

KEN®

40^{1980 - 2020}*years*
Developing Your Future



ANNUAL REPORT 2016

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 endeavours to create more value by using lesser resources.

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Awards & Recognition



GreenRE Platinum Award (Provisional)



GreenRE Platinum Award



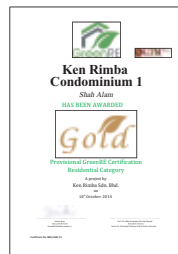
Carbon Neutral Status Cert (2015)



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)



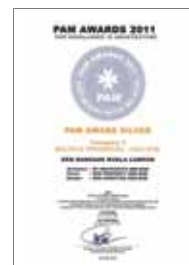
GBI Pilot Project for The GBI Township Tool



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 (cont'd)

Year	Award Milestone	
2016	Menara KEN TTDI	GreenRE Platinum Award (Provisional)
2015	KEN Rimba Condominium 2	GreenRE Platinum Award (Provisional)
	KEN Rimba Jimbaran Residences	GreenRE Platinum Award
	KEN Holdings Berhad	Carbon Neutral Status
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 ^{PLUS} 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)

Year	Award Milestone	
2012	KEN Holdings Berhad	Carbon Neutral Status
	KEN Rimba Jimbaran Residences	BCA Green Mark GOLD ^{PLUS} Award
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 Award
	KEN Rimba Commercial Centre	BCA Green Mark Certified Award
	KEN Bangsar	GBI Gold Award The Edge-PAM Green Excellence Award
2009	KEN Bangsar	BCA Green Mark GOLD ^{PLUS} Award



New Straits Times SC Cheah Choice Awards: Best Green Developer



Carbon Neutral Status (2010)



BCA Green Mark GOLD^{PLUS} Awards



The Edge-PAM Green Excellence Award



GBI Gold Award

MENARA KEN. TTDI

On behalf of the Board of Directors of KEN Holdings Berhad (“KEN”) (“Board”), it gives me great pleasure to present the Annual Report and the audited financial statements of the Group for the financial year ended (“FYE”) 31 December 2016.

Dato’ Tan Boon Kang
Group Executive Chairman

Chairman’s Statement



Chairman's Statement (cont'd)

SUMMARY & OUTLOOK

The year's operations had been set upon a backdrop of a slowdown in economic growth, stringent lending policies from financial institutions, increasing cost of living and more cautious consumer spending. Despite the challenging property market, the Group has achieved commendable financial performance. For the FYE 31 December 2016, the Group had recorded higher revenue of RM92.8 million as compared to RM74.3 million in the previous year. Correspondingly, the Group's profit before tax increased to RM37.0 million during the year.

DIVIDENDS

The Board has recommended a first and final single tier ordinary dividend of 5% per ordinary share in re-spect of the FYE 31 December 2016 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

EXPECTATIONS & PROSPECTS

The Malaysian economy is expected to grow between 4% - 5% in 2017 (2016: 4% – 4.5%) underpinned by strong domestic demand, especially private sector expenditure. Property market will remain lackluster in 2017 driven by weak sentiment. Banks will continue to adopt more cautious lending policies and buyers will adopt a wait-and-see approach. As such, the market is leaning towards the affordable market segment. As we strive to continuously provide affordable high rated green developments, we believe that this will continue to attract the growing population of younger working class and meet the growing need for affordable homes.

We are also proud to announce the completion of our corporate office tower, Menara KEN TTDI, which will consist of a combination of grade-A corporate office suites, art gallery, performing arts theatre, chains of food and beverage retail outlets and rooftop pool and skybar. With the MRT Station located just minutes away from Menara KEN TTDI, it is expected to create spillover benefits by creating accessibility as well as encourage occupants and guests to use public transport, thus reducing carbon footprint. This office tower will provide long term sustainable income and revenue to the Group in view of the continuous demand for commercial space in Taman Tun Dr Ismail. Barring any unanticipated changes to the global and local operating environment, the Board is optimistic of the Group achieving favourable performance in 2017.

ANNOUNCEMENTS & ACKNOWLEDGMENTS

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 20 to 26 of this Annual Report.

On behalf of the Board, I would like to express my sincere appreciation to all the shareholders, purchasers, suppliers, bankers, business associates and the various regulatory authorities who have continued to support and have faith in us over the years. I would also like to commend the management and employees for their unwavering commitment and contribution to the Group's success. Lastly, my special thanks to my fellow Board members for their invaluable contributions, advice and support throughout the year. With all the continued support given by all stakeholders, we look forward to achieving greater success in the future.

