

6

**Tan Chek Siong**  
*Group Managing Director*

2



**YB Dato' Seri Dr. Raja Ahmad  
Zainuddin bin Raja Haji Omar**  
*Independent Non-Executive Director*

4

**Dato' Tan Boon Kang**  
*Group Executive Chairman*

1

**Tan Moon Hwa**  
*Executive Director*

3

**YAM Dato' Seri Syed Azni Ibni  
Almarhum Tuanku Syed Putra Jamalullail**  
*Independent Non-Executive Director*

5



# DIRECTORS'

## PROFILE

### 1 **Dato' Tan Boon Kang** *Group Executive Chairman* 58 years (Malaysian)

Dato' Tan Boon Kang is the founder of the Group and has been the driving force behind the growth of the Group in all its activities over the past 36 years. He was appointed to the Board on 18 March 1996 and has been Chairman/Managing Director of the Group from March 2009 to February 2013. On 28 February 2013, he was re-designated as Group Executive Chairman. He is also a member of the Remuneration Committee.

He has vast experience in the specialist engineering business and was the pioneer in Malaysia for the

highly-acclaimed soil-nailing system, which is now the most widely used method of slope protection. He has contributed significantly in elevating the Group to one of the more established specialist engineering companies in Malaysia and Hong Kong. He was also instrumental in diversifying the Group's business into property development and has created a very eminent brand name whilst developing a loyal following amongst property buyers.

He does not hold any other directorship in other public listed companies.

Dato' Tan is the brother of Mr. Tan Moon Hwa, Executive Director of the Company and is also the father of Mr. Tan Chek Siong, Group Managing Director of the Company.

### 2 **Tan Chek Siong** *Group Managing Director* 35 years (Malaysian)

Tan Chek Siong was appointed to the Board on 24 February 2006 as an Executive Director. On 28 February 2013, he was re-designated as Group Managing Director. He graduated with a Bachelors of Civil Engineering from the University College London, United Kingdom in 2001 and also received his Graduate Diploma in Law from The College of Law, London, United Kingdom in 2004.

He joined the Group in October 2004 as a Special Assistant to the Managing Director. Prior to joining the Group, he worked with Arup Consulting Engineers in London, working in the geotechnical division and was subsequently seconded to the GBP 5.6 billion Channel Tunnel Rail Link project, constructing England's first high speed railway lines, a new international station in

Stratford, East London, 36km of tunnels under Central London and a new Eurostar terminal at St. Pancras.

The Group has garnered numerous awards, the latest being the GreenRE Platinum Award for KEN Rimba Jimbaran Residences, GreenRE Gold Award (Provisional) for KEN Rimba Condominium 1, the prestigious FIABCI Malaysia Property Award 2014 and 2011 in the Sustainable Development category for KEN Rimba Legian Residences and KEN Bangsar, respectively, BCA Green Mark Platinum Award (Provisional) and USGBC LEED Platinum Award (Pre-Certification) for Menara KEN @ TTDI, and BCA Green Mark GOLD<sup>PLUS</sup> Award (Provisional) for KEN Rimba Condominium 1.

He does not hold any other directorship in other public listed companies.

He is the son of Dato' Tan Boon Kang, Group Executive Chairman of the Company and the nephew of Mr. Tan Moon Hwa, Executive Director of the Company.

### 3 **Tan Moon Hwa** *Executive Director* 53 years (Malaysian)

Tan Moon Hwa was appointed to the Board on 18 March 1996. He has been with the Group since 1980 and has extensive experience, with more than 15 years in the specialist engineering business, particularly in the geotechnical sector and structural repair and rehabilitation

works. He currently heads the logistics and maintenance section which supports the construction activities.

He does not hold any other directorship in other public listed companies.

He is the brother of Dato' Tan Boon Kang, Group Executive Chairman of the Company and the uncle of Mr. Tan Chek Siong, Group Managing Director of the Company.

### 4 **YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar** *Independent Non-Executive Director* 60 years (Malaysian)

YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar was appointed to the Board on 29 January 2003. He is also the Chairman of the Audit Committee and Nomination Committee, and a member of the Remuneration Committee.

He has been actively involved in the political scene in Malaysia since 1982. He was the Press Secretary to the Menteri Besar of Perak in 1982 and moved on to be the Political Secretary in 1986 until 1999. He has also been a Member of Parliament for the constituency of Larut and is also the State Assemblyman in Perak. In 2013, he obtained an Honorary Doctrate from the World Academy of Arts and Culture (WAAC), California, USA.

He is also a director of Majuperak Holdings Berhad.

# DIRECTORS'

## PROFILE

### 5 **YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail** *Independent Non-Executive Director* 61 years (Malaysian)

YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail was appointed to the Board on 5 March 2012. He is also a member of the Audit Committee.

He graduated from the University College of Wales, Aberystwyth, United Kingdom with a Bachelor of

Science in Economic (Hons). He started his career with ICI Paints Malaysia in 1976 as Marketing Manager in the paints division. In 1985, he joined Armitage Shanks Malaysia as a General Manager, marketing its toiletries fittings line of products. In 1995, he ventured into his own business dealing with the trading of construction materials.

He does not hold any other directorship in other public listed companies.

### 6 **Dato' Ir. Dr. Ashaari bin Mohamad** *Independent Non-Executive Director* 63 years (Malaysian)

Dato' Ir. Dr. Ashaari bin Mohamad was appointed as an Independent Non-Executive Director of the Company on 20 February 2013. He is also a member of the Nomination Committee.

He holds a Doctorate of Philosophy in Civil Engineering from University of New Hampshire, United States of America, Master of Science in Engineering from the

University of South Carolina, United States of America and a Bachelor of Science degree in Engineering (Civil) from the University of Aberdeen, Scotland.

He was attached with Jabatan Kerja Raya (JKR), Penang, as a State Director from July 2001 to January 2005 and became the Senior Director of the Engineering Branch of JKR in February 2005. He then joined the Minister of Works, Malaysia, as a technical adviser from December 2011 to November 2012.

He does not hold any other directorship in other public listed companies.

### 7 **Sha Thiam Lu** *Independent Non-Executive Director* 49 years (Malaysian)

Mr. Sha was appointed to the Board on 20 February 2013 as an Independent Non-Executive Director of the Company. He is also the Chairman of the Remuneration Committee and a member of the Nomination and Audit Committee.

He graduated from Arkansas State University, United States of America, with a Bachelor of Science in Computer Information System (Hons) in 1990 and

Bachelor of Science in Accounting in 1991. He was admitted to the Australian Society of Certified Practising Accountants as a Certified Practising Accountant in 1998. He is also a member of the Malaysian Institute of Accountants and a Certified Financial Planner of the Financial Planning Association of Malaysia. He joined Sha & Co. (now known as Sha, Tan & Co.) in 1993, a public accountants firm, and became a partner of the firm in 1999. Mr. Sha has over 20 years of working experience in the field of audit, financial accounting and planning.

He does not hold any other directorship in other public listed companies.

#### Notes:

1. Save as disclosed above, none of the Directors have any family relationship with any other Directors and/or substantial shareholders of the Company.
2. None of the Directors have any conflict of interest with the Company.
3. None of the Directors have been convicted for any offences against the law other than traffic offences (if any) within the past ten (10) years.
4. Please refer to the Statement of Corporate Governance on pages 16 to 20 of this Annual Report for the Directors' meeting attendance records.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Thirty-Second Annual General Meeting of Ken Holdings Berhad (“KEN” or the “Company”) will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 19 April 2016, at 10.00 a.m. for the transaction of the following businesses:

1. To receive Audited Financial Statements for the year ended 31 December 2015 together with the Reports of the Directors and the Auditors thereon.
2. To declare a first and final ordinary dividend of 6% (3.0 sen) per ordinary share in respect of the year ended 31 December 2015. **(Resolution 1)**
3. To approve the Directors’ fees of RM160,000/- (2014: RM160,000) in respect of the year ended 31 December 2015. **(Resolution 2)**
4. To re-elect the following Directors who retire pursuant to Article 101 of the Company’s Articles of Association and, being eligible, offer themselves for re-election:
  - (a) YB Dato’ Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar **(Resolution 3)**
  - (b) Dato’ Tan Boon Kang **(Resolution 4)**
  - (c) Mr. Sha Thiam Lu **(Resolution 5)**
5. To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. As Special Business:  
To consider and, if thought fit, to pass the following Ordinary resolutions:
  - (a) **Ordinary Resolution 1** **(Resolution 7)**  
**Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**  
  

“**THAT** subject always to the Companies Act, 1965, Articles of Association of the Company and approvals of the relevant governmental/regulatory bodies where such approvals shall be necessary, the Directors be and are hereby authorised and empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued capital for the time being of the Company and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad (“Bursa Securities”).”
  - (b) **Ordinary Resolution 2** **(Resolution 8)**  
**Proposed Renewal of Authority for the Company to purchase its own Shares of up to ten percent (10%) of the issued and paid-up share capital of the Company (“Proposed Renewal of Share Buy-Back”)**  
  

“**THAT**, subject to compliance with the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Securities (“Listing Requirements”) and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to allocate an amount not exceeding the total available retained profits of the Company for the purpose of and to purchase such amount of ordinary shares of RM0.50 each in the Company (“Proposed Purchase”) as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at the point of purchase;

# NOTICE OF ANNUAL GENERAL MEETING

**AND THAT**, upon completion of the purchase by the Company of its own shares, the Directors are authorised to retain the shares as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder **AND THAT** the Directors are further authorised to resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends to the Company's shareholders or subsequently cancel the treasury shares or any combination of the three;

**AND THAT** the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:

- (i) the conclusion of the next Annual General Meeting of the Company following the General Meeting at which this resolution was passed at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in General Meeting,

whichever is the earliest but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors deem fit and expedient in the interest of the Company to give full effect to the Proposed Purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities."

**(c) Ordinary Resolution 3**  
**Continuing In Office As Independent Non-Executive Director**

**(Resolution 9)**

"**THAT** authority be and is hereby given to YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."

7. To transact any other business for which due notice shall have been given.

# NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS HEREBY GIVEN** that, subject to the approval of the shareholders at the Thirty-Second Annual General Meeting, a first and final ordinary dividend of 6% (3.0 sen) per ordinary share in respect of the year ended 31 December 2015 will be payable on 27 June 2016 to depositors registered in the Record of Depositors on 13 June 2016.

A depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 13 June 2016 in respect of transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

**BY ORDER OF THE BOARD,**

**ANDREA HUONG JIA MEI (MIA 36347)**

Company Secretary

Kuala Lumpur  
28 March 2016

**Notes:**

1. A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint any person as his/her proxy to attend, speak and vote instead of him/her. There shall be no restriction as to the qualification of proxy.
2. A member may appoint up to two (2) persons to be his/her proxy. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 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 EAN may appoint in respect of each omnibus account it holds.
4. In the case of a corporate body, the proxy appointed must be in accordance with the Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of an officer or attorney duly authorised.
5. The Proxy Form must be deposited at the Company's Registered Office at No. 6, Jalan Datuk Sulaiman, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than 48 hours before the time set for the meeting or any adjournment thereof.
6. For purposes of determining who shall be entitled to attend, speak and vote at this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 55(C) of the Articles of Association of the Company and Paragraph 7.16(2) of the Listing Requirements, a Record of Depositors as at 12 April 2016 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend, speak and vote in his/her stead.

# NOTICE OF DIVIDEND ENTITLEMENT

## 7. Explanatory Notes on Ordinary and Special Business:

### (a) Audited Financial Statements for financial year ended 31 December 2015

The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders' approval under the provisions of Section 169(1) and (3) of the Companies Act, 1965. Hence, it will not be put for voting.

### (b) Resolution pursuant to Section 132D of the Companies Act, 1965

Resolution No. 7 proposed under item 6(a) is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965 which was approved by shareholders at the last year's Annual General Meeting. There was no issuance of new shares during the year.

The proposed Resolution No. 7, if passed, will empower the Directors of the Company to issue and allot new shares in the Company at any time and for such purposes as the Directors considered would be in the interests of the Company up to an aggregate not exceeding 10% of the issued share capital of the Company without convening a general meeting. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.

The renewal mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding investment project(s), working capital and/or acquisition.

### (c) Resolution in respect of the Proposed Renewal of Share Buy-Back

Resolution No. 8 proposed under item 6(b), if passed, will empower the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting. For further information, please refer to the Circular to Shareholders dated 28 March 2016 which is circulated together with this Annual Report.

### (d) Resolution pursuant to Continuing in Office as Independent Non-Executive Director

In line with the Malaysian Code on Corporate Governance 2012, the Nomination Committee has assessed the independence of YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and upon its recommendation, the Board of Directors has recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- (i) YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar has fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements, and hence, he would be able to provide an element of objectivity, independent judgment and balance to the Board.
- (ii) His length of service on the Board of more than nine years does not in any way interfere with his exercise of objective judgement or his ability to act in the best interests of the Company and Group. In fact, YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar, having been with the Company for more than nine years, is familiar with the Group's business operations and has devoted sufficient time and commitment to his role and responsibilities as an Independent Director for informed and balanced decision making.
- (iii) He has exercised due care during his tenure as an Independent Director of the Company and has discharged his duties with reasonable skill and competence, bringing independent judgment and depth into the Board's decision making in the interest of the Company and its shareholders.



# CORPORATE INFORMATION

## Board of Directors

**Dato' Tan Boon Kang**  
*Group Executive Chairman*

**Tan Chek Siong**  
*Group Managing Director*

**Tan Moon Hwa**  
*Executive Director*

**YAM Dato' Seri Syed Azni Ibni Almarhum  
Tuanku Syed Putra Jamalullail**  
*Independent Non-Executive Director*

**YB Dato' Seri Dr. Raja Ahmad Zainuddin  
bin Raja Haji Omar**  
*Independent Non-Executive Director*

**Dato' Ir. Dr. Ashaari bin Mohamad**  
*Independent Non-Executive Director*

**Sha Thiam Lu**  
*Independent Non-Executive Director*

## Audit Committee

**YB Dato' Seri Dr. Raja Ahmad Zainuddin  
bin Raja Haji Omar**  
*Chairman*

**YAM Dato' Seri Syed Azni Ibni Almarhum  
Tuanku Syed Putra Jamalullail**  
*Member*

**Sha Thiam Lu**  
*Member*

## Nomination Committee

**YB Dato' Seri Dr. Raja Ahmad Zainuddin  
bin Raja Haji Omar**  
*Chairman*

**Sha Thiam Lu**  
*Member*

**Dato' Ir. Dr. Ashaari bin Mohamad**  
*Member*

## Remuneration Committee

**Sha Thiam Lu**  
*Chairman*

**YB Dato' Seri Dr. Raja Ahmad Zainuddin  
bin Raja Haji Omar**  
*Member*

**Dato' Tan Boon Kang**  
*Member*

**Company Secretary**  
**Andrea Huang Jia Mei** (MIA 36347)

**Share Registrar**  
Tricor Investor Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : (03) 2783 9299  
Fax : (03) 2783 9222  
E-mail : is.enquiry@my.tricorglobal.com

**Registered Office**  
6 Jalan Datuk Sulaiman  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur  
Tel : (03) 7727 9933  
Fax : (03) 7728 8246  
E-mail : contact@kenholdings.com.my  
Website : www.kenholdings.com.my

**Stock Exchange Listing**  
Main Market of Bursa Malaysia Securities Berhad  
Stock Code : 7323  
Stock Name : KEN  
Sector : Properties

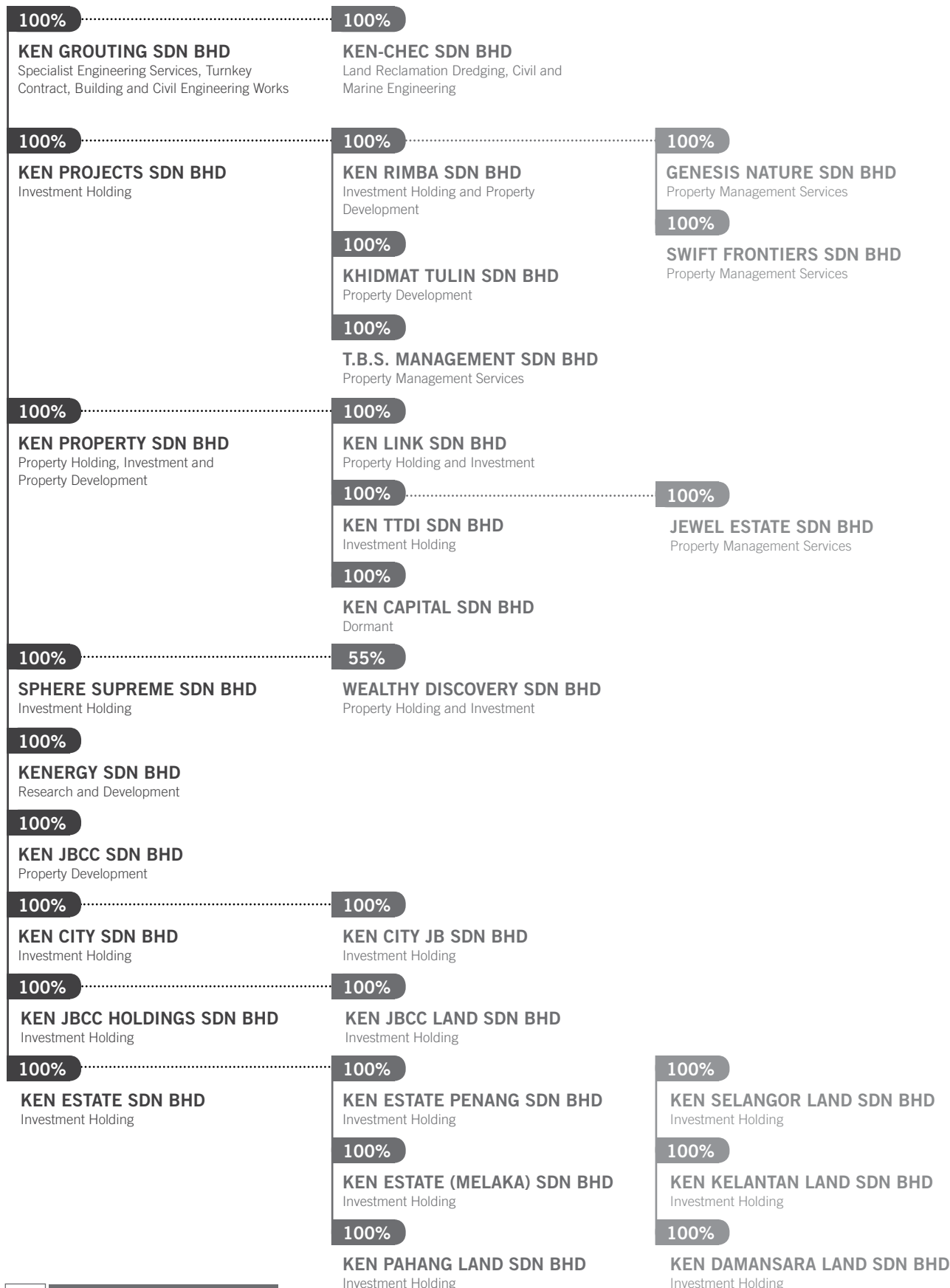
**Principal Banker**  
Malayan Banking Berhad (Maybank)

**Auditors**  
KPMG (Firm No: AF0758)  
Chartered Accountants  
Level 10, KPMG Tower  
8 First Avenue  
Bandar Utama  
47800 Petaling Jaya, Selangor  
Tel : (03) 7721 3388  
Fax : (03) 7721 3399

# CORPORATE STRUCTURE

## KEN HOLDINGS BERHAD

Investment Holding



# FINANCIAL

## HIGHLIGHTS

### PRINCIPAL ACTIVITIES

#### The Company

Investment holding and provision of management services.