DATO' TAN BOON KANG DPMT., DPNS
Group Executive Chairman

Kuala Lumpur
20 April 2017

Managing **Director's Review**

OVERVIEW

The country's economic growth is expected to be subdued due to the challenging global economic and financial landscape. The outlook of the property market is expected to remain soft following from the weakening of the Ringgit, government's various cooling measures to curb a speculative market and softer consumer sentiment. Despite the challenging market conditions, 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.

FINANCIAL PERFORMANCE

In the year under review, the Group recorded total revenue of RM92.8 million, an increase of 25.0% as compared to the previous financial year. In tandem with the higher revenue, profit before tax also increased by RM5.0 million to RM36.9 million during the year. The improved revenue was contributed by the new sales registered and higher progress billings for KEN Rimba Condominium 1 project.

Total cash and cash equivalents stood at RM17.1 million as at year end. The Group generated net cash from operations of RM44.5 million during the year and was mainly used for the development and completion of our corporate office tower, Menara KEN TTDI totaling to RM25.4 million.

Our capital position remained healthy with low gearing ratio. Total shareholders' equity increased by 10.0% to RM254.2 million and net assets per share also increased by 10.1% from RM1.29 to RM1.42 at the close of the year which is in line with the higher revenue and profit after tax recorded during the year.

Tan Chek Siong
Group Managing Director



Managing Director's Review (cont'd)

SUSTAINABLE DEVELOPMENTS

KEN Rimba Condominium 1

Consistent with KEN's core values the Company will continue building spaces that have long-term value. KEN Rimba Condominium 1, which is Phase 5 of the development comprising 679 units and villas, will be another addition to the KEN Rimba Township offering affordable green homes to the market. Seamlessly integrating contemporary functionality with modern aesthetic, the condominium consists of 653 freehold units of 3 or 4 bedroom apartments ranging from 1,076 to 2,367 sq. ft. and 26 pool villas of 2,615 sq. ft.

This is the first high-rise residential development being awarded the prestigious BCA Green Mark Gold^{PLUS} Award (Provisional) and Green RE Gold Award (Provisional). The take up rate of 81% for the entire project remains encouraging despite the cautious market due to its affordability. Its unbilled sales of RM84.6 million as at 31 December 2016 will sustain the Group's earnings visibility in the near term. The project is currently progressing as scheduled and is expected to be completed by end 2017.

Menara KEN TTDI

December 2016 saw the completion of our corporate office tower, Menara KEN TTDI, a 13-storey Green corporate office tower situated within the affluent vicinity of Taman Tun Dr Ismail, Kuala Lumpur. It comprise premium Grade A office suites, performing arts theatre, art gallery, chains of food and beverage outlets, gymnasium, rooftop pool and sky bar. This world-class sustainable corporate office tower with the intelligent building management system has been awarded with BCA Green Mark Platinum Award on top of the coveted US Green Building Council LEED Platinum Certificate and has obtained Multimedia Super corridor ("MSC") status.

An array of features has been integrated into the design of the building to achieve energy efficiency and create an extraordinary work environment for our occupants:

- a) an atrium at the center of the building which brings in an abundance of natural light;
- b) full height double glazed low-E glass panels to reduce heat and glare;
- c) offices are designed to be virtually column-free for maximum space optimisation; and
- d) individual user-controlled systems which provide zoned air-conditioning, 24 hours.

This office tower integrates the lifestyle needs of today's urbanites and corporate executives with various attractive facilities and amenities. With these distinct features, we believe that this will give us a competitive advantage in securing more tenants in the near future. Since completion, we have successfully secured two tenancies and the occupancy rate of the building is currently at approximately 20%. In the coming year, more strategic efforts will be taken to improve the occupancy rate of the corporate office tower to strengthen the long-term sustainable recurring income to the Group.

Being the pioneer and leader of green development in Malaysia, the Group's commitment to sustainable developments and practices are driven by its core values – We are hands on and committed; We take pride in our work; We are innovators and we create value; We are part of the KEN Family; We embrace sustainable practices – "Mottainai". The numerous awards achieved over the years is a testament to the Group's commitment in delivering high-quality sustainable developments and creating value for purchasers.

Further details of KEN's commitment to sustainable developments can be found in the Sustainability Report on pages 32 to 36 of this Annual Report.

PROSPECTS

The property market is expected to remain challenging and hence, we had not been hasty in the launching of new projects. Nonetheless, I am positive about the coming year as we look forward to the completion of the KEN Rimba Condominium 1 project and the strategic location coupled with ease of access to various public transportation facilities will continue to attract occupiers, thus increasing occupancy of our corporate office tower, which will contribute to the steady performance of the Group. In line with the vision of the Group, we remain committed to our responsibilities towards our eco-system and creating value for our stakeholders.