#### The Subsidiary Companies

Include property holding, investment and development, specialist engineering services, geo-technical, civil engineering and building works, land reclamation and marine engineering and property management.

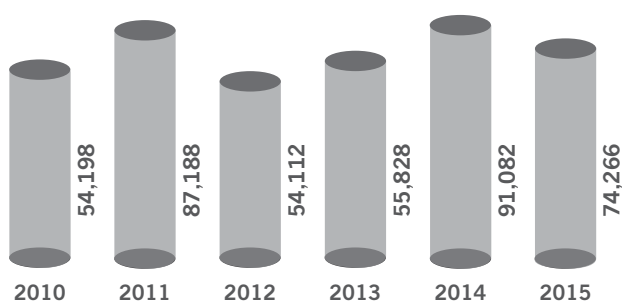
FIVE YEARS GROUP FINANCIAL STATISTICS	2010 RM'000	2011 RM'000	2012 RM'000 (Restated)	2013 RM'000	2014 RM'000	2015 RM'000
Revenue	54,198	87,188	54,112	55,828	91,082	<b>74,266</b>
Profit before taxation	24,073	31,350	22,813	28,257	43,739	<b>31,912</b>
Profit after taxation	19,020	23,234	16,477	20,895	31,952	<b>23,320</b>
Profit attributable to shareholders	19,020	23,234	16,482	20,895	31,952	<b>23,320</b>
Shareholders' fund	136,477	154,523	166,823	183,563	212,205	<b>231,817</b>
Issued share capital	95,860	95,860	95,860	95,860	95,860	<b>95,860</b>
Total assets	176,312	198,242	278,412	279,476	282,781	<b>337,756</b>
Net asset	136,477	154,523	166,823	183,563	212,205	<b>231,858</b>
Net earnings per share (sen)	20	25	18	23	18 <sup>(1)</sup>	<b>12<sup>(2)</sup></b>
Net assets per share (sen)	146	169	186	205	118 <sup>(1)</sup>	<b>129<sup>(2)</sup></b>

Notes:

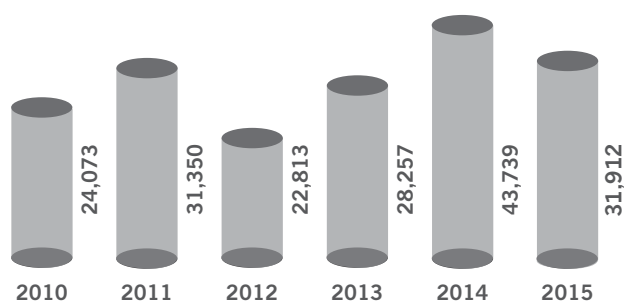
<sup>(1)</sup> Paid-up share capital RM95.9 million consist of 191,720,000 ordinary shares of RM0.50 per share after share split and 12,375,400 treasury shares)

<sup>(2)</sup> Paid-up share capital RM95.9 million consist of 191,720,000 ordinary shares of RM0.50 per share after share split and 12,377,400 treasury shares)

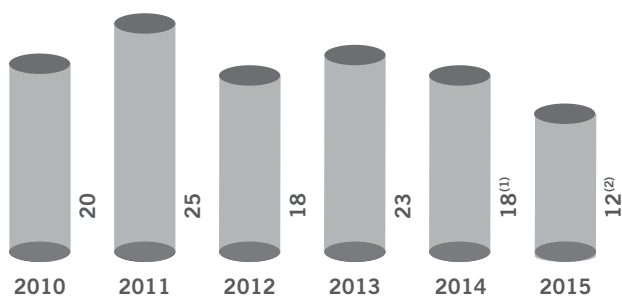
Revenue (RM'000)



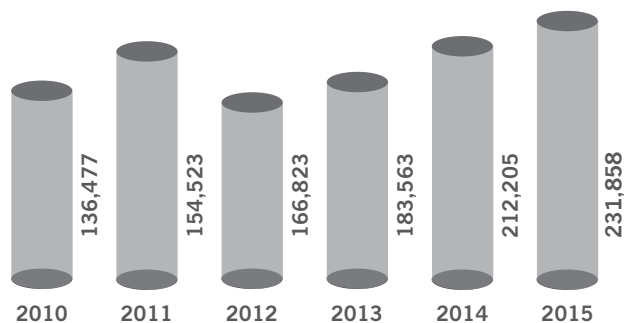
Profit before taxation (RM'000)



Net earnings per share (sen)



Net asset (RM'000)



# STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (“Board”) is committed in ensuring that the highest standards of corporate governance are maintained throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders’ investment and ultimately enhancing long term shareholder value.

The following paragraphs describe how the Group has applied the principles and recommendations on corporate governance and the extent to which it has complied with the recommendations set out in the Malaysian Code of Corporate Governance 2012 (“Code”).

## BOARD OF DIRECTORS

### Board Responsibilities

The Board has overall responsibilities for the corporate governance practices of the Group. It guides and monitors the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group. The key responsibilities include a review of overall strategic direction and objective for the Group and overseeing the business operations of the Group, evaluating whether they are properly managed.

The Group practices a division of responsibility between the Executive and Non-Executive Directors. The Executive Directors are responsible for the overall management of the Group, ensuring that strategies, policies and matters set by the Board are effectively implemented. The Non-Executive Directors fulfill a pivotal role in corporate governance accountability providing unbiased and independent views, advice and evaluation of the strategies proposed by the executive members of the Board ensuring that the long term interests of all stakeholders, namely the company shareholders, employees, customers, business associates and the community as a whole, are always protected.

The Board is cognisant of the need to have a reference point through a Board Charter as recommended by the Code. Accordingly, the Board has formalised and adopted the Board Charter to guide Directors in relation to the Board’s fiduciary duties and responsibilities, various regulations and best practices governing their conduct and the need for safeguarding the interests of shareholders and stakeholders. The Board will periodically review and update the Board Charter in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s responsibilities.

### Composition of the Board

Currently, the Board comprise of four (4) Independent Non-Executive Directors and three (3) Executive Directors, which is in compliance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) which requires one third of the Board members to comprise independent members. Each of these four (4) Independent Non-Executive Directors has provided

an annual confirmation of their independence to the Nomination Committee and the Board.

The Board is well represented by individuals with diverse professional backgrounds and experiences in the areas of engineering, finance, accounting, law and property development.

Under Recommendation 3.5 of the Code, it is recommended that if the Chairman of the Board is not an Independent Director, a majority of the Board should comprise of Independent Directors. The current Board comprise of a majority of independent directors which is in line with the recommendation of the Code, where the Chairman of the Board is not an independent director.

The Board also noted one of the recommendations of the Code which states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. The Company had obtained shareholders’ approval at the last Annual General Meeting (“AGM”) held on 13 April 2015 for YB Dato’ Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company. The Nomination Committee and the Board have determined at the annual assessment carried out that YB Dato’ Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar who has served on the Board for more than nine (9) years remains objective and independent in participating in deliberations and decision making of the Board and Board Committees. He has demonstrated independence in expressing his views and carrying out his roles as member of the Board, and Remuneration Committees, and Chairman of the Audit and Nomination Committee. The Board has recommended retaining him as an Independent Director and shall seek shareholders’ approval at the forthcoming AGM in accordance with the recommendation of the Code.

The Board members’ qualifications, skills and experience is set out under the profile of Board as presented on pages 7 to 8 of this Annual Report.

### Board Meetings

Board meetings are held at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year ended (“FYE”) 31 December 2015, the Board met on five (5) occasions, where it deliberated on a variety of matters including the Group’s results, major investments and strategic decisions and direction of the Group.

The Board delegates specific responsibilities to the Board Committees so as to enhance business operational efficiency as well as efficacy. All of these committees have written constitutions and terms of reference, and they have the authority to examine particular issues and report back to the Board with their recommendations. The Board receives reports of their proceedings and deliberations.

# STATEMENT OF CORPORATE GOVERNANCE

Board meetings for the whole year are scheduled ahead at the end of each financial year to allow the Directors to plan their schedule ahead to enable them to attend the board meetings which have been scheduled for the following year.

The details of meeting attendance for each Director for FYE 31 December 2015 are contained in the table below:

Director	Board	Audit Committee	Nomination Committee	Remuneration Committee
Dato' Tan Boon Kang	5/5			1/1
Mr. Tan Chek Siong	5/5			
Mr. Tan Moon Hwa	5/5			
Mr. Tang Kam Chee (retired on 31.07.2015)	3/5			
YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar	5/5	5/5	1/1	1/1
YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail	4/5	4/5		
Dato' Ir. Dr. Ashaari bin Mohamad	5/5		1/1	
Sha Thiam Lu	5/5	5/5	1/1	1/1

## Supply of Information

The Chairman ensures that all Directors have full and timely access to information with Board papers distributed in advance of the meetings. Every Director has unrestricted access to the advice and services of the Company Secretary and senior management. The Board of Directors, whether as a full board or in their individual capacity, in the furtherance of their duties, may seek independent professional advice at the Company's expense.

All scheduled meetings held during the year were preceded with a formal agenda issued by the Company Secretary and prior to the meeting of the Board and the Board Committees, Board papers which include reports relevant to the issues of the meeting were circulated in a timely manner to all Directors. These Board papers are issued prior to the meeting to allow sufficient time for the Directors to review and obtain further explanations, where necessary in order to be properly briefed before the meeting.

The Directors are regularly updated by the Company Secretary on new statutory as well as regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company. The Company Secretary attends all board meetings and ensures that accurate and adequate records of the proceedings of board meetings and decisions made are properly kept.

## Directors' Training

The Board acknowledges the importance for continuous training to keep abreast of the latest regulatory requirements and developments in the related industry. All Directors have completed the Mandatory Accreditation Programme (MAP) and the Continuing Education Programme prescribed by Bursa Securities. The Directors will continue to undergo other relevant training programmes on a continuous basis in compliance with Paragraph 15.08 of the Listing Requirements to further enhance their skills and knowledge as well as to effectively discharge their duties and obligations.

During the FYE 31 December 2015, the Directors have individually or collectively attended the following training programmes:

- (a) Managing Business Risks;
- (b) Seminar Pengurusan Pentadbiran Tanah;
- (c) How to build and manage successful retail and residential property; and
- (d) Construction Contract Management Conference 2015.

## Board Committees

The Board has delegated certain responsibilities to the Board Committees which operate within clearly defined terms of reference. The main Committees of the Board include the Audit Committee, Nomination Committee and Remuneration Committee.

### (a) Audit Committee

The Audit Committee is responsible for reviewing issues of accounting policy and presentation for external financial reporting, monitoring the work of the internal audit function, reviewing the independence of the Group's external auditors and ensuring that an objective and professional relationship is maintained with the external auditors, who in turn, have access at all times to the Chairman of the Committee.

The Board has established an Audit Committee consisting of the following Non-Executive Directors, all of whom are independent directors:

- (a) YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar (Chairman);
- (b) YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail; and
- (c) Mr. Sha Thiam Lu.

A summary of the activities of the Committee during the financial year is set out in the Audit Committee report on pages 23 to 25 of this Annual Report.

# STATEMENT OF CORPORATE GOVERNANCE

## **(b) Nomination Committee**

The Nomination Committee has the responsibility for proposing and recommending new nominees to the Board and for assessing Directors on an on-going basis. The Nomination Committee also assesses the effectiveness of the Board as a whole and the contribution of each individual Director and Board Committee members.

The Board has established a Nomination Committee consisting of the following Non-Executive Directors, all of whom are independent directors:

- (a) YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar (Chairman);
- (b) Mr. Sha Thiam Lu; and
- (c) Dato' Ir. Dr. Ashaari bin Mohamad.

### **(i) Recruitment or New Appointment of Directors**

The Nomination Committee, in making a recommendation to the Board on the candidate for recruitment or new Board appointment, shall have regard to the candidates skill, knowledge, expertise and experience, professionalism, integrity and in the case of candidates for the position of independent non-executive directors, the independence criteria as set out in Paragraph 1.01 of the Listing Requirements as well as the necessary skill and experience to bring an independent and objective judgment on issues considered by the Board and the ability to discharge such responsibilities as expected from independent non-executive directors.

The final decision as to who shall be appointed as Director remains the responsibility of the full Board after considering the recommendation of the Nomination Committee.

### **(ii) Gender Diversity Policy**

The Board has no immediate plans to implement a gender diversity policy. In its selection for Board appointment, the Board believes in and provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender.

### **(iii) Re-election and Re-appointment of Directors**

Director's re-election provides an opportunity for shareholders to renew their mandate conferred to the Directors. In this respect, the Articles of Association of the Company provides that all Directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire from office and be eligible to offer themselves for re-election at the AGM.

Any Director appointed during the year is required under the Company's Articles to retire and seek re-election by shareholders at the following AGM immediately after his appointment. In addition, Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Information of each Director standing for re-election covering their personal profile, meeting attendance, directorships in other public companies and shareholdings in the Group is furnished in this Annual Report.

## **(iv) Annual Assessment**

During the financial year, the Nomination Committee had one (1) meeting and this meeting was attended by all members. In this meeting which was held on 25 February 2015, the Nomination Committee conducted its annual appraisal on the effectiveness of the Board, its Committees and the contribution of each Director. The annual appraisal was conducted via questionnaires.

The Board's effectiveness is assessed in the areas of composition, board strategy, board meetings, corporate and financial reporting, risk management and investor relations. The review criteria for assessing the Directors' performance is largely focused on their meeting attendance, competencies, experience, knowledge and commitment, contribution to interaction – constructive expression of views and issues, quality of input and understanding of role as a Director.

The Nomination Committee, upon the review being carried out, is satisfied that the size of the Board is optimum and that there is an appropriate mix of experience and expertise in the composition of the Board and its Committees.

## **(c) Remuneration Committee**

The Remuneration Committee is entrusted with the role of determining and recommending to the Board the remuneration framework for Directors as well as remuneration packages of Executive Directors in all its form drawing for outside advice if necessary. None of the Executive Directors participated in any way in determining their remuneration. The Board as a whole determines the remuneration of Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration.

The members of the Remuneration Committee consist of the following Non-Executive Directors, the majority of whom are independent directors:

- (a) Mr. Sha Thiam Lu (Chairman);
- (b) YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar; and
- (c) Dato' Tan Boon Kang

The policy practiced on Directors' remuneration by the Remuneration Committee is to provide the remuneration necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company and to align their interest with those of the shareholders.

The remuneration of the Non-Executive Directors consist of fees and allowances for their services in connection with the Board and Board Committee meetings. They do not have contracts and do not participate in any share option scheme of the Group. Fees payable to the Directors are subject to yearly approval by shareholders at the Company's AGM.



# STATEMENT OF CORPORATE GOVERNANCE

## (d) Directors Remuneration

An analysis of the aggregate Directors' remuneration of the Company for the FYE 31 December 2015 categorised in appropriate components is set out below:

	Fee RM'000	Benefits-in-kind RM'000	Salaries and other emoluments RM'000	Bonus RM'000	Total RM'000
Executive	80	56	2,534	738	3,408
Non-Executive	80	–	46	–	126
	160	56	2,580	738	3,534

An analysis of the number of Directors whose remuneration, paid by the Group, falls in successive bands of RM50,000 is set out below:

Range of Remuneration	Executive	Non-Executive
Below RM50,000	–	4
RM200,001 - RM250,000	1	–
RM550,001 - RM600,000	1	–
RM700,001 - RM750,000	1	–
RM1,850,001 - RM1,900,000	1	–
	4	4

## SHAREHOLDERS

### Investor Relations and Shareholder Communications

The Board recognises the importance of an effective communication channel between the Board, shareholders and the investment community. The Annual Report, press releases, announcements to Bursa Securities including quarterly results are the primary mode of disseminating information on the Group's business activities and provide regular updates on the Group's financial performance and operations. In addition, other corporate information is available to all shareholders in the Annual Report. The policy of the Board is to promote effective communication and proactive engagement with its shareholders with the intention of giving shareholders a clear and complete picture of the Group's performance and position as possible.

The AGM represents the principal forum for dialogue and interaction with shareholders where shareholders are informed of current developments. Shareholders are encouraged to participate in the discussion and to give their views to the Board. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholder(s) with a written answer after the AGM. Additionally, a press conference is held immediately after the AGM to brief members of the media on key events of the Group and areas of interest. The Group Executive Chairman, Group Managing Director and Executive Directors are also present at the press conference to explain any issues.

The Board has also appointed YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar as the Senior Independent Director to whom shareholders can convey their views and concerns by e-mail at [rajaaz@kenholdings.com.my](mailto:rajaaz@kenholdings.com.my).

Bursa Securities also provides the Company to electronically publish all its announcements, including full versions of its quarterly result announcement, circulars and Annual Reports at

Bursa Securities' website at [www.bursamalaysia.com/market/](http://www.bursamalaysia.com/market/). The Company also maintains its corporate website that allows all shareholders and investors access to information about the Group at [www.kenholdings.com.my](http://www.kenholdings.com.my). The Group's corporate website is updated regularly to provide the latest information about the Group, including announcements and quarterly results of the Group.

Whilst the Company endeavours to provide as much information as possible to its shareholders, it must also be wary of the legal regulatory framework governing the release of material and price-sensitive information. As such, corporate disclosure will take into account the prevailing legislative restrictions and requirements as well as the investors' needs for timely release of price-sensitive information, such as financial performance results and statements, material acquisitions, significant corporate proposals as well as other significant corporate events.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's annual audited financial statements, quarterly results announcement to shareholders as well as the Chairman's statement and review of operations in the Annual Report.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes to ensure accuracy, adequacy of all relevant information for disclosure and that necessary steps have been taken to ensure that the Group had used all the applicable accounting policies consistently, and that the policies are supported by reasonable prudent judgements and estimates. The Board has taken due care and reasonable steps to ensure that the requirements of accounting standards and relevant regulations were fully met.

# STATEMENT OF CORPORATE GOVERNANCE

## Relationship with Auditors

The Board through the Audit Committee has established a formal and transparent relationship with the external auditors which have been maintained on a professional basis. Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's term of reference as detailed on pages 23 to 25 of this Annual Report.

A summary of the activities of the Audit Committee during the year are set out in the Audit Committee Report on pages 23 to 25 of this Annual Report.

The details of audit fee and non-audit fee payable to the external auditors are set out below:

	2015 RM'000
Audit fee payable	119
Non-audit fee payable	19
<b>Total</b>	<b>138</b>

## Statement on Risk Management and Internal Control

The Statement on Risk Management and Internal Control furnished on pages 21 to 22 of this Annual Report provides an overview on the state of risk management and internal control within the Group.

## Whistle Blowing Policy

In its effort to enhance corporate governance, the Group has put in place a Whistle Blowing Policy, which was designed to create a positive environment in which employees and stakeholders can raise genuine concerns without fear of recrimination and to enable prompt corrective actions and measures to be taken where appropriate and necessary.

## Sustainability

The Board recognises the importance of sustainability and has taken steps in implementing sustainability practices in the Group's activities and exploring its benefits to the business whilst attempting to achieve the right balance between the needs of the community, shareholders, stakeholders and economic success. A detailed report on the Group's sustainability activities is set out in the Sustainability Report on pages 27 to 32 of this Annual Report.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the affairs of the Group and of the Company as at the end of the accounting period and of the profit and loss and cash flows for the year ended. In preparing the financial statements, the Board made judgements and estimates that are reasonable and prudent and also ensures that the financial statements are prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

## Compliance Statement

The Company has, in all material aspects, complied with the recommendations of the Code throughout the financial year save for the following:

- (a) the tenure of an independent director should not exceed a cumulative term of nine years.

The Board has recommended retaining an independent director whose tenure has exceeded nine years and shall seek shareholders' approval at the forthcoming AGM.

This statement was made in accordance with a resolution of the Board dated 17 March 2016.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“Board”) believes that the practice of good corporate governance is an important continuous process in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board is responsible for the adequacy and effectiveness of the Group’s risk management and internal control system. The Board continues to review the system to ensure that the risk management and internal control system provides a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud. The process is regularly reviewed by the Board and is guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers (“Guidelines”).

The Board has established a risk management framework which consists of a formalised risk management policy and procedure for a systematic and consistent approach to evaluate and improve the adequacy and effectiveness of the Group’s risk management process. The key elements of the risk management framework are as follows:

- (a) a documented risk management policy and procedure with defined risk strategy and risk management policy on risk assessment, risk communication and risk monitoring;
- (b) defined parameters for risk rating; and
- (c) a Risk Management Committee (“RMC”) chaired by the Managing Director of the Company with the main functions of recommending risk management policy to the Board, maintaining overall risk management oversights and to review the risk profile of the Group on an ongoing basis.

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

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard investment, the interest of customers, regulators, employees, and the Group’s assets.

## Key risk management and internal control processes

The key processes that have been established in reviewing the adequacy and effectiveness of the risk management and internal control system include:

- (a) The RMC conducts an annual risk assessment exercise in the identification and evaluation of the significant risk affecting the Company and one of its significant subsidiaries, KEN Grouting Sdn Bhd (“KGSB”). During the year, three significant and three moderate risk areas were selected for review and a general review was performed on the other risk areas. The risk profile of the Company and KGSB together with the Risk Register were updated and presented during the RMC meeting.

The risk assessment performed in 2015 was subsequently reviewed and approved by the Audit Committee and the Board respectively in March 2016.

- (b) The internal audit function reports its findings to the Audit Committee of the Company. The Audit Committee examines the Group’s system of internal control through reviews of reports on risk assessment exercises performed by the RMC and reports from the internal audit function.

During the year, the internal audit function was outsourced to an appointed independent consultant which undertook internal audit reviews on selected risk areas of the Company and KGSB and its findings were presented to the Audit Committee and the Board in August 2015 and November 2015.

- (c) The key elements adopted to monitor and review the effectiveness of the system of internal control were:
  - (i) The organisational structure of the Company and its subsidiaries has defined lines of accountability and authority for all aspects of the business;
  - (ii) Management/project committee meetings and departmental meetings were held weekly to identify, discuss and resolve operational, financial and key management issues;
  - (iii) Budgets were prepared for each subsidiary and reviewed by the Managing Director;

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- (iv) Management reports were prepared monthly and monitored against budget on a quarterly basis;
- (v) Board Committees comprising Audit Committee, Nomination Committee, Remuneration Committee, Management/Project Committee and Risk Management Committee with defined terms of reference and functions have been established;
- (vi) Standard Operating Procedures were documented in Standard Operating Procedure Manuals and covered:
  - Finance and administration processes;
  - Sales administration and marketing processes;
  - Human resources processes;
  - Property management processes; and
  - Purchasing processes.
- (vii) Internal quality audits were conducted on KEN Rimba Sdn Bhd ("KRSB"), KEN TTDI Sdn Bhd ("KEN TTDI") and KGSB during the year to monitor compliance with ISO 9001:2008 as well as identify and monitor operational issues;
- (viii) KGSB, KRSB and KEN TTDI have been certified by a certification body for compliance with ISO 9001:2008;
- (ix) the Audit Committee reviewed the quarterly results before approval by the Board for public releases. The Audit Committee also reviewed the audit findings of the external auditors, the annual financial statements and Annual Report of the Group. The minutes of the Audit Committee were tabled to the Board on a periodic basis. Further details of the activities of the Audit Committee were set out in the Audit Committee report;
- (x) The Group's internal audit function has the responsibility to assure the Board, via the Audit Committee that internal control systems were fully implemented through its audit reviews on selected risk areas during the year and submitted its findings to the Audit Committee; and
- (xi) Appointment of suitable employees with the required qualification and experience to fulfill their responsibilities and to provide education, training and development to enhance employees' skills and to reinforce such qualities.

There is no material joint venture or non-controlling entities that have not been dealt with as part of the Group for risk management and internal control system.

The Board remains committed towards operating a sound system of risk management and internal control and therefore recognises that the system must continuously evolve to support the growth and dynamics of the Group. As such the Board, in striving for continuous improvement, will put in place appropriate action plans, where necessary, to further enhance the Group's system of internal control.

## Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised) Guidance for Auditors on Engagements to report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the year ended 31 December 2015 and reported to the Board that nothing has come to their attention that cause them to believe that the statement is intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

RPG5 does not require the auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This statement is made in accordance with a resolution of the Board dated 17 March 2016.

# AUDIT COMMITTEE

## REPORT

### ESTABLISHMENT AND COMPOSITION

The Audit Committee of KEN Holdings Berhad was established on 19 March 1996. For the financial year ended 31 December 2015, the Committee comprise the following Directors:

Chairman:	YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar	<b>(Independent Non-Executive Director)</b>
Members:	YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail	<b>(Independent Non-Executive Director)</b>
	Sha Thiam Lu (MIA member)	<b>(Independent Non-Executive Director)</b>

### SUMMARY OF THE TERMS OF REFERENCE

#### (1) MEMBERSHIP

- The Committee shall be appointed by the Board from amongst the directors of the Company and shall be composed exclusively of Non-Executive Directors of no fewer than three (3) members, of whom the majority shall be independent.
- The Committee shall include at least one (1) person who is a member of the Malaysian Institute of Accountants or alternatively a person who must have at least three (3) years' working experience and have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967 or is a member of one of the associations of accountants specified in Part II of the said Schedule or alternatively a person who has fulfill such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
- No alternate director shall be appointed as a member of the Committee.
- The members of the Committee shall elect from among their number a Chairman who is non-executive and independent, as defined above.
- In the event of any vacancy in the Committee resulting in the non-compliance of Paragraph 15.09(1) of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements"), the Board shall fill the vacancy within three (3) months of the event.
- The Board shall review the term of office of Committee members no less than once every three (3) years.

#### (2) AUTHORITY

The Committee is authorised by the Board, in accordance with the procedures to be determined by the Board (if any) and at the cost of the Company, to:

- investigate any activity within the Committee's terms of reference;
- have resources which are reasonably required to enable it to perform its duties;
- have full and unrestricted access to any information pertaining to the Company or its subsidiaries;
- have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- convene meetings with the external auditors, internal auditors or both, excluding the attendance of the other directors and employees of the Company, whenever deemed necessary.

#### (3) FUNCTIONS AND RESPONSIBILITIES

- The functions of the Committee shall be, amongst others, to review the following and report the same to the Board:
  - with the external auditors, the scope of the audit and the audit plan;
  - with the external auditors, their evaluation of the system of internal controls;
  - with the external auditors, their management letter and the management's response;
  - with the external auditors, their audit report;
  - the assistance given by the employees to the external auditors;
  - the nomination or re-appointment of the external auditors and their audit fees as well as matters pertaining to resignation or change of the external auditors;
  - 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;
  - the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

# AUDIT COMMITTEE

## REPORT

- (i) the evaluation of the adequacy of the effectiveness of the risk management and internal control systems and to review risk management reports from management for risk identification, assessment and management;
- (j) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
  - (i) any changes in or implementation of major accounting policy changes;
  - (ii) significant adjustments arising from the audit;
  - (iii) significant and unusual events;
  - (iv) the going concern assumption; and
  - (v) compliance with applicable accounting standards and other legal requirements; and
  - (vi) compliance with the Listing Requirements
- (k) any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- (l) to carry out any other responsibilities, functions or assignments as may be defined jointly by the Committee and the Board from time to time.

(3.7) The Committee may report any breach of the Listing Requirements, which has not been satisfactorily resolved to Bursa Securities.

#### (4) QUORUM, ATTENDANCE AND FREQUENCY OF MEETINGS

- (a) The quorum shall be formed only if there is a majority of members present at the meeting who are independent directors.
- (b) The head of the finance department, the representative of the Internal Auditor and a representative of the external auditors shall normally attend meetings. Other Board members and employees may attend any particular meeting upon the invitation of the Audit Committee, specific to the relevant meeting. However, the Committee shall meet at least once a year with the external auditors without the executive Board members being present.
- (c) The Chairman shall call for meetings, to be held not less than four (4) times a year. The external auditors may request a meeting if they consider one necessary.

#### AUDIT COMMITTEE MEETINGS

The Audit Committee met five (5) times during the financial year ended 31 December 2015. The details of the Audit Committee's meetings held and attended by the Committee during the financial year are as follows:

	<b>Name of Members</b>	<b>No. of Audit Committee Meetings Attended/Held</b>
(3.2) The Committee shall establish an internal audit function which is independent of the activities it audits.	Chairman: YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar <i>(Independent Non-Executive Director)</i>	5/5
(3.3) The Committee shall oversee all internal audit functions and is authorised to commission investigations to be conducted by internal audit as it deems fit.	Members: YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail <i>(Independent Non-Executive Director)</i>	4/5
(3.4) The internal auditor shall report directly to the Committee and shall have direct access to the Chairman of the Committee.	Sha Thiam Lu <i>(Independent Non-Executive Director)</i>	5/5
(3.5) All proposals by management regarding the appointment, transfer or dismissal of the internal auditor shall require the prior approval of the Committee.		
(3.6) The Committee shall prepare an annual report to the Board that provides a summary of the activities of the Committee and the internal audit function or activity for inclusion in the Company's Annual Report.		



# AUDIT COMMITTEE

## REPORT

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Audit Committee carried out its duties in accordance with its Terms of Reference. During the financial year ended 31 December 2015, the activities of the Audit Committee included the following:

- (a) Reviewed the unaudited quarterly financial results and announcements of the Company and the Group prior to submission to the Board of Directors for consideration and approval;
- (b) Reviewed the year end financial statements ended 31 December 2014;
- (c) Reviewed the external auditors' reports for the financial year ended 31 December 2014 in relation to audit and accounting issues arising from the audit and the management's response;
- (d) Reviewed the assistance given by the employees to the external auditors in respect of the audit for the financial year ended 31 December 2014;
- (e) Considered the audit fee payable and the nomination of the external auditors for recommendation to the Board for re-appointment;
- (f) Reviewed the Audit Committee Report, Statement of Corporate Governance and Statement on Risk Management and Internal Control for the financial year ended 31 December 2014 and recommended its adoption to the Board;
- (g) Reviewed the external auditors' audit plan and scope of audit for the financial year ended 31 December 2015;
- (h) Met with the external auditors once during the financial year ended 31 December 2015 without the presence of any executive Board members;

- (i) Reviewed the Risk Management Assessment Report of the Company and the Group;
- (j) Reviewed Internal Audit Plan for 2014 – 2016 of the Company, the scope and focus of the internal audit programmes; and
- (k) Reviewed internal audit reports of the Company and its operating subsidiaries prepared by the internal auditor, the audit findings, recommendations made and management's response to the recommendations.

### INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an internal audit consulting company and the selected team is independent of the activities audited by them and the external auditors.

The internal audit function is to ensure a regular review of the adequacy and integrity of the Group's system of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. The Internal Auditor undertakes the internal audit function based on the audit plan that is reviewed and approved by the Audit Committee.

During the financial year, the Internal Auditors conducted the internal control reviews on the operating functions and procedures and recommended action plans for improvement by management. The final audit reports containing audit findings and recommendations together with management's responses thereto were circulated to all members of the Audit Committee. Areas of improvement identified were communicated to the management for further action. All internal audit reports were reviewed by the Audit Committee and discussed at Audit Committee Meetings. Follow-up reviews would subsequently be performed to ascertain the extent of implementation of the recommended corrective actions for improvements.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2015 was RM30,000.

# DISCLOSURE INFORMATION

ADDITIONAL

## UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate proposal during the financial year ended 31 December 2015.

## SHARE BUY-BACK

During the financial year ended 31 December 2015, the Company bought back a total of 2,000 of its ordinary shares of RM0.50 each in KEN ("KEN Share(s)") which are listed on the Main Market of Bursa Malaysia Securities Berhad in the open market. The details of the KEN Shares bought back during the financial year are as follows:

Month	No. of KEN Shares purchased	Purchase price per share (RM)			Average price per share (RM)	Total consideration (RM)
		Lowest	Highest	Average		
May	1,000	1.20	1.20	1.20	1.24	1,244.78
November	1,000	1.02	1.02	1.02	1.06	1,064.73

All the KEN Shares bought back during the financial year are held as treasury shares in accordance with Section 67A(3A)(b) of the Companies Act, 1965. As at 31 December 2015, a total of 12,377,400 KEN Shares were held as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

## OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial year ended 31 December 2015.

## AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

During the financial year ended 31 December 2015, the Company did not sponsor any ADR or GDR programme.

## IMPOSITION OF SANCTIONS OR PENALTIES

There was no sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies during the financial year ended 31 December 2015.

## NON-AUDIT FEES

The total amount of non-audit fees payable to external auditors by the Company and its subsidiaries for the financial year ended 31 December 2015 amounted to RM19,000.

## VARIATION IN RESULTS

There was no material variance between the audited results for the financial year ended 31 December 2015 and the unaudited results previously announced.

## PROFIT GUARANTEE

The Company did not issue any profit guarantee during the financial year ended 31 December 2015.

## MATERIAL CONTRACTS

There were no material contracts (not being contract entered into in the ordinary course of business) entered into by the Company and its subsidiary companies which involve Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2015, or entered into since the end of the previous financial year except as disclosed in Note 26 to the Financial Statements.

# SUSTAINABILITY

## REPORT

### GROUP MANAGING DIRECTOR'S SUSTAINABILITY STATEMENT

The principles of sustainability had long been entrenched in KEN Holdings Berhad's ("KEN") corporate culture through our core values. Our commitments to the economic, social and environmental responsibility as a corporate entity are well demonstrated in our efforts and achievements over the years.

KEN has been incorporated for over 35 years, and has been publicly listed since 1996. Over this period of time we have consistently contributed to the sustainable economic development of the nation. Operating mainly in the property development and construction sector, KEN continued to be a valued employer striving always to ensure the wellbeing of the team. With an annual team appraisal, payment scheme and employee benefits that reflect its commitment to its team. The management and leadership at KEN are committed to ensuring career and individual development.