TAN CHEK SIONG

Group Managing Director

Kuala Lumpur
20 April 2017

Board of **Directors**



1. Dato' Tan Boon Kang
Group Executive Chairman

2. Tan Chek Siong
Group Managing Director

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

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

5. Tan Moon Hwa
Executive Director

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

7. Sha Thiam Lu
Independent Non-Executive Director

Directors' Profile

DATO' TAN BOON KANG

Group Executive Chairman

59 years of age • Male • 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 37 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 father of Mr. Tan Chek Siong, Group Managing Director of the Company and the brother of Mr. Tan Moon Hwa, Executive Director of the Company.

TAN CHEK SIONG

Group Managing Director

36 years of age • Male • 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.

He was also instrumental in spearheading the green building movement transformation in the Group on sustainable development. In 2015, he was accorded the BCA Young Green Advocate by the Building and Construction Authority (BCA) of Singapore as an affirmation for his continuous efforts towards caring for the assignment. 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's 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^{PLUS} (Provisional) Award 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.

Directors' Profile (cont'd)

YAM DATO' SERI SYED AZNI IBNI ALMARHUM TUANKU SYED PUTRA JAMALULLAIL

Independent Non-Executive Director

62 years of age • Male • 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.

YB DATO' SERI DR. RAJA AHMAD ZAINUDDIN BIN RAJA HAJI OMAR

Independent Non-Executive Director

61 years of age • Male • 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.

TAN MOON HWA

Executive Director

54 years of age • Male • 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 geo-technical 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.

Directors' Profile (cont'd)

DATO' IR. DR. ASHAARI BIN MOHAMAD

Independent Non-Executive Director

64 years of age • Male • 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.

SHA THIAM LU

Independent Non-Executive Director

50 years of age • Male • Malaysian

Mr. Sha Thiam Lu 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 has 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 five (5) years.*
4. *Please refer to the Statement of Corporate Governance on pages 20 to 26 of this Annual Report for the Directors' meeting attendance records.*

Senior **Management Team**

TO' PUAN LAU PEK KUAN

Executive Director

60 years of age • Female • Malaysian

To' Puan Lau Pek Kuan is the co-founder of the Group and was instrumental in developing and implementing the accounting and human resource policies for the Group. She was also a member of the Board from 1996 to 2008. She has extensive knowledge and experience for procurement of materials in specialist engineering and building construction and currently heads the Group's procurement and operational division. She has been responsible for integrating the Group's operations for effective cost containment measures and maintaining a high level of efficiency for the Group.

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

She is the spouse of Dato' Tan Boon Kang, Group Executive Chairman of the Company and mother of Mr. Tan Chek Siong, Group Managing Director of the Company.

TAN CHEK EEN

Deputy Finance Director

32 years of age • Female • Malaysian

Ms Tan Chek Een holds a Bachelor of Science in Economics and Accountancy from City University of London. She is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants (MIA). Prior to joining the Group, she has gained experience in audit at KPMG and corporate finance at OSK Investment Berhad. She joined the Group in 2012 and is currently the Deputy Finance Director, overseeing the financial planning and general administration of the Group.

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

Ms Tan Chek Een is the daughter of Dato' Tan Boon Kang, Group Executive Chairman of the Company, sister of Mr. Tan Chek Siong, Group Managing Director of the Company and niece of Mr. Tan Moon Hwa, Executive Director of the Company.

Notes:

1. *Save as disclosed above, none of the key senior management has any family relationship with any other Directors and/or substantial shareholders of the Company.*
2. *None of the key senior management has any conflict of interest with the Company.*
3. *None of the key senior management has been convicted for any offences against the law other than traffic offences (if any) within the past five (5) years.*

Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN THAT the Thirty-Third Annual General Meeting of Ken Holdings Berhad (“KEN” or the “Company”) will be held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 22 May 2017, at 10.00 a.m. for the transaction of the following businesses:

1. To receive Audited Financial Statements for the year ended 31 December 2016 together with the Reports of the Directors and the Auditors thereon.
2. To declare a first and final single tier dividend of 5% per ordinary share in respect of the year ended 31 December 2016. **(Resolution 1)**
3. To approve the payment of Directors’ fees of RM140,000/- (2015: RM160,000) in respect of the year ended 31 December 2016. **(Resolution 2)**
4. To approve the payment of Directors’ benefits up to RM50,000 from 31 January 2017 until the next Annual General Meeting of the Company. **(Resolution 3)**
5. 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) Mr. Tan Chek Siong **(Resolution 4)**
 - (b) YAM Dato’ Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail **(Resolution 5)**
 - (c) Dato’ Ir. Dr. Ashaari bin Mohamad **(Resolution 6)**
6. To appoint Messrs. UHY as Auditors of the Company in place of the retiring Auditors, Messrs. KPMG PLT, and to authorise the Directors to fix their remuneration. **(Resolution 7)**