KEN recognises its responsibility as a corporate entity to actively contribute to community and social development. Driven by the belief and desire to support the nation's youth through education and employment, the KEN Foundation was set up in 2005. Through the Foundation we have financially supported students through their university education. We have also helped develop the careers of these students via our internship programme. Our internship programme ensures that the students receive practical and relevant industry experience and training which ensures their transition into their careers and supports their career development.

On top of the core social sustainability work done through the Foundation, KEN plays an active role in the community by supporting local green drives. This year we took on the TTDI Police Station Greening initiative. We also encourage and support our sport club – Kelan Sukan & Social KEN's community efforts such as the East Coast Flood donation drive and their participation in the Earth Hour Walk.

We have a keen awareness of our responsibility towards the environment. The nature of our business involves risks of environmental damage should we not remain mindful of our practices and carbon footprint. Therefore, we as a company had worked towards achieving a carbon neutral status which we had maintained for over 5 years, since the year 2010. We are also constantly looking at using environmentally friendly building materials and are committed to remaining energy efficient through our building process.

Our commitment towards building environmentally sustainable buildings is also part of this effort. As pioneers of green development in Malaysia, we have embarked upon sustainable building initiatives constantly working at building developments that not only are built responsibly and in accordance with international green building guidelines, but are also aimed at the building of sustainable lifestyles into the lives of those who buy our homes. We have successfully launched a series of green buildings beginning with KEN Bangsar which received the prestigious FIABCI Malaysia Property Award 2011 in Sustainable Development Category. The building was also the first building in Malaysia to receive the Singapore Building and Construction Authority (BCA) Green Mark Gold<sup>PLUS</sup> Award.

KEN Rimba, the nation's pilot green township was also a recipient of the FIABCI Malaysia Property Award 2014 in Sustainable Development Category. KEN Rimba Legian Residences achieved the BCA Green Mark Gold Award. KEN Rimba Jimbaran Residences and KEN Rimba Condominium 1 have also achieved the BCA Green Mark Gold<sup>PLUS</sup> Award. In the area of commercial buildings, the MSC status Menara KEN@TTDI has been the nation's first building to achieve the US Green Building Council (USGBC) LEED Platinum Award (Pre-certification) in addition to the BCA Green Mark Platinum Award (Provisional).

I am also humbled to be accorded the BCA Young Green Advocate in 2015 by the Building and Construction Authority (BCA) of Singapore. In the spirit of Mottainai (the Japanese philosophy that best translates to mean the careful stewardship of all available resources) which has long been engrained as a core value of the group, we had always remained very mindful of our responsibility towards the environment. The award is truly an affirmation of my efforts in the continuous and active building of a culture, within our company, and into our developments, that takes our commitment towards caring for the environment seriously.

We are a boutique firm and recognise that the scale of our efforts are small but we are confident that as a corporate entity we have taken significant steps in ensuring we play an effective role in the sustainable development of our nation economically, socially and environmentally. We shall continue on in our efforts building sustainable developments and ensuring we continuously remain the responsible corporate entity we have demonstrated we are.

I am humbled and grateful by the efforts of our Board, management and employees to ensure that the company remains consistent from its core to its practices to our commitments to these efforts and am confident that KEN will continue to not only play our part and contribute but to make valuable impact within our communities and the industry.

**Tan Chek Siong**  
*Group Managing Director*  
KEN Holdings Berhad

# SUSTAINABILITY

## REPORT

### SOCIAL RESPONSIBILITY

#### KEN Foundation

Conceived from the deep belief that education and opportunity are keys to the growth and development of our youth, KEN Foundation has sought to contribute to the building of the nation's youth through the provision of financial assistance, work experience and opportunities.

The KEN Foundation scholarship programme funds the costs of university education in a local institution and assists scholars with their living costs throughout the period. Focusing on meeting needs, the Foundation funds needy and able students: able in that they have secured a place in a local university institution and needy because financial support for the costs of study is unavailable to them. The KEN Foundation scholarship fund is built upon the contributions from KEN and donors. KEN contributes 1% of its annual pre-tax profit to the fund.

KEN Foundation does not just fund these scholars. Part of their initiative includes assisting scholars in the building of a resume so as to equip them for work. KEN scholars therefore are given work experience through the KEN internship programme. The programme sees that the scholars are placed in the relevant departments to gain practical industry experience that would train and prime them for a job. This ensures they gain useful and valuable work experience that would assist in building their resumes. KEN has also continued to offer graduated KEN scholars jobs and work experience within the Company.

#### Current KEN Foundation Scholars

In 2015 KEN Foundation has seen five more scholars through to graduation. Three of which, Ahmad Fadli bin Arif, Fatin Nabilah Bt Mohd Dali and Nur Syafira binti Nasarudin, had recently graduated from their degrees and have joined KEN as employees.



Ahmad Fadli bin Arif has been a KEN Foundation scholar since 2010. The foundation supported Fadli through his degree in the Bachelor of Architecture and Science Architecture at the University Sains Malaysia. Through his degree Fadli interned at KEN during his term breaks. He graduated in 2015 and has since been employed at KEN as an Assistant Resident Architect and Assistant Site Supervisor. "To accomplish anything in life, there needs to be a plan and a path to get there," said Fadli adding that the scholarship had provided him with a pathway to achieving his lifelong plan.



Fatin Nabilah Bt Mohd Dali was a recipient of KEN Foundation scholarship in 2010. She graduated from the University Sains Malaysia with a Bachelor (Hons) degree in Accounting and joined KEN as an employee in 2015. "I am grateful to KEN Foundation for financing the costs of my study," Fatin said, "it has taken the burden off my parents and for myself, I do not have to think about any loan repayments upon graduation." She added that the practical skills she has picked up from her internship and the job opportunity has given her a good start.



Nur Syarifa binti Nasarudin graduated from University Putra Malaysia with a Bachelor of Civil Engineering in 2014 and joined KEN as an employee in 2015. Being the firstborn in her family, Syarifa had needed to be financially independent so as to not burden her family and while she had aspirations and ambitions it would have been hard for her to pursue them if it were not for the assistance she had gotten through the scholarship. "I am thankful for KEN Foundation. Personally I think it is great to know that there is support such as KEN Foundation assisting students in achieving their educational pursuits," she added.

# SUSTAINABILITY

## REPORT

### COMMUNITY EFFORTS

KEN understand its role as a corporate entity to continue to contribute positively to the communities it operates in.



*Appreciation to our Group Executive Chairman - Dato' Kenny Tan and Group Managing Director – Sam CS Tan*

#### East Coast Flood Donation Drive

The employees of KEN had actively contributed to a donation drive for the victims of the East Coast floods. During the drive, kitchen appliances and household items were donated on top of a cash donation.



#### Taman Tun Dr. Ismail (TTDI) Police Station

In 2015, Bukit Aman began taking initiatives towards building a greener workplace. The TTDI Police Station was chosen as the pilot for the initiative. Seeing the importance of its role in helping the community build sustainable and green practices, KEN played an active role in the greening of the TTDI station.

TTDI Police Station greening initiative saw the repainting and upgrading of the station's outdoor spaces, the planting of trees and landscaping to provide more green spaces within the station's compound. KEN also redesigned and rebuilt the outdoor rest area adding a transparent roof to the pergola. To encourage the reuse of rainwater, KEN also installed a rainwater harvesting system.



### ENVIRONMENTAL CONSCIOUSNESS

2015 saw Group Managing Director, Sam CS Tan, named as the Building and Construction Authority- Singapore Green Building Council (BCA-SGBC) Young Green Advocate of the year. The award was based on his efforts in advocating environmentally conscious practices in building and construction industry on top of inculcating environmental consciousness within the company culture. Under his leadership, he has led KEN Holdings further in their efforts in championing sustainable development. Further to that the Company strives to build developments that encourage and champion a sustainable lifestyle.



# SUSTAINABILITY REPORT

## Carbon Neutral Status

KEN obtained its Carbon Neutral Status in 2010 and has maintained this ever since. In 2014 the company generated 313 tonnes of greenhouse gas which was neutralised by emission reductions in the climate protection projects in the Siam Quality Waste Water Treatment in Thailand and the Conservation of the Tanjung Puting National Park in Indonesia.



## Siam Quality Starch Waste Water Treatment

Over the last two decades, because of its escalating economic growth, Thailand saw a growing energy demand. The Siam Quality Starch Company Limited extracts and refines starch from tapioca root. The process sees the production of over 200,000 tonnes of residual product, huge amounts of waste water and the release of large amounts of methane gas. The company had devised a method to turn treat the wastewater and capture the methane. The methane is then decomposed and turned effectively into biogas, which is used to generate electricity.

The project actively contributes to local sustainable development by improving the local air and water quality, reduces odour caused by methane emissions and increases the energy efficiency of the company while conserving energy and reducing its dependence upon traditional fossil fuel.



*Siam Quality Waste Water Treatment in Thailand*



*Conservation of the Tanjung Puting National Park in Indonesia*

## Tanjung Puting National Park

The exploitation of resources in Borneo island has caused the loss of over 850,000 hectares of its natural rainforests. A particular concern is the endangerment of its Orang Utan. The Tanjung Puting National park project aims to buy land use rights for the land bordering the protected areas so as to preserve and protect the existing forest.

This forest conservation project aims to protect the habitat of the natural animal and plant species, many of which are endangered or at the brink of extinction. The project also increases the regional awareness of the destruction and protection of tropical rainforests while creating jobs within the cause. The project revenue also goes towards supporting auxiliary causes such as the Orangutan Foundation.



# SUSTAINABILITY

## REPORT



### Earth Hour Walk

Kelab Sukan dan Social KEN (KSSK) also participated in the World Wide Fund for Nature (WWF) Earth Hour walk. The WWF Earth Hour is a worldwide movement started to create awareness about the environmental issues the earth now faces. Uniting people across the world, the Earth Hour urges people to be mindful about the environment and to protect the planet.

### SUSTAINABLE LIFESTYLE

KEN believes in building sustainable lifestyle practices into their developments. The KEN Rimba Township has built composting and recycling into lifestyles by making available compost and recycling bins. Bicycles are also provided to encourage occupants to reduce their carbon footprints by cycling or walking when running short errands.



### GREEN INNOVATIONS

Since the development of KEN Bangsar in 2010 which received several green building awards KEN has been innovating, pioneering and implementing water and energy conservation features within their developments.

### Bioswale

Used at KEN Rimba Township playground and KEN Rimba Jimbaran Residences, Bioswale is a landscape element utilised to remove silt and pollution from surface runoff water before it is released to the storm sewer. It is a swaled drainage course with gently sloped sides filled with vegetation, compost or riprap. Water is flowed along these wide and shallow ditches that are designed to trap pollutants and silt. Certain biological factors will also contribute to the breakdown of certain pollutants.



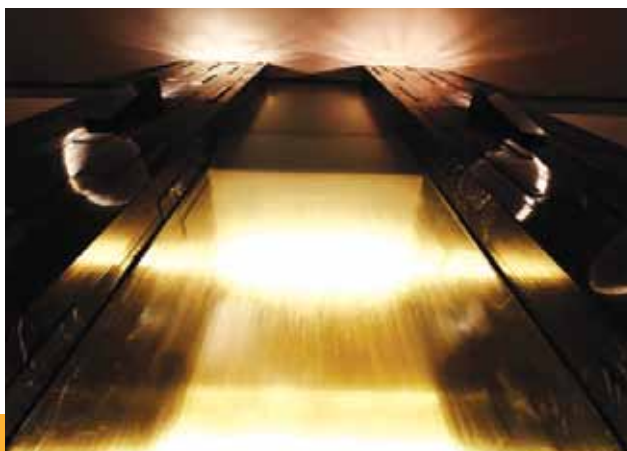
# SUSTAINABILITY

## REPORT



### Breathable Roof

KEN Rimba's Legian and Jimbaran Residences utilises a roof concept that was developed to reduce trapping of heat by about 15% hence reducing the reliance on mechanical ventilation and therefore works to conserve energy usage in these homes. The ridge-tile design works to convect heat upward and the gap between the ridge tiles and balance openings from both sides of the roof eave would allow for the heat to escape and for ventilation serving to reduce the heat in the roof attic space.



### CHEEL System

Developed for KEN Bangsar, the CHEEL system is a ventilation and water heating system that draws upon the heat and condensation of the air conditioning units. The CHEEL system harvests the water from the condensation of the air conditioning units to be recycled. An installed heat pump harvests the heat from the air conditioning compressors to produce hot water for the public area toilets. The cool air discharged from the pump is flowed through a water feature to facilitate ventilation of the lobby space. The system reduces the need for water heating and air conditioning in the lobby area of the building.

### Rainwater Harvesting

While KEN Bangsar and all KEN Rimba developments have rainwater harvesting tanks installed, the rainwater harvesting tank at Menara KEN @ TTDI also serves as a sedimentation tank. Slum tanks have also been installed in the building to manage overflow. The water harvested will be channelled to water closets, urinals as well as the irrigation system in the building.

# DIRECTORS' REPORT

for the year ended 31 December 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

## Principal activities

The Company is principally engaged in investment holding and provision of management services whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## Results

	Group RM'000	Company RM'000
Profit for the year	23,320	8,100

## Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review except as disclosed in the financial statements.

## Dividends

Since the end of the previous financial year, the Company paid a first and final ordinary dividend of 3.0 sen per ordinary share totalling RM5,380,338 in respect of the financial year ended 31 December 2014 on 18 June 2015.

The first and final ordinary dividend recommended by the Directors in respect of the financial year ended 31 December 2015 is 3.0 sen per ordinary share totalling RM5,380,278. This dividend will be recognised in subsequent financial period upon approval by the owners of the company

## Directors of the Company

Directors who served since the date of the last report are:

Dato' Tan Boon Kang  
Tan Moon Hwa  
Tan Chek Siong  
YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar  
YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail  
Dato' Ir. Dr. Ashaari bin Mohamad  
Sha Thiam Lu  
Tang Kam Chee (Resigned on 31.07.2015)

# DIRECTORS' REPORT

for the year ended 31 December 2015

## Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouse or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Company	At 1.1.2015 '000	Bought '000	Sold '000	At 31.12.2015 '000
Directors of the Company:				
Interests in the Company:				
Dato' Tan Boon Kang	3,964	–	–	3,964
Tan Chek Siong	6,242	–	–	6,242
Tan Moon Hwa	1,203	–	–	1,203
Indirect interests in the Company:				
Dato' Tan Boon Kang	83,766	–	–	83,766
<i>Spouse of Dato' Tan Boon Kang:</i>				
Interests in the Company:				
To' Puan Lau Pek Kuan	3,917	–	–	3,917
Indirect interests in the Company:				
To' Puan Lau Pek Kuan	83,814	–	–	83,814
<i>Children of Dato' Tan Boon Kang:</i>				
Interests in the Company:				
Tan Chek Een	6,000	–	–	6,000
Tan Chek Ying	6,000	–	–	6,000

By virtue of his interest in the shares of the Company, Dato' Tan Boon Kang is also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2015 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

## Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown 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 the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 26 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

# DIRECTORS' REPORT

for the year ended 31 December 2015

## Issue of shares and debentures

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

## Treasury shares

During the financial year, the Company repurchased 2,000 of its issued ordinary shares for a total cash consideration of RM2,310 from the open market at an average price of RM1.16 per share. As at 31 December 2015, total treasury shares held by the Company was 12,377,400.

## Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

## Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.



# DIRECTORS' REPORT

for the year ended 31 December 2015

## Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Dato' Tan Boon Kang**

.....  
**Tan Chek Siong**

Kuala Lumpur, Malaysia

Date: 17 March 2016

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Assets</b>					
Property, plant and equipment	3	14,882	12,462	–	–
Land held for property development	4	103,876	98,623	–	–
Investment properties	5	93,246	67,543	–	–
Investments in subsidiaries	6	–	–	57,891	53,891
Other investments	7	26	26	–	–
Deferred tax assets	8	13,194	9,782	311	206
<b>Total non-current assets</b>		<b>225,224</b>	<b>188,436</b>	<b>58,202</b>	<b>54,097</b>
Inventories	9	56,338	57,756	–	–
Property development costs	10	19,271	17,996	–	–
Current tax assets		118	294	–	–
Trade and other receivables	11	14,462	6,505	80,030	73,274
Cash and cash equivalents	12	18,343	11,794	9,318	29
<b>Total current assets</b>		<b>108,532</b>	<b>94,345</b>	<b>89,348</b>	<b>73,303</b>
<b>Total assets</b>		<b>333,756</b>	<b>282,781</b>	<b>147,550</b>	<b>127,400</b>
<b>Equity</b>					
Share capital		95,860	95,860	95,860	95,860
Reserves		135,957	116,345	30,243	27,525
<b>Equity attributable to owners of the Company</b>	13	<b>231,817</b>	<b>212,205</b>	<b>126,103</b>	<b>123,385</b>
Non-controlling interests		41	55	–	–
<b>Total equity</b>		<b>231,858</b>	<b>212,260</b>	<b>126,103</b>	<b>123,385</b>
<b>Liabilities</b>					
Deferred tax liabilities	8	17,523	17,209	–	–
<b>Total non-current liabilities</b>		<b>17,523</b>	<b>17,209</b>	<b>–</b>	<b>–</b>
Trade and other payables	14	78,384	46,966	19,364	1,934
Loans and borrowings	15	2,000	2,000	2,000	2,000
Current tax liabilities		3,991	4,346	83	81
<b>Total current liabilities</b>		<b>84,375</b>	<b>53,312</b>	<b>21,447</b>	<b>4,015</b>
<b>Total liabilities</b>		<b>101,898</b>	<b>70,521</b>	<b>21,447</b>	<b>4,015</b>
<b>Total equity and liabilities</b>		<b>333,756</b>	<b>282,781</b>	<b>147,550</b>	<b>127,400</b>

The notes on pages 43 to 83 are an integral part of these financial statements.



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Revenue</b>					
- property development revenue		73,789	90,688	–	–
- dividends		–	–	8,014	11,872
- management fees		477	394	900	948
		<b>74,266</b>	<b>91,082</b>	<b>8,914</b>	<b>12,820</b>
<b>Cost of sales</b>					
- property development costs		(33,900)	(35,816)	–	–
<b>Gross profit</b>		<b>40,366</b>	<b>55,266</b>	<b>8,914</b>	<b>12,820</b>
Other income		3,826	3,150	–	–
Distribution expenses		(322)	(1,187)	–	–
Administrative expenses		(12,308)	(13,620)	(790)	(822)
<b>Results from operating activities</b>		<b>31,562</b>	<b>43,609</b>	<b>8,124</b>	<b>11,998</b>
Finance income		455	320	191	5
Finance costs		(105)	(190)	(105)	(110)
<b>Profit before tax</b>		<b>31,912</b>	<b>43,739</b>	<b>8,210</b>	<b>11,893</b>
Tax expense	16	(8,592)	(12,018)	(110)	(240)
<b>Profit from continuing operations</b>		<b>23,320</b>	<b>31,721</b>	<b>8,100</b>	<b>11,653</b>
<b>Discontinued operation</b>					
Profit from discontinued operation, net of tax	17	–	231	–	–
<b>Profit for the year</b>	18	<b>23,320</b>	<b>31,952</b>	<b>8,100</b>	<b>11,653</b>
<b>Other comprehensive income, net of tax</b>					
Revaluation surplus on property, plant and equipment	19	2,155	–	–	–
Foreign currency translation differences for foreign operations		–	(8)	–	–
<b>Total other comprehensive income/(expense) for the year</b>		<b>2,155</b>	<b>(8)</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income for the year</b>		<b>25,475</b>	<b>31,944</b>	<b>8,100</b>	<b>11,653</b>
<b>Profit for the year attributable to:</b>					
Owners of the Company		<b>23,320</b>	<b>31,952</b>	<b>8,100</b>	<b>11,653</b>
<b>Total comprehensive income for the year attributable to:</b>					
Owners of the Company		<b>25,475</b>	<b>31,944</b>	<b>8,100</b>	<b>11,653</b>
<b>Basic earnings per ordinary share (sen):</b>					
- continuing operations	20	12	18		
- discontinued operations		–	#		
		<b>12</b>	<b>18</b>		

# Denotes less than 1 sen

The notes on pages 43 to 83 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

Group	Note	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
		Non-distributable				Distributable			
		Share capital	Treasury shares	Revaluation reserve	Translation reserve	Retained earnings			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2014</b>		95,860	(5,354)	6,212	(729)	87,574	183,563	55	183,618
Profit for the year		–	–	–	–	31,952	31,952	–	31,952
Foreign currency translation difference for foreign operations		–	–	–	(8)	–	(8)	–	(8)
Realisation of translation reserve from disposal of a subsidiary		–	–	–	737	–	737	–	737
Total comprehensive income for the year		–	–	–	729	31,952	32,681	–	32,681
Own shares acquired	13	–	(4)	–	–	–	(4)	–	(4)
Dividends paid to owners of the Company	21	–	–	–	–	(4,035)	(4,035)	–	(4,035)
<b>At 31 December 2014</b>		95,860	(5,358)	6,212	–	115,491	212,205	55	212,260
		Note 13.1	Note 13.2	Note 13.3	Note 13.4				
<b>At 1 January 2015</b>		95,860	(5,358)	6,212	–	115,491	212,205	55	212,260
Profit for the year		–	–	–	–	23,320	23,320	–	22,320
Revaluation of property, plant and equipment		–	–	2,155	–	–	2,155	–	2,155
Total comprehensive income for the year		–	–	2,155	–	23,320	25,475	–	25,475
Acquisition of additional shares in a subsidiary	6	–	–	–	–	(481)	(481)	(14)	(495)
Own shares acquired	13	–	(2)	–	–	–	(2)	–	(2)
Dividends paid to owners of the Company	21	–	–	–	–	(5,380)	(5,380)	–	(5,380)
<b>At 31 December 2015</b>		95,860	(5,360)	8,367	–	132,950	231,817	41	231,858
		Note 13.1	Note 13.2	Note 13.3	Note 13.4				

The notes on pages 43 to 83 are an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

Company	Note	<i>Non-distributable</i>		<i>Distributable</i>	Total
		Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	
<b>At 1 January 2014</b>		95,860	(5,354)	25,265	115,771
Total comprehensive income for the year		–	–	11,653	11,653
Own shares acquired	13	–	(4)	–	(4)
Dividends paid to owners of the Company	21	–	–	(4,035)	(4,035)
<b>At 31 December 2014/1 January 2015</b>		<b>95,860</b>	<b>(5,358)</b>	<b>32,883</b>	<b>123,385</b>
Total comprehensive income for the year		–	–	<b>8,100</b>	<b>8,100</b>
Own shares acquired	13	–	<b>(2)</b>	–	<b>(2)</b>
Dividends paid to owners of the Company	21	–	–	<b>(5,380)</b>	<b>(5,380)</b>
<b>At 31 December 2015</b>		<b>95,860</b>	<b>(5,360)</b>	<b>35,603</b>	<b>126,103</b>
		Note 13.1	Note 13.2		

The notes on pages 43 to 83 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax from:					
- continuing operations		<b>31,912</b>	43,739	<b>8,210</b>	11,893
- discontinued operation		–	231	–	–
		<b>31,912</b>	43,970	<b>8,210</b>	11,893
Adjustments for:					
Depreciation of investment properties	5	<b>186</b>	155	–	–
Depreciation of property, plant and equipment	3	<b>705</b>	751	–	–
Dividend income		–	–	<b>(8,014)</b>	(11,872)
Finance income		<b>(455)</b>	(320)	<b>(191)</b>	(5)
Finance costs		<b>105</b>	190	<b>105</b>	110
Gain on disposal of property, plant and equipment		<b>(40)</b>	(5)	–	–
Reversal of accrual for project costs		<b>(1,060)</b>	(3,207)	–	–
Unrealised gain on foreign exchange		<b>(101)</b>	–	–	–
<b>Operating profit before changes in working capital</b>		<b>31,252</b>	41,534	<b>110</b>	126
Changes in working capital:					
Land held for property development		<b>(5,238)</b>	(439)	–	–
Inventories		<b>1,418</b>	(4,863)	–	–
Property development costs		<b>(1,290)</b>	8,734	–	–
Trade and other receivables		<b>(7,957)</b>	8,848	<b>(6,756)</b>	1,838
Trade and other payables		<b>32,478</b>	(22,576)	<b>17,430</b>	(10,011)
<b>Cash generated from/(used in) operations</b>		<b>50,663</b>	31,238	<b>10,784</b>	(8,047)
Interest received		<b>239</b>	275	–	–
Tax paid		<b>(12,475)</b>	(10,743)	<b>(213)</b>	(178)
Tax refunded		<b>188</b>	257	–	–
<b>Net cash from/(used in) operating activities</b>		<b>38,615</b>	21,027	<b>10,571</b>	(8,225)

# STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Cash flows from investing activities</b>					
Additions to property, plant and equipment	3	(552)	(143)	–	–
Proceeds from disposal of a subsidiary, net of cash and cash equivalents disposed of	17	–	(478)	–	–
Dividends received		–	–	8,014	11,872
Interest income from fixed deposits		216	45	191	5
Additions to investment properties	5	(25,889)	(13,889)	–	–
Increase in investment in subsidiary	6	–	–	(4,000)	–
Proceeds from disposal of property, plant and equipment		40	5	–	–
<b>Net cash (used in)/from investing activities</b>		<b>(26,185)</b>	<b>(14,460)</b>	<b>4,205</b>	<b>11,877</b>
<b>Cash flows from financing activities</b>					
Acquisition of non-controlling interest	6	(495)	–	–	–
Dividends paid to owners of the Company	21	(5,380)	(4,035)	(5,380)	(4,035)
Drawdown of loans and borrowings		–	9,350	–	9,350
Repayment of loans and borrowings		–	(8,850)	–	(8,850)
Repurchase of treasury shares	13	(2)	(4)	(2)	(4)
Interest paid		(105)	(190)	(105)	(103)
<b>Net cash used in financing activities</b>		<b>(5,982)</b>	<b>(3,729)</b>	<b>(5,487)</b>	<b>(3,642)</b>
<b>Net increase in cash and cash equivalents</b>		<b>6,448</b>	<b>2,838</b>	<b>9,289</b>	<b>10</b>
<b>Effect of exchange rate fluctuations on cash held</b>		<b>101</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Cash and cash equivalents at 1 January</b>		<b>11,794</b>	<b>8,956</b>	<b>29</b>	<b>19</b>
<b>Cash and cash equivalents at 31 December</b>		<b>18,343</b>	<b>11,794</b>	<b>9,318</b>	<b>29</b>

## Notes to cash flow statements

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

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	12	8,664	11,384	55	29
Liquid investments	12	9,263	–	9,263	–
Deposits placed with licensed banks	12	416	410	–	–
		<b>18,343</b>	<b>11,794</b>	<b>9,318</b>	<b>29</b>

The notes on pages 43 to 83 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

Ken Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

## Principal place of business/Registered office

6, Jalan Datuk Sulaiman  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur, Malaysia.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 31 December 2015 do not include other entities.

The Company is principally engaged in investment holding activities and provision of management services whilst the principal activities of the subsidiaries are as stated in Note 6.

These financial statements were authorised for issue by the Board of Directors on 17 March 2016.

## 1. Basis of preparation

### (a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards (“FRSs”) and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

#### ***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016***

- FRS 14, Regulatory Deferral Accounts
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

#### ***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018***

- FRS 9, *Financial Instruments (2014)*

#### ***FRSs, Interpretations and amendments effective for a date yet to be confirmed***

- Amendments to FRS 10, *Consolidated Financial Statements* and FRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for FRS 14, Amendments to FRS 5, Amendments to FRS 11 and Amendments to FRS 138 which are not applicable to the Group and the Company.

The Group and the Company's financial statements for annual period beginning on 1 January 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB and International Financial Reporting Standards ("IFRSs").

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

#### **Amendments to FRS 10, Consolidated Financial Statements, FRS 12, Disclosure of Interests in Other Entities and FRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception**

The amendments to FRS 10, FRS 12 and FRS 128 require an investment entity parent to fair value a subsidiary providing investment-related services that is itself an investment entity, an intermediate parent owned by an investment entity group can be exempt from preparing consolidated financial statements and a non-investment entity investor can retain the fair value accounting applied by its investment entity associate or joint venture.

The Group is currently assessing the financial impact that may arise from the adoption of the amendments.

The Group and the Company fall within the scope of IC Interpretation 15, *Agreements for the Construction of Real Estate*. Therefore, the Group and the Company is currently exempted from adopting the MFRS and is referred to as a "Transitioning Entity".

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

### (c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 5 – fair value of investments properties
- Note 10 – calculation of revenue and cost of sales for property developments project
- Notes 14 and 23.4 – provisions and financial guarantees



# NOTES TO THE FINANCIAL STATEMENTS

## 2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has the de facto power over an investee when, despite not having the majority of voting right, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

#### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

#### (iii) Acquisition of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### (iv) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

#### (v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### (b) Foreign currency

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date.

Foreign currency differences arising on retranslation are recognised in profit or loss.

In the consolidated financial statement, when a settlement of a monetary item receivable or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the Foreign Currency Translation Reserve ("FCTR") in equity.

### (c) Financial instruments

#### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. Significant accounting policies (continued)

### (c) Financial instruments (continued)

#### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

##### ***Financial assets***

##### ***(a) Loans and receivables***

Loans and receivables category comprises debt instruments that are not quoted in an active market.

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

##### ***(b) Available-for-sale financial assets***

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments 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.

All financial assets are subject to review for impairment (see Note 2(l)(i)).

##### ***Financial liabilities***

All financial liabilities are subsequently measured at amortised cost.

#### (iii) Financial guarantee contracts

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

Financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. Significant accounting policies (continued)

### (c) Financial instruments (continued)

#### (iv) 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 control of the financial asset is not retained or substantially all of the risks and rewards of ownership of the financial assets are transferred to another party. 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 profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### (d) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

The Group revalues its property comprising land and building every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from the carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

#### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. Significant accounting policies (continued)

### (d) Property, plant and equipment (continued)

#### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

• freehold building	25 years
• leasehold land	60 - 85 years
• motor vehicles	5 years
• site equipment	5 years
• plant and machinery	5 years
• office equipment	5 years
• furniture and fittings	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

### (e) Leased assets

#### Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

### (f) Investment properties

#### (i) Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. Significant accounting policies (continued)

### (f) Investment properties (continued)

#### (ii) Determination of fair value

The Directors estimate the fair values of the Group's investment properties for disclosure purposes without involvement of independent valuers.

The 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 (see Note 2(w)).

#### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of investment properties. Freehold land is not depreciated. Investment properties under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods for building are 25 - 50 years.

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

### (g) Inventories

Completed properties held for sale are measured at the lower of cost and net realisable value.

The cost of inventories includes expenditures incurred in the acquisition of land, direct cost and appropriate proportions of common cost attributable to developing the properties to completion.

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

### (h) Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of trade and other receivables as amount due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred income in the statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. Significant accounting policies (continued)

### (i) Land held for property development

Land held for property development consists of land or such portions thereof on which no development activity has been carried out or where development activities are not expected to be completed within the Group's operating cycle of 2 to 3 years. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses.

Land held for property development is classified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's operating cycle of 2 to 3 years.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group has previously carried the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201.

### (j) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value. The excess of revenue recognised in profit or loss over billings to the purchasers is shown as progress billings receivable under trade and other receivables while the excess billing to purchasers over revenue recognised in profit or loss is shown as progress billings under trade and other payables.

### (k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdraft.

### (l) Impairment

#### (i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.



# NOTES TO THE FINANCIAL STATEMENTS

## 2. Significant accounting policies (continued)

### (l) Impairment (continued)

#### (i) Financial assets (continued)

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

#### (ii) Other assets

The carrying amounts of other assets (except for inventories, assets arising from construction contracts and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### (m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

##### (i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

##### (ii) Ordinary shares

Ordinary shares are classified as equity.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. Significant accounting policies (continued)

### (m) Equity instruments (continued)

#### (iii) Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sale consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

### (n) Employee benefits

#### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (ii) State plans

The Group's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction future payments is available.

### (o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### (p) Revenue and other income

#### (i) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. Significant accounting policies (continued)

### (p) Revenue and other income (continued)

#### (ii) Property development

Revenue from property development activities are recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for works performed to date bear to the estimated total property development costs.

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

Any expected loss on a development project, including cost to be incurred over the defect liability period, is recognised immediately in profit or loss.

Revenue from the sale of completed properties is measured at fair value of the consideration received or receivable and is recognised, in the profit or loss when significant risks and rewards of ownership have been transferred to the customer.

#### (iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### (iv) Management fee income

Management fee income is recognised on an accrual basis.

#### (v) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

#### (vi) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

### (q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. Significant accounting policies (continued)

### (r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

### (s) Discontinued operations

A discontinued operation is a component of the Group's business that represents a geographical area of operations that has been disposed of. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

### (t) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

### (u) 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 Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. Significant accounting policies (continued)

### (v) Contingencies

#### (i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

#### (ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one of more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

### (w) Fair value measurement

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

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

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

Level 1: quoted price (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date.

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

Level 3: unobservable inputs for the assets and liabilities.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 3. Property, plant and equipment

Group	Building RM'000	Land RM'000	Motor vehicles RM'000	Site equipment RM'000	Plant and machinery RM'000	Office equipment RM'000	Furniture and fittings RM'000	Total RM'000
<b>Cost/Valuation</b>								
At 1 January 2014	500	11,547	3,425	358	7,502	1,121	322	24,775
Additions	–	–	–	–	46	83	14	143
Disposals	–	–	(34)	–	–	–	–	(34)
Transfer	–	–	–	–	–	(12)	12	–
At 31 December 2014/ 1 January 2015	<b>500</b>	<b>11,547</b>	<b>3,391</b>	<b>358</b>	<b>7,548</b>	<b>1,192</b>	<b>348</b>	<b>24,884</b>
Additions	–	–	–	–	532	2	18	552
Disposals	–	–	(389)	–	–	–	–	(389)
Revaluation reserve	250	2,323	–	–	–	–	–	2,573
Adjustments for revaluation	(100)	(670)	–	–	–	–	–	(770)
At 31 December 2015	<b>650</b>	<b>13,200</b>	<b>3,002</b>	<b>358</b>	<b>8,080</b>	<b>1,194</b>	<b>366</b>	<b>26,850</b>
<b>Representing items at:</b>								
Cost	–	–	3,002	358	8,080	1,194	366	13,000
Valuation - 2015	650	13,200	–	–	–	–	–	13,850
At 31 December 2015	<b>650</b>	<b>13,200</b>	<b>3,002</b>	<b>358</b>	<b>8,080</b>	<b>1,194</b>	<b>366</b>	<b>26,850</b>
<b>Depreciation</b>								
At 1 January 2014	60	402	2,483	358	7,473	709	220	11,705
Depreciation for the year	20	134	414	–	23	128	32	751
Disposals	–	–	(34)	–	–	–	–	(34)
Transfer	–	–	–	–	–	(5)	5	–
At 31 December 2014/ 1 January 2015	<b>80</b>	<b>536</b>	<b>2,863</b>	<b>358</b>	<b>7,496</b>	<b>832</b>	<b>257</b>	<b>12,422</b>
Depreciation for the year	20	134	304	–	89	128	30	705
Disposals	–	–	(389)	–	–	–	–	(389)
Adjustments for revaluation	(100)	(670)	–	–	–	–	–	(770)
At 31 December 2015	<b>–</b>	<b>–</b>	<b>2,778</b>	<b>358</b>	<b>7,585</b>	<b>960</b>	<b>287</b>	<b>11,968</b>
<b>Carrying amounts</b>								
At 1 January 2014	440	11,145	942	–	29	412	102	13,070
At 31 December 2014/ 1 January 2015	<b>420</b>	<b>11,011</b>	<b>528</b>	<b>–</b>	<b>52</b>	<b>360</b>	<b>91</b>	<b>12,462</b>
At 31 December 2015	<b>650</b>	<b>13,200</b>	<b>224</b>	<b>–</b>	<b>495</b>	<b>234</b>	<b>79</b>	<b>14,882</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 3. Property, plant and equipment (continued)

### 3.1 Property, plant and equipment under the revaluation model

The Group's freehold land and building and long term leasehold land were revalued by the Directors in 2015 based on valuations carried out on 17 February 2016 and 14 March 2016 by Mr Long Tian Chek, an independent registered professional valuers with Henry Butcher Malaysia Sdn. Bhd., using the comparison method.

Had the land and building been carried under the cost model, their carrying amounts would have been as follows:

	Group	
	2015	2014
	RM'000	RM'000
Freehold land	490	490
Freehold buildings	82	86
Leasehold land with unexpired lease period of more than 50 years	1,711	1,738
	<b>2,283</b>	<b>2,314</b>

### 3.2 Land

Included in the carrying amount of land are:

	Group	
	2015	2014
	RM'000	RM'000
Freehold land	3,750	2,700
Leasehold land with unexpired lease period of more than 50 years	9,450	8,311
	<b>13,200</b>	<b>11,011</b>

## 4. Land held for property development

Group	Freehold land	Development costs	Total
	RM'000	RM'000	RM'000
<b>Cost</b>			
At 1 January 2014	101,082	2,826	103,908
Additions	341	98	439
Less: Transferred to property development costs	(4,715)	(1,009)	(5,724)
At 31 December 2014/1 January 2015	<b>96,708</b>	<b>1,915</b>	<b>98,623</b>
Additions	4,931	307	5,238
Add: Transferred from property development costs	–	15	15
At 31 December 2015	<b>101,639</b>	<b>2,237</b>	<b>103,876</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 5. Investment properties

Group	Freehold land RM'000	Buildings RM'000	Under construction RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2014	7,507	3,933	43,221	54,661
Additions	–	–	13,889	13,889
At 31 December 2014/1 January 2015	<b>7,507</b>	<b>3,933</b>	<b>57,110</b>	<b>68,550</b>
Additions	–	770	25,119	25,889
At 31 December 2015	<b>7,507</b>	<b>4,703</b>	<b>82,229</b>	<b>94,439</b>
<b>Depreciation</b>				
At 1 January 2014	–	852	–	852
Depreciation for the year	–	155	–	155
At 31 December 2014/1 January 2015	–	<b>1,007</b>	–	<b>1,007</b>
Depreciation for the year	–	186	–	186
At 31 December 2015	–	<b>1,193</b>	–	<b>1,193</b>
<b>Carrying amounts</b>				
At 1 January 2014	7,507	3,081	43,221	53,809
At 31 December 2014/1 January 2015	<b>7,507</b>	<b>2,926</b>	<b>57,110</b>	<b>67,543</b>
At 31 December 2015	<b>7,507</b>	<b>3,510</b>	<b>82,229</b>	<b>93,246</b>
<b>Fair values</b>				
At 1 January 2014	8,451	5,599	–	14,050
At 31 December 2014/1 January 2015	<b>9,522</b>	<b>6,344</b>	–	<b>15,866</b>
At 31 December 2015	<b>10,121</b>	<b>7,727</b>	–	<b>17,848</b>

A commercial office building is currently under construction and the fair value of the property is not determined yet as there are uncertainties in estimating its fair value. The building has started its construction since 2011. The estimated fair value is likely to be similar to that of the cost incurred to date until its fair value becomes reliably determinable or construction is complete, whichever is earlier.

### Fair value information

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2015</b>				
Freehold land	–	–	10,121	10,121
Buildings	–	–	7,727	7,727
	–	–	<b>17,848</b>	<b>17,848</b>
<b>2014</b>				
Freehold land	–	–	9,522	9,522
Buildings	–	–	6,344	6,344
	–	–	15,866	15,866

### Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

# NOTES TO THE FINANCIAL STATEMENTS

## 5. Investment properties (continued)

### Fair value information (continued)

#### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly or indirectly.

#### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

The following table shows the valuation technique used in the determination of fair values within Level 3 as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<i>The Group estimates the fair value of all investment properties based on the following key assumptions: Comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities.</i>	<i>Market price of property per square feet ("sq ft") in vicinity compared.</i>	<i>The estimated fair value would increase/ (decrease) if market prices of property were higher/(lower).</i>

#### Valuation processes applied by the Group for Level 3 fair value

Assessment of the fair values of the Group's investment properties is undertaken annually. The changes in Level 3 fair values are analysed by the management based on the assessment undertaken.

#### Highest and best use

The Group's investment properties represent a number of commercial properties that are partially tenanted and two pieces of vacant land. The highest and best use of these properties and land is for rental generation as they are located in the vicinity of the commercial area.

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

	Group	
	2015 RM'000	2014 RM'000
Rental income	434	406
Direct operating expenses		
- income generating investment properties	(68)	(66)

#### Security

A financial institution had lodged a private caveat on the land owned by a subsidiary with carrying amounts of RM15.8 million (2014: RM15.8 million) to secure banking facilities granted to the Company (Note 15).

# NOTES TO THE FINANCIAL STATEMENTS

## 6. Investments in subsidiaries

	Company	
	2015 RM'000	2014 RM'000
Unquoted shares - at cost	<b>57,891</b>	53,891

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Effective ownership interest	
		2015 %	2014 %
Ken Grouting Sdn. Bhd.	Specialist engineering services, turnkey contracts, building and civil engineering works	<b>100</b>	100
Ken Projects Sdn. Bhd.	Investment holding	<b>100</b>	100
Ken Property Sdn. Bhd.	Property holding and investment and housing developer	<b>100</b>	100
Sphere Supreme Sdn. Bhd. †	Investment holding	<b>100</b>	100
Kenergy Sdn. Bhd. †	Dormant	<b>100</b>	100
Ken JBCC Sdn. Bhd.	Property development	<b>100</b>	100
Ken JBCC Holdings Sdn. Bhd. †	Investment holding	<b>100</b>	100
Ken Estate Sdn. Bhd. †	Investment holding	<b>100</b>	100
Ken City Sdn. Bhd. †	Dormant	<b>100</b>	100
<i>The subsidiary of Ken City Sdn. Bhd. is:</i>			
Ken City JB Sdn. Bhd. †	Dormant	<b>100</b>	100
<i>The subsidiary of Ken Grouting Sdn. Bhd. is:</i>			
Ken-Chec Sdn. Bhd. †	Land reclamation, civil, dredging, and marine engineering	<b>100</b>	100
<i>The subsidiary of Ken JBCC Holdings Sdn. Bhd. is:</i>			
Ken JBCC Land Sdn. Bhd. †	Dormant	<b>100</b>	100
<i>The subsidiaries of Ken Projects Sdn. Bhd. are:</i>			
Khidmat Tulin Sdn. Bhd.	Housing developer	<b>100</b>	100
T.B.S. Management Sdn. Bhd. †	Property management services	<b>100</b>	100
Ken Rimba Sdn. Bhd.	Housing developer and investment holding	<b>100</b>	100
<i>The subsidiaries of Ken Rimba Sdn. Bhd. are:</i>			
Genesis Nature Sdn. Bhd. †	Property management services	<b>100</b>	100
Swift Frontiers Sdn. Bhd. †	Property management services	<b>100</b>	100

# NOTES TO THE FINANCIAL STATEMENTS

## 6. Investments in subsidiaries (continued)

Name of subsidiary	Principal activities	Effective ownership interest	
		2015 %	2014 %
The subsidiaries of Ken Property Sdn. Bhd. are:			
Ken Link Sdn. Bhd. †	Property development and investment holding	100	100
Ken TTDI Sdn. Bhd.	Investment holding	100	100
Ken Capital Sdn. Bhd. †	Dormant	100	100
The subsidiaries of Ken Estate Sdn. Bhd. are:			
Ken Estate Penang Sdn. Bhd. †	Dormant	100	100
Ken Estate (Melaka) Sdn. Bhd. †	Dormant	100	100
Ken Pahang Land Sdn. Bhd. †	Dormant	100	100
Ken Selangor Land Sdn. Bhd. †	Dormant	100	100
Ken Kelantan Land Sdn. Bhd. †	Dormant	100	100
Ken Damansara Land Sdn. Bhd. †	Dormant	100	100
The subsidiary of Sphere Supreme Sdn. Bhd. is:			
Wealthy Discovery Sdn. Bhd. †	Dormant	55	40
The subsidiary of Ken TTDI Sdn. Bhd. is:			
Jewel Estate Sdn. Bhd. †	Property management services	100	100

† Not audited by member firms of KPMG International.

All the subsidiaries were incorporated in Malaysia.

### (i) Additional investment in subsidiary

During the financial year, the Company acquired 1,000,000 new Class “B” ordinary shares of RM1 for RM4 per ordinary share via rights issue for a total cash consideration of RM4,000,000 in Ken JBCC Sdn. Bhd. via its wholly owned subsidiary, Ken JBCC Land Sdn. Bhd..

### (ii) Acquisition of non-controlling interest

With the adoption of FRS 10, the Directors determined that the Group controls Wealthy Discovery Sdn. Bhd. (“WDSB”) by virtue of absolute right to the joint development agreement entered into by a wholly-owned subsidiary of the Company and WDSB although the Group owns less than half of the ownership interest and the voting power in WDSB.

During the year, the Company acquired an additional 15,000 ordinary shares of RM 1.00 each representing 15% equity interest in WDSB via its wholly-owned subsidiary, Sphere Supreme Sdn. Bhd. (“SSSB”) for a total cash consideration of RM495,000 increasing the Group’s investment from 40% to 55%.

The carrying amount of WDSB’s net assets in the Group financial statements on the date of acquisition was RM55,398. The Group recognised a decrease in non-controlling interests of RM13,850 and a decrease in retained earnings of RM481,150.

# NOTES TO THE FINANCIAL STATEMENTS

## 6. Investments in subsidiaries (continued)

### (ii) Acquisition of non-controlling interest (continued)

The following summarises the effect of changes in the equity interest in WDSB that attribute to owners of the Company:

	<b>Group 2015 RM'000</b>
Equity interest at 1 January 2015	<b>38</b>
Effect of increase in Company's ownership interest	<b>14</b>
Equity interest at 31 December 2015	<b>52</b>

## 7. Other investments

<b>Group 2015</b>	<b>Shares</b>	<b>Quoted in Malaysia</b>	<b>Total</b>
	<b>Unquoted RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Available-for-sale financial assets	<b>20</b>	<b>120</b>	<b>140</b>
Less: Impairment loss	<b>–</b>	<b>(114)</b>	<b>(114)</b>
	<b>20</b>	<b>6</b>	<b>26</b>
Market value of quoted investments	<b>–</b>	<b>32</b>	<b>32</b>
<b>2014</b>			
Available-for-sale financial assets	20	120	140
Less: Impairment loss	–	(114)	(114)
	20	6	26
Market value of quoted investments	–	43	43

## 8. Deferred tax assets/(liabilities)

### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment	–	–	<b>(2,032)</b>	(1,653)	<b>(2,032)</b>	(1,653)
Property development costs	–	–	<b>(1,638)</b>	(1,727)	<b>(1,638)</b>	(1,727)
Land held for property development	–	–	<b>(13,829)</b>	(13,829)	<b>(13,829)</b>	(13,829)
Provisions	<b>311</b>	206	–	–	<b>311</b>	206
Other items	<b>12,883</b>	9,576	<b>(24)</b>	–	<b>12,859</b>	9,576
Net tax assets/(liabilities)	<b>13,194</b>	9,782	<b>(17,523)</b>	(17,209)	<b>(4,329)</b>	(7,427)
<b>Company</b>						
Provisions	<b>311</b>	206	–	–	<b>311</b>	206

# NOTES TO THE FINANCIAL STATEMENTS

## 8. Deferred tax assets/(liabilities) (continued)

### Movement in temporary differences during the year

Group	At 1.1.2014 RM'000	Recognised in profit or loss (Note 16) RM'000	At 31.12.2014/ 1.1.2015 RM'000	Recognised in profit or loss (Note 16) RM'000	Recognised in equity (Note 16) RM'000	At 31.12.2015 RM'000
Property, plant and equipment	(1,786)	133	(1,653)	39	(418)	(2,032)
Property development costs	(2,348)	621	(1,727)	89	–	(1,638)
Land held for property development	(13,829)	–	(13,829)	–	–	(13,829)
Provisions	202	4	206	105	–	311
Other items	10,044	(468)	9,576	3,283	–	12,859
	(7,717)	290	(7,427)	3,516	(418)	(4,329)
<b>Company</b>						
Provisions	202	4	206	105	–	311

## 9. Inventories

	Group	
	2015 RM'000	2014 RM'000
Completed properties	56,338	57,756
Recognised in profit or loss: Inventories recognised as cost of sales	78	1,259

## 10. Property development costs

	Group	
	2015 RM'000	2014 RM'000
At 1 January		
Land	10,503	8,500
Development costs	44,446	31,761
Accumulated costs charged to profit or loss	(36,953)	(19,349)
	17,996	20,912
Development costs incurred during the year	38,178	27,906
Transfer (to)/from land held for property development	(15)	5,724
	56,159	54,542
Costs charged to profit or loss	(36,888)	(24,277)
Costs transferred to inventories	–	(12,269)
	19,271	17,996



# NOTES TO THE FINANCIAL STATEMENTS

## 10. Property development costs (continued)

	Group	
	2015 RM'000	2014 RM'000
At 31 December		
Land	10,503	10,503
Development costs	82,609	44,446
Accumulated costs charged to profit or loss	(73,841)	(36,953)
Current portion	19,271	17,996

### 10.1 Estimation uncertainty and critical judgements

The Group estimates revenue and budgeted costs for property development projects based on the following key assumptions:

- Revenue on development projects have been projected based on the estimated market selling price of the units;
- The property development costs have been projected based on prevailing cost of construction and such costs are reviewed on an on-going basis.

Any revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## 11. Trade and other receivables

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current</b>					
<b>Trade</b>					
Trade receivables		7,006	1,780	–	–
Less: Allowance for impairment loss		(509)	(509)	–	–
		6,497	1,271	–	–
<b>Non-trade</b>					
Amounts due from subsidiaries	11.1	–	–	80,022	73,269
Other receivables and deposits	11.2	7,965	5,234	8	5
		7,965	5,234	80,030	73,274
		14,462	6,505	80,030	73,274

11.1 The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

11.2 Included in other receivables and deposits of the Group are:

- an advance of RM2,000,000 (2014: RM2,000,000) paid by a subsidiary to a third party for services to be rendered in the normal course of business; and
- a deposit of RM500,000 (2014: RM500,000) paid to a third party for a joint development project entered into by a subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS

## 12. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	8,664	11,384	55	29
Liquid investments	9,263	–	9,263	–
Deposits placed with licensed banks	416	410	–	–
	<b>18,343</b>	<b>11,794</b>	<b>9,318</b>	<b>29</b>

Included in the Group's cash and bank balances is monies maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991 of RM4,990,505 (2014: RM1,639,050).

The Directors regard liquid investments as cash and cash equivalents when they are highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## 13. Capital and reserves

### Share Capital

	Group and Company			
	Amount	Number	Amount	Number
	2015	of shares	2014	of shares
	RM'000	2015	RM'000	2014
		'000		'000
<b>Authorised:</b>				
Ordinary shares of RM0.50 each:	<b>300,000</b>	<b>600,000</b>	300,000	600,000
Issued and fully paid-up:				
At 1 January #	<b>95,860</b>	<b>191,720</b>	95,860	191,720
Share Split #	–	–	–	95,860
At 31 December	<b>95,860</b>	<b>191,720</b>	95,860	191,720

# The ordinary shares at 1 January 2014 refers to ordinary shares of RM1.00 each.

# Refers to subdivision of every one/existing Company's shares into two(2) split shares of RM0.50 each.

### 13.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group (see below), all rights are suspended until those shares are reissued.

The Company undertook a Share Split involving the subdivision of every one (1) existing Company's share into two (2) split shares. The Share Split was completed on 19 May 2014 and the issued and paid-up share capital of the Company after the share split was RM95,860,000 comprising 191,720,000 split shares (including 12,373,400 split shares held as treasury shares).

# NOTES TO THE FINANCIAL STATEMENTS

## 13. Capital and reserves (continued)

### Share Capital (continued)

#### 13.2 Treasury shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 13 April 2015, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

For the financial year ended 31 December 2015, the Company repurchased 2,000 of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.16 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased were retained as treasury shares. None of the treasury shares (including those repurchased in previous years) were resold as at year end.

At 31 December 2015, the Group held 12,377,400 (2014: 12,375,400) of the Company's shares.

Details of the repurchase of treasury shares were as follows:

	Average repurchase RM	Highest repurchase price RM	Lowest repurchase price RM	Number of treasury share repurchase	Total consideration paid RM
<b>2015</b>	<b>1.16</b>	<b>1.20</b>	<b>1.02</b>	<b>2,000</b>	<b>2,310</b>
<b>2014</b>	1.00	1.86	1.04	4,000	4,020
<b>2013</b>	1.26	1.51	1.21	102,000	128,520

#### 13.3 Revaluation reserve

The revaluation reserve relates to the revaluation of the Group's property, plant and equipment and certain inventories developed on a revalued land.

#### 13.4 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

## 14. Trade and other payables

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Trade</b>					
Trade payables	14.1	14,314	13,590	–	–
Progress billings		46,394	9,748	–	–
		<b>60,708</b>	23,338	–	–
<b>Non-trade</b>					
Other payables and accruals	14.2	17,425	23,160	1,273	939
Amounts due to Directors	14.3	251	468	251	359
Amounts due to subsidiaries	14.4	–	–	17,840	636
		<b>17,676</b>	23,628	<b>19,364</b>	1,934
		<b>78,384</b>	46,966	<b>19,364</b>	1,934

# NOTES TO THE FINANCIAL STATEMENTS

## 14. Trade and other payables (continued)

14.1 Included in trade payables of the Group are retention sums payable amounting to RM5,681,254 (2014: RM4,120,619).

14.2 Included in other payables and accruals of the Group are accrual for project costs amounting to RM2,652,345 (2014: RM4,191,155).

There are estimation uncertainty and key assumptions made by management in arriving at the accrual for project costs. The Group estimates the accrual for project costs based on the best estimate of the expenditure required to settle the present obligation, of which the Directors normally would have made references against actual costs incurred previously or quotations from suppliers.

14.3 Amounts due to Directors represents accrual of Directors fee payable which are unsecured, interest free and repayable on demand.

14.4 The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

## 15. Loans and borrowings

	<b>Group and Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>		
<i>Secured</i>		
Revolving credit	<b>2,000</b>	2,000
<b>Security</b>		

A financial institution had lodged a private caveat on the land owned by a subsidiary with carrying amounts of RM15.8 million (2014: RM15.8 million) (Note 5) to secure the above banking facilities granted to the Company.

## 16. Tax expense

### Recognised in profit or loss

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current tax expense</b>				
Current year	<b>11,694</b>	12,326	<b>217</b>	213
Under/(over) provision in prior year	<b>414</b>	(18)	<b>(2)</b>	31
Total current tax recognised in profit or loss	<b>12,108</b>	12,308	<b>215</b>	244
<b>Deferred tax expense</b>				
Reversal of temporary differences	<b>(3,552)</b>	(306)	<b>(84)</b>	(74)
Under/(over) provision in prior year	<b>36</b>	16	<b>(21)</b>	70
Total deferred tax recognised in profit or loss	<b>(3,516)</b>	(290)	<b>(105)</b>	(4)
Total income tax expense	<b>8,592</b>	12,018	<b>110</b>	240

# NOTES TO THE FINANCIAL STATEMENTS

## 16. Tax expense (continued)

### Reconciliation of tax expense

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit for the year	23,320	31,721	8,100	11,653
Total income tax expense	8,592	12,018	110	240
Profit excluding tax	31,912	43,739	8,210	11,893
Income tax calculated using Malaysian tax rate of 25%	7,978	10,993	2,052	2,973
Non-deductible expenses	334	1,155	132	133
Tax exempt income	(170)	(148)	(2,051)	(2,967)
Current year losses for which no deferred tax asset was recognised	–	20	–	–
Under/(over) provision in prior year	450	(2)	(23)	101
	8,592	12,018	110	240
<b>Recognised directly in equity</b>				
Revaluation surplus of property, plant and equipment	418	–	–	–

## 17. Disposal of a subsidiary

On 25 July 2014, the Group entered into a Share Sale Agreement with Serapi Suria Sdn. Bhd. (“Purchaser”) for the disposal of 2 ordinary shares of RM1.00 each in Support Capital Sdn. Bhd. (“SCSB”) representing 100% of the issued and paid-up capital of SCSB for a total cash consideration of RM2. Management said this subsidiary due to the strategic decision to place greater focus on the Group’s core operations in Malaysia.

Profit attributable to the discontinued operation was as follows:

	Group RM'000
<b>Results of discontinued operation</b>	
Other operating income	286
Expenses	(55)
Results from operating activities	231
Gain on sale of disposal of a subsidiary	–
Profit for the year	231

The profit from discontinued operations of RM231,000 was attributable entirely to the owners of the Company.

	Group RM'000
<b>Cash flows used in disposal of a subsidiary</b>	
Net cash used in operating activities	(55)
Net cash used in investing activities	(478)
Effect on cash flow	(533)

# NOTES TO THE FINANCIAL STATEMENTS

## 17. Disposal of a subsidiary (continued)

Effect of disposal on the financial position on the Group	Group RM'000
Cash and cash equivalents	478
Other payables and accruals	(478)
Net assets and liabilities	—*
Gain on sale of disposal of a subsidiary	—*
Consideration received	—*
Cash and cash equivalents disposed of	(478)
Net cash out flows	(478)

\* Consideration received of RM2 was equivalent to the net assets and liabilities disposed of.

## 18. Profit for the year

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Profit for the year is arrived at after charging:</b>					
Auditors' remuneration					
- Audit fees					
KPMG Malaysia		107	107	26	26
Other auditors		12	11	—	—
- Non-audit fees					
KPMG Malaysia		19	10	10	10
Depreciation of investment properties	5	186	155	—	—
Depreciation of property, plant and equipment	3	705	751	—	—
Personnel expenses (including key management personnel):					
- Contributions to state plans		980	858	—	—
- Wages, salaries and others		8,454	8,823	—	—
Rental expense on premises		88	64	—	—
Finance costs		105	190	105	110
<b>Profit for the year is arrived at after crediting:</b>					
Dividend income from subsidiaries (unquoted)		—	—	8,014	11,872
Gain on disposal of property, plant and equipment		40	5	—	—
Inter-company management fees		—	—	900	948
Interest income from:					
- Fixed deposits		216	33	191	5
- Housing Development Account		170	94	—	—
- Purchasers (late payment)		18	19	—	—
- Stakeholder sum		51	174	—	—
Rental income from properties		2,988	2,573	—	—
Reversal of impairment loss on trade receivables		—	10	—	—
Reversal of accrual for project costs		1,060	3,207	—	—
Unrealised gain on foreign exchange		101	—	—	—

# NOTES TO THE FINANCIAL STATEMENTS

## 19. Other comprehensive income

	Before tax RM'000	Group Tax expense RM'000	Net of tax RM'000
<b>Items that will not be reclassified subsequently to profit or loss</b>			
<b>2015</b>			
Revaluation of property, plant and equipment	<b>2,573</b>	<b>(418)</b>	<b>2,155</b>
<b>2014</b>			
Revaluation of property, plant and equipment	—	—	—

## 20. Earnings per ordinary share

### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2015 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2015 RM'000	2014 RM'000
Profit for the year attributable to owners of the Company		
- continuing operations	<b>23,320</b>	31,721
- discontinued operations	—	231
	<b>23,320</b>	31,952
Weighted average number of ordinary shares		

	Group	
	2015 RM'000	2014 RM'000
Issued ordinary shares at 1 January	<b>191,720</b>	95,860
Effect of treasury shares held before share split	—	(6,187)
Weighted average number of ordinary shares before share split	<b>191,720</b>	89,673
Add: Share Split on every one (1) share into two (2)	—	95,860
Effect of treasury shares held after share split	<b>(12,377)</b>	(6,187)
Weighted average number of ordinary shares at 31 December	<b>179,343</b>	179,346

Basic earnings per ordinary share (sen):

- continuing operations	<b>12</b>	18
- discontinued operations	—	#
	<b>12</b>	18

# Denotes less than 1 sen



# NOTES TO THE FINANCIAL STATEMENTS

## 21. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
<b>2015</b>			
First and final 2014 ordinary	3.0	<u>5,380</u>	18 June 2015
<b>2014</b>			
First and final 2013 ordinary	4.5	<u>4,035</u>	16 May 2014

After the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen per share	Total amount RM'000
First and final ordinary	3.0	<u>5,380</u>

## 22. Operating segments

The Group has two 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 techniques and marketing strategies and industry expertise. For each of the strategic business units, the Group's Managing Director (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Construction	Specialist engineering services, turnkey contracts, building and civil and engineering works, land reclamation, dredging, marine and civil engineering.
Property development	Development of residential and commercial properties.

Other non-reportable segments comprise operations related to the rental of investment property and the provision of property management services.

There are varying levels of integration between reportable segments. This integration includes construction of building. Inter-segment pricing is determined on negotiated basis. The accounting policies of the reportable segments are the same as described in Note 2(u).

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the Group's Managing Director. 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 asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return of assets of each segment.

# NOTES TO THE FINANCIAL STATEMENTS

## 22. Operating segments (continued)

### Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Managing Director. Hence, no disclosure is made on segment liability.

### Geographical segments

Both construction and property development segments are solely operating in Malaysia after the disposal of the subsidiary in Hong Kong in the previous financial year. Accordingly, information by geographical segment is not presented.

	Construction		Property development		Total	
	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Segment profit</b>	<b>8,843</b>	8,784	<b>23,867</b>	37,572	<b>32,710</b>	46,356
<i>Included in the measure of segment profit are:</i>						
Revenue from external customers	–	–	<b>73,789</b>	90,688	<b>73,789</b>	90,688
Inter-segment revenue	<b>70,522</b>	58,114	–	–	<b>70,522</b>	58,114
<i>Not included in the measure of segment profit but provided to Managing Director:</i>						
Depreciation	<b>(709)</b>	(759)	<b>(147)</b>	(143)	<b>(856)</b>	(902)
Finance income	<b>12</b>	18	<b>251</b>	296	<b>263</b>	314
<b>Segment assets</b>	<b>106,339</b>	69,279	<b>244,179</b>	203,532	<b>350,518</b>	272,811
<i>Included in the measure of segment assets are:</i>						
Additions to non-current assets other than financial instruments and deferred tax assets	<b>802</b>	68	<b>4,973</b>	467	<b>5,775</b>	535

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

	2015	2014
	RM'000	RM'000
<b>Profit or loss</b>		
Total profit or loss for reportable segments	<b>32,710</b>	46,356
Other non-reportable segments	<b>26,951</b>	33,564
Elimination of inter-segment profits	<b>(27,749)</b>	(36,181)
Consolidated profit before tax	<b>31,912</b>	43,739

# NOTES TO THE FINANCIAL STATEMENTS

## 22. Operating segments (continued)

### Reconciliations of reportable segment revenues, profit or loss, assets and other material items (continued)

	External revenue RM'000	Depreciation RM'000	Finance income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
<b>2015</b>					
Total reportable segments	73,789	(856)	263	350,518	5,775
Other non-reportable segments	477	(35)	192	202,248	25,649
Elimination of inter-segment transactions or balances	–	–	–	(219,010)	270
Consolidated total	74,266	(891)	455	333,756	31,694
<b>2014</b>					
Total reportable segments	90,688	(902)	314	272,811	535
Other non-reportable segments	394	(4)	6	221,910	13,667
Elimination of inter-segment transactions or balances	–	–	–	(219,010)	270
Consolidated total	91,082	(906)	320	282,781	14,472

## 23. Financial instruments

### 23.1 Categories of financial instruments

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

- (a) Loans and receivables (“L&R”);
- (b) Available-for-sale financial assets (“AFS”); and
- (c) Other financial liabilities measured at amortised cost (“FL”).

	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
<b>2015</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	26	–	26
Trade and other receivables	12,462	12,462	–
Cash and cash equivalents	18,343	18,343	–
	30,831	30,805	26
<b>Company</b>			
Trade and other receivables	80,030	80,030	–
Cash and cash equivalents	9,318	9,318	–
	89,348	89,348	–
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	(78,384)	(78,384)	–
Loans and borrowings	(2,000)	(2,000)	–
	(80,384)	(80,384)	–
<b>Company</b>			
Trade and other payables	(19,364)	(19,364)	–
Loans and borrowings	(2,000)	(2,000)	–
	(21,364)	(21,364)	–

# NOTES TO THE FINANCIAL STATEMENTS

## 23. Financial instruments (continued)

### 23.1 Categories of financial instruments (continued)

2014	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
<b>Financial assets</b>			
<b>Group</b>			
Other investments	26	–	26
Trade and other receivables	4,505	4,505	–
Cash and cash equivalents	11,794	11,794	–
	<u>16,325</u>	<u>16,299</u>	<u>26</u>
<b>Company</b>			
Trade and other receivables	73,274	73,274	–
Cash and cash equivalents	29	29	–
	<u>73,303</u>	<u>73,303</u>	<u>–</u>
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	(46,966)	(46,966)	–
Loans and borrowings	(2,000)	(2,000)	–
	<u>(48,966)</u>	<u>(48,966)</u>	<u>–</u>
<b>Company</b>			
Trade and other payables	(1,934)	(1,934)	–
Loans and borrowings	(2,000)	(2,000)	–
	<u>(3,934)</u>	<u>(3,934)</u>	<u>–</u>

### 23.2 Net gains and losses arising from financial instruments

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Net gains/(losses) on:				
Loans and receivables	<b>455</b>	162	<b>191</b>	-
Other financial liabilities measured at amortised cost	<b>(105)</b>	(190)	<b>(105)</b>	(110)

### 23.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

# NOTES TO THE FINANCIAL STATEMENTS

## 23 Financial instruments (continued)

### 23.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

#### ***Risk management objectives, policies and processes for managing the risk***

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

#### ***Exposure to credit risk, credit quality and collateral***

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are from individual purchasers of the Group's properties and are financed through bank loans. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

#### **Receivables**

##### *Impairment losses*

The Group maintains an ageing analysis in respect of trade receivables only.

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

<b>Group</b>	<b>Gross RM'000</b>	<b>Individual impairment RM'000</b>	<b>Net RM'000</b>
<b>2015</b>			
Not past due	<b>3,823</b>	–	<b>3,823</b>
Past due 0-30 days	<b>5</b>	–	<b>5</b>
Past due 31-120 days	<b>5</b>	–	<b>5</b>
Past due more than 120 days	<b>3,173</b>	<b>(509)</b>	<b>2,664</b>
	<b>7,006</b>	<b>(509)</b>	<b>6,497</b>
<b>2014</b>			
Not past due	948	–	948
Past due 0-30 days	288	–	288
Past due 31-120 days	13	–	13
Past due more than 120 days	531	(509)	22
	1,780	(509)	1,271

# NOTES TO THE FINANCIAL STATEMENTS

## 23. Financial instruments (continued)

### 23.4 Credit risk (continued)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2015 RM'000	2014 RM'000
At 1 January	509	1,822
Impairment loss reversed	–	(10)
Discontinued operations	–	(1,303)
At 31 December	<b>509</b>	<b>509</b>

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

#### Financial guarantees

##### *Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks and third parties in respect of credit 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 also provides financial support to certain subsidiaries to enable them to continue as a going concern.

##### *Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM2.08 million (2014: RM3.81 million) representing the outstanding credit facilities of the subsidiaries as at the end of the reporting period.

	Company	
	2015 RM'000	2014 RM'000
<b>Contingent liabilities not considered remote</b>		
Guarantees given to financial institutions for credit facilities granted to subsidiaries	<b>1,355</b>	3,464
Guarantees given to third parties for credit facilities granted to subsidiaries for purchase of materials/services	<b>720</b>	350
	<b>2,075</b>	<b>3,814</b>

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

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required.

#### Inter company loans and advances

##### *Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

##### *Exposure to credit risk, credit quality and collateral*

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 23. Financial instruments (continued)

### 23.4 Credit risk (continued)

#### Inter company loans and advances (continued)

##### *Impairment losses*

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries. Nevertheless, these advances have been overdue for less than a year.

### 23.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

#### *Maturity analysis*

The table below summarises 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:

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 Year RM'000
<b>2015</b>				
<b>Group</b>				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	78,384		78,384	78,384
Revolving credit	2,000	5.11%	2,000	2,000
	<u>80,384</u>		<u>80,384</u>	<u>80,384</u>
<b>Company</b>				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	19,364		19,364	19,364
Revolving credit	2,000	5.11%	2,000	2,000
	<u>21,364</u>		<u>21,364</u>	<u>21,364</u>
<b>2014</b>				
<b>Group</b>				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	46,966		46,966	46,966
Revolving credit	2,000	5.10%	2,000	2,000
	<u>48,966</u>		<u>48,966</u>	<u>48,966</u>
<b>Company</b>				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	1,934		1,934	1,934
Revolving credit	2,000	5.10%	2,000	2,000
	<u>3,934</u>		<u>3,934</u>	<u>3,934</u>



# NOTES TO THE FINANCIAL STATEMENTS

## 23. Financial instruments (continued)

### 23.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

#### 23.6.1 Currency risk

The Group is exposed to foreign currency risk on foreign bank balances with a licensed bank that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is Hong Kong Dollar ("HKD").

*Risk management objectives, policies and processes for managing the risk*

Exposures to foreign currency risk are monitored on an ongoing basis. The Group does not hedge its foreign currency risk.

#### ***Exposure to foreign currency risk***

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period were:

	Denominated in HKD	
	2015 RM'000	2014 RM'000
Group		
Cash and bank balances	345	295
	<u>345</u>	<u>295</u>

#### *Currency risk sensitivity analysis*

A 10 percent strengthening of HKD against RM at the end of the reporting period would have increased post-tax profit by RM25,901. This analysis assumes that all other variables, in particular interest rates, remained constant.

A 10 percent weakening of HKD against RM at the end of the reporting period would have had equal but opposite effect to the amounts shown above, on the basis that all other variables remained constant.

#### 23.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate assets and borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The Group places short term deposits and liquid investments with licensed banks which are not significantly exposed to risk of changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

*Risk management objectives, policies and processes for managing the risk*

The Group adopts a practice to continuously seek alternative banking facilities which provide competitive interest rates to finance and/or refinance its working capital requirement.

# NOTES TO THE FINANCIAL STATEMENTS

## 23. Financial instruments (continued)

### 23.6 Market risk (continued)

#### 23.6.2 Interest rate risk (continued)

##### *Exposure to interest rate risk*

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Fixed rate instruments</b>				
Financial assets	416	410	–	–
<b>Floating rate instruments</b>				
Financial assets	9,263	–	9,263	–
Financial liabilities	(2,000)	(2,000)	(2,000)	(2,000)

##### *Interest rate risk sensitivity analysis*

##### *(a) 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, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

##### *(b) Cash flow sensitivity analysis for variable rate instruments*

The exposure to interest rate risk of the Group on variable rate instruments is not material and hence, sensitivity analysis is not presented.

#### 23.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities. The exposure to other price risk of the Group is not material and hence, sensitivity analysis is not presented.

### 23.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

#### **Level 1 fair value**

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

#### **Level 2 fair value**

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

# NOTES TO THE FINANCIAL STATEMENTS

## 23. Financial instruments (continued)

### 23.7 Fair value information (continued)

#### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The fair value of the quoted investments of the Group amounting to RM32,000 not carried at fair value is categorised as Level 1.

## 24. Capital management

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The debt-to-equity ratio at 31 December 2015 was as follows:

	Group	
	2015	2014
	RM'000	RM'000
Total borrowings (Note 15)	<u>2,000</u>	2,000
Total equity	<u>231,858</u>	212,260
Debt-to-equity ratio	<u>0.01</u>	0.01

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Group has complied with this requirement.

## 25. Capital commitment

	Group	
	2015	2014
	RM'000	RM'000
<b>Capital expenditure commitment</b>		
<b>Investment property</b>		
Approved but not contracted for	<u>—</u>	770

## 26. Related parties

### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

# NOTES TO THE FINANCIAL STATEMENTS

## 26. Related parties (continued)

### Identity of related parties (continued)

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries and key management personnel.

### Significant related party transactions

Related party transactions have been entered into in the normal course of business. The significant related party transactions of the Group and the Company are shown below. Significant related parties balances related to the below transactions are disclosed in Notes 11 and 14 to the financial statements.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Subsidiaries</b>				
Management fees receivable	–	–	(360)	(360)
- Ken Grouting Sdn. Bhd.	–	–	(540)	(588)
- Ken Projects Sdn. Bhd.	–	–	(900)	(948)
Dividend income receivable				
- Ken Grouting Sdn. Bhd.	–	–	(750)	(750)
- Ken Projects Sdn. Bhd.	–	–	(7,264)	(11,122)
	–	–	(8,014)	(11,872)
<b>Company in which the Director has substantial financial interests</b>				
Rental expense on premise	12	12	12	12
<b>Key management personnel</b>				
Directors of the Company				
- Fees	160	160	160	160
- Remuneration	3,318	2,949	46	46
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	56	60	–	–
	3,534	3,169	206	206
Other Directors				
- Remuneration	554	523	–	–
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	29	29	–	–
	583	552	–	–
	4,117	3,721	206	206

## 27. Material Litigation

### Group and Company

During the year, a third party (the “Plaintiff”) filed a Writ and a Statement of Claim against Ken Holdings Berhad and three of its subsidiaries (hereinafter jointly known as the “Defendants”) pursuant to the alleged termination of a share sale agreement and an agreement between one of the Defendants and the Plaintiff (the “Suit”). Subsequently, the Plaintiff filed an Interlocutory Injunction Application (“Injunction Application”), to which the Court had granted part of the Injunction Application - preventing the Defendants from imposing any encumbrances on and selling and/or auctioning the land, pending full disposal of the Suit. This injunction does not affect the development progress of the land. Subsequent to the year end, the Plaintiff filed an application to amend their Statement of Claim (“Amendment Application”) and the Court has allowed the Plaintiff’s Amendment Application. As such, the Court has yet to fix the trial dates. The Directors were advised by the solicitors that based on the evidence, the Suit will resolve in the Defendants’ favour.

# NOTES TO THE FINANCIAL STATEMENTS

## 28. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements, are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	<b>198,989</b>	174,014	<b>35,292</b>	32,619
- unrealised	<b>(2,558)</b>	(4,192)	<b>311</b>	264
Less: Consolidation adjustments	<b>(63,481)</b>	(54,331)	–	–
Total retained earnings	<b>132,950</b>	115,491	<b>35,603</b>	32,883

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

# STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 37 to 82 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 28 on page 83 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Dato' Tan Boon Kang**

.....  
**Tan Chek Siong**

Kuala Lumpur, Malaysia

Date: 17 March 2016

# STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, Tan Chek Een, the officer primarily responsible for the financial management of Ken Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 37 to 83 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 by the above named in Kuala Lumpur in the Federal Territory on 17 March 2016.

.....  
**Tan Chek Een**

Before me:

# INDEPENDENT AUDITORS' REPORT

to the members of Ken Holdings Berhad

## Report on the Financial Statements

We have audited the financial statements of Ken Holdings Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 82.

### *Directors' Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- i) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- ii) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- iii) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- iv) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.



# INDEPENDENT AUDITORS' REPORT

to the members of Ken Holdings Berhad

## Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 28 on page 83 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards in Malaysia. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

## Other Matters

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

### KPMG

Firm Number: AF 0758  
Chartered Accountants

### Chew Beng Hong

Approval Number: 2920/02/18(J)  
Chartered Accountant

Petaling Jaya, Malaysia

Date: 17 March 2016

# LIST OF PROPERTIES

as at 31 December 2015

The properties of the Group as at 31 December 2015 are as follows:

No.	Location	Description / usage	Tenure / year of expiry	Age of property/ building	Land/ Built-up area	Net book value (RM'000)	Year of valuation / acquisition
1.	Geran Nos. 63978 and 35098 Lot No. 20 and 419, Section 1 Bandar Batu Feringgi District of Timor Laut State of Penang	Two parcels of land for development	Freehold	–	2.53 acres	5,648	2005
2.	Geran 6372A, 6373 to 6377 Lot Nos. 8272 to 8277 Mukim of Chenderiang District of Batang Padang State of Perak Darul Ridzuan	Six parcels of agriculture land for investment	Freehold	–	50.98 acres	1,741	2005
3.	HSD : 10305-312, 314, 317-322, 324-334, 485-492 (PT 0011128-135, 137, 140-145, 147-157, 308-315) Mukim of Bentong State of Pahang Darul Makmur	34 lots of vacant bungalow lots for development	Freehold	–	14.44 acres	1,963	2003
4.	PM 269, Lot No. 13555 Kampung Sungai Kayu Ara Mukim of Sungai Buloh District of Petaling State of Selangor Darul Ehsan	A parcel of land occupied as store	Leasehold/ 1 February 2079	–	47,006 sq ft	4,200	2015**
5.	PM 270, Lot No. 13559 Kampung Sungai Kayu Ara Mukim of Sungai Buloh District of Petaling State of Selangor Darul Ehsan	A parcel of land occupied as store	Leasehold/ 1 February 2079	–	36,909 sq ft	3,300	2015**
6.	Lot 29504, H.S. (D) 4926 Mukim and District of Kuala Lumpur State of Federal Territory Postal address: 6, Jalan Datuk Sulaiman Taman Tun Dr, Ismail 60000 Kuala Lumpur Federal Territory	One unit of three-storey terrace shophouse occupied as corporate office	Freehold	35 years	1,875 sq ft	4,400	2015**
7.	Lot A1-G-01 to A1-G-10 and A8-G-01 to A8-G-04 Rumah Pangsa Kampung Aman Satu Jalan SK6/1 Taman Bukit Serdang Seksyen 4&5, 43300 Selangor State of Selangor Darul Ehsan	14 units of ground floor shoplots for investment	Leasehold/ 9 February 2104	15 years	9,192 sq ft	1,315	2005*
8.	A-3A-1, A-3A-2, A-3A-3, A-3A-3A, A-3A-7, B-3A-5, C-3A-2, C-3A-3, C-3A-6 Ken Damansara Condominium No. 217 Jalan SS2/72 47400 Petaling Jaya State of Selangor Darul Ehsan	9 units of retail commercial lots for investment	Freehold	13 years	6,653 sq ft	558	2005*

# LIST OF PROPERTIES

as at 31 December 2015

The properties of the Group as at 31 December 2015 are as follows: (continued)

No.	Location	Description / usage	Tenure / year of expiry	Age of property/ building	Land/ Built-up area	Net book value (RM'000)	Year of valuation / acquisition
9.	GRN 310971 Lot 96752, GRN 310974 Lot 96676 and GRN 310975 Lot 96675 Mukim of Kapar District of Klang State of Selangor Darul Ehsan	Three parcels of land for development	Freehold	–	Approximately 5.64 acres	2,600	2003
10.	GRN 75652 Lot 480009 Mukim dan District of Kuala Lumpur	A parcel of land under construction	Freehold	–	Approximately 1.21 acres	82,288	2007
11.	PM 11255, Lot 38126 Tempat Kampung Melayu Malra, Sungai Buloh Bandar Sungai Buloh, Daerah Gombak Negeri Selangor Darul Ehsan	A parcel of land to be occupied as store	Leasehold/ 18 August 2068	–	110,543 sq ft	1,950	2015**
12.	01-01, 01-02, 01-03, 01-04, 01-05, 01-06, 01-07, 01-08, 01-09, 01-10, 01-11, 01-12, 01-13, 01-14, 01-15, 01-16, 01-17 Pangsapuri Rimba 2, No. 5, Jalan Lengkuas 16/19, Seksyen 16, 40200 Shah Alam, Selangor Darul Ehsan	17 units of ground floor shoplots for investment	Freehold	6 years	11,050 sq ft	1,613	2010
13.	GM1431-1438 Lot No 2794-2797, 3511-3514 & HS(M) 1723, PT3747 Mukim Cheng District of Melaka Tengah State of Melaka	Nine parcels of land for investment	Freehold	–	437,671 sq ft	5,766	2011
14.	HS(D) 10382 Lot PT 11205 and HS(D) 10386 Lot 11209 Mukim and District of Bentong State of Pahang	Two parcels of land for development	Freehold	–	Approximately 4.95 acres	16,509	2012
15.	PN 38964, 38965, 38966 and 38967 Lots 22642, 22643, 22644 and 22645 Town and District of Johor Bahru State of Johor	Four parcels of land for development	Leasehold / 8 March 2091	–	992,368 sq ft	71,933	2012
16.	HS(D) 548463 PTB 19200 Town and District of Johor Bahru State of Johor	A parcel of land for development	Leasehold / 8 March 2091	–	60,700 sq ft	4,931	2015

\* Valuation done in 2005    \*\* Valuation done in 2015

# ANALYSIS OF SHAREHOLDINGS

as at 8 March 2016

## SHARE CAPITAL

Authorised share capital	:	RM300,000,000/-
Issued and fully paid-up capital	:	RM191,720,000/-
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights	:	1 vote per ordinary share
No. of treasury shares held	:	12,377,400 ordinary shares of RM0.50 each

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100 shares	74	4.79	1,688	0.00
100 – 1,000 shares	114	7.37	47,592	0.03
1,001 – 10,000	847	54.79	5,192,300	2.90
10,001 – 100,000	433	28.01	12,375,700	6.90
100,001 to less than 5% of issued shares	76	4.91	76,312,658	42.55
5% and above of issued shares	2	0.13	85,412,662	47.62
<b>Total</b>	<b>1,546</b>	<b>100.00</b>	<b>179,342,600</b>	<b>100.00</b>

## LIST OF THIRTY LARGEST SHAREHOLDERS

Name	No. of shares held	%
1. Kencana Bahagia Sdn. Bhd.	64,549,638	35.99
2. SJ Sec Nominees (Tempatan) Sdn. Bhd. Budaya Dinamik Sdn. Bhd.	20,863,024	11.63
3. SJ Sec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Seloka Aman Sdn. Bhd.</i>	6,663,000	3.72
4. Tan Chek Siong	6,242,000	3.48
5. Tan Chek Een	6,000,000	3.35
6. Tan Chek Ying	6,000,000	3.35
7. Dato' Tan Boon Kang	3,963,600	2.21
8. Kencana Bahagia Sdn. Bhd.	3,300,000	1.84
9. Tan Foo See	3,249,978	1.81
10. Yeoh Phek Leng	3,060,000	1.71
11. CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Tan Kian Ling (MY2236)	2,500,000	1.39
12. SJ Sec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Adat Saga Sdn. Bhd.</i>	2,373,200	1.32
13. To' Puan Lau Pek Kuan	2,300,000	1.28
14. Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Kian Ling</i>	2,031,800	1.13
15. Teo Kwee Hock	1,858,500	1.04
16. I-Wen Morsingh	1,687,000	0.94
17. To' Puan Lau Pek Kuan	1,617,000	0.90
18. Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Khoo Bee Lian</i>	1,538,600	0.86
19. Tan Chee Koon	1,496,800	0.83
20. Universal Trustee (Malaysia) Berhad TA Islamic Fund	1,376,900	0.77

# ANALYSIS OF SHAREHOLDINGS

as at 8 March 2016

## LIST OF THIRTY LARGEST SHAREHOLDERS (continued)

Name	No. of shares held	%
21. Low Siew Choong @ Liew Siew Meng	1,265,500	0.71
22. Tan Moon Hwa	1,202,680	0.67
23. HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An for Credit Suisse (SG BR-TST-ASING)</i>	1,131,800	0.63
24. JF Apex Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teo Siew Lai (Margin)</i>	879,000	0.49
25. Cartaban Nominees (Tempatan) Sdn. Bhd. AXA Affin General Insurance Berhad	860,000	0.48
26. Liew Yoon Yee	681,000	0.38
27. Lau Chin Kok	623,000	0.35
28. Yeo Khee Huat	593,000	0.33
29. Lau Chin Ka	569,320	0.32
30. CIMB Group Nominees (Tempatan) Sdn. Bhd. CIMB Commerce Trustee Berhad for TA Dana Optimix	565,800	0.31
<b>Total</b>	<b>151,042,140</b>	<b>84.22</b>

## SUBSTANTIAL SHAREHOLDERS (AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

Name of substantial shareholders	No. of ordinary shares of RM0.50 each			
	Direct	%	Indirect	%
1) Kencana Bahagia Sdn. Bhd.	67,849,638	37.83	–	–
2) Dato' Tan Boon Kang	3,963,600	2.21	83,766,638 <sup>(1)</sup>	46.71
3) To' Puan Lau Pek Kuan	3,917,000	2.18	83,813,238 <sup>(1)</sup>	46.73
4) Anton Syazi bin Ahmad Sebi	–	–	20,863,024 <sup>(2)</sup>	11.63
5) Aryati Sasya binti Ahmad Sebi	–	–	20,863,024 <sup>(2)</sup>	11.63
6) Budaya Dinamik Sdn. Bhd.	20,863,024	11.63	–	–

## STATEMENT OF DIRECTORS' SHAREHOLDINGS

Directors' name	No. of ordinary shares of RM0.50 each			
	Direct	%	Indirect	%
1) Dato' Tan Boon Kang	3,963,600	2.21	83,766,638 <sup>(1)</sup>	46.71
2) Tan Chek Siong	6,242,000	3.48	–	–
3) Tan Moon Hwa	1,202,680	0.67	–	–
4) YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar	–	–	–	–
5) YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail	–	–	–	–
6) Dato' Ir. Dr. Ashaari bin Mohamad	–	–	–	–
7) Sha Thiam Lu	–	–	–	–

By virtue of his interest in the Company, Dato' Tan Boon Kang is deemed to be interested in the shares in all subsidiaries to the extent that the Company has an interest.

Notes:

(1) Deemed interested by virtue of his/her substantial shareholding in Kencana Bahagia Sdn. Bhd. and shareholdings of his/her spouse and children in the Company

(2) Deemed interested by virtue of his/her substantial shareholding in Budaya Dinamik Sdn. Bhd.



**KEN HOLDINGS BERHAD**

(Company No.: 106173-M)

(Incorporated in Malaysia under the Companies Act, 1965)

# PROXY FORM

I/We.....  
(FULL NAME IN BLOCK LETTERS)

of .....  
(ADDRESS)

being a member(s) of KEN HOLDINGS BERHAD hereby appoint.....  
(FULL NAME)

of .....  
(ADDRESS)

or failing him/her .....  
(FULL NAME)

of .....  
(ADDRESS)

or failing him/her, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the THIRTY-SECOND ANNUAL GENERAL MEETING of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 19 April 2016, at 10.00 a.m. and at any adjournment thereof. (\*Strike out whichever is not desired)

(Should you desire to direct your Proxy as to how to vote on the Resolutions set out in the Notice of Meeting, please indicate an "X" in the appropriate space. Unless otherwise instructed, the proxy may vote or abstain from voting at his discretion.)

NO.	RESOLUTIONS	FOR	AGAINST
1)	To declare a first and final ordinary dividend		
2)	To approve Directors' fees		
3)	Re-election of YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar as Director		
4)	Re-election of Dato' Tan Boon Kang as Director		
5)	Re-election of Mr. Sha Thiam Lu as Director		
6)	Re-appointment of Messrs. KPMG as Auditors		
7)	Ordinary Resolution 1 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
8)	Ordinary Resolution 2 - Proposed Renewal of Share Buy-Back		
9)	Ordinary Resolution 3 - Continuing in Office as Independent Non-Executive Director		

Signed this ..... day of ..... 2016

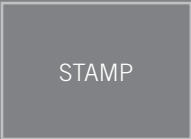
No. of shares held:	
CDS Account No.:	
Tel No. (during office hours):	

\_\_\_\_\_  
Signature

## Notes:

1. A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint any person as his/her proxy to attend, speak and vote instead of him/her. There shall be no restriction as to the qualification of proxy.
2. A member may appoint up to two (2) persons to be his/her proxy. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 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 EAN may appoint in respect of each omnibus account it holds.
4. In the case of a corporate body, the proxy appointed must be in accordance with the Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of an officer or attorney duly authorised.
5. The Proxy Form must be deposited at the Company's Registered Office at No. 6, Jalan Datuk Sulaiman, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than 48 hours before the time set for the meeting or any adjournment thereof.
6. For purposes of determining who shall be entitled to attend, speak and vote at this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 55(C) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 12 April 2016 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend, speak and/or vote in his/her stead.

1st fold here



**KEN HOLDINGS BERHAD** (106173-M)  
6. JALAN DATUK SULAIMAN  
TAMAN TUN DR ISMAIL  
60000 KUALA LUMPUR  
MALAYSIA

Then fold here



**KEN. HOLDINGS BERHAD** (106173-M)

No. 6 Jalan Datuk Sulaiman, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Malaysia.

**Tel:** 03-7727 9933 | **Fax:** 03-7728 8246 | **Email:** [contact@kenholdings.com.my](mailto:contact@kenholdings.com.my)  
**Website:** [www.kenholdings.com.my](http://www.kenholdings.com.my) | **Facebook:** [www.facebook.com/KEN.Greenbook](http://www.facebook.com/KEN.Greenbook)