Notice of nomination from a shareholder pursuant to the Companies Act 2016, a copy of which is set out and marked “Annexure A”, has been received by the Company for nomination of Messrs. UHY, who have given their consent to act, for appointment as Auditors and of the intention to propose the following Ordinary Resolution:-

“That Messrs. UHY be and hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. KPMG PLT, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.”

As Special Business:

To consider and, if thought fit, to pass the following Ordinary resolutions:

7. **Ordinary Resolution** **(Resolution 8)**
Authority to issue shares pursuant to Section 75 of the Companies Act, 2016

“**THAT** subject always to the Companies Act, 2016 (“the Act”), Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) 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 75 of the Act to allot and issue shares in the Company to such persons, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed ten percent (10%) of the total number of issued shares of the Company and for the time being **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 Securities **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

Notice of Annual General Meeting (cont'd)

8. Ordinary Resolution

(Resolution 9)

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 Section 127 of the Act, the Memorandum and Articles of Association of the Company, the Listing Requirements and all other applicable laws, regulations and guidelines, 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 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 number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

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 to deal with the treasury shares in the manners as allowed by the Act;

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 AGM of the Company following at which time the authority 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 AGM is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders at a General Meeting,

whichever occur first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Listing Requirements and any other relevant authorities **AND THAT** authority be and is hereby given to Directors of the Company 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."

9. Ordinary Resolution

(Resolution 10)

Continuing In Office As Independent Non-Executive Director

"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 (9) years, to continue to act as an Independent Non-Executive Director of the Company."

- 10. 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-Third Annual General Meeting, a first and final single tier dividend of 5% per ordinary share in respect of the year ended 31 December 2016 will be payable on 28 July 2017 to depositors registered in the Record of Depositors on 14 July 2017.

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 14 July 2017 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

20 April 2017

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 Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 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 15 May 2017 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.
7. Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all the Resolutions set out in this Notice will be put to vote by poll.

Notice of Dividend Entitlement (cont'd)

8. Explanatory Notes on Ordinary and Special Business:

(a) Audited Financial Statements for financial year ended 31 December 2016

The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders' approval under the provisions of Section 340(1)(a) of the Companies Act, 2016. Hence, this item on the Agenda is not put forward for voting by the shareholders of the Company.

(b) Directors' benefits payable

Pursuant to Section 230(1) of the Companies Act, 2016, the fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The total estimated amount of Directors' benefits payable is calculated based on the number of scheduled Board's and Board's Committee Meeting for the financial year ending 31 December 2017 until the next AGM. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

(c) Resolution pursuant to Section 75 of the Companies Act, 2016

Resolution No. 8 is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Section 75 of the Companies Act, 2016 which was approved by shareholders at the last year's AGM ("the previous mandate"). As at the date of this Notice, the Company did not allot any shares pursuant to the previous mandate.

The proposed resolution, if passed, will empower the Directors to issue and allot new shares in the Company at any time as the Directors may deem fit provided the aggregate number of shares issued pursuant to the mandate does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being, without convening a general meeting. The authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

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

Resolution No. 9, if passed, will empower the Company to purchase and/or hold up to ten percent (10%) of the issued shares of the Company. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next AGM. For further information, please refer to the Circular to Shareholders dated 20 April 2017 which is circulated together with this Annual Report.

(e) 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 (9) 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 judgment 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 (9) 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 - <i>Group Executive Chairman</i>
Tan Chek Siong - <i>Group Managing Director</i>
YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail - <i>Independent Non-Executive Director</i>
YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar - <i>Independent Non-Executive Director</i>
Tan Moon Hwa - <i>Executive Director</i>
Dato' Ir. Dr. Ashaari bin Mohamad - <i>Independent Non-Executive Director</i>
Sha Thiam Lu - <i>Independent Non-Executive Director</i>

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

REGISTERED OFFICE

Level 12, Menara KEN TTDI
No. 37, Jalan Burhanuddin Helmi
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

COMPANY SECRETARY

Andrea Huong Jia Mei
(MIA 36347)

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Customer Service Centre:
Unit G-3, Ground Floor, Vertical Podium
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

STOCK EXCHANGE LISTING

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

PRINCIPAL BANKER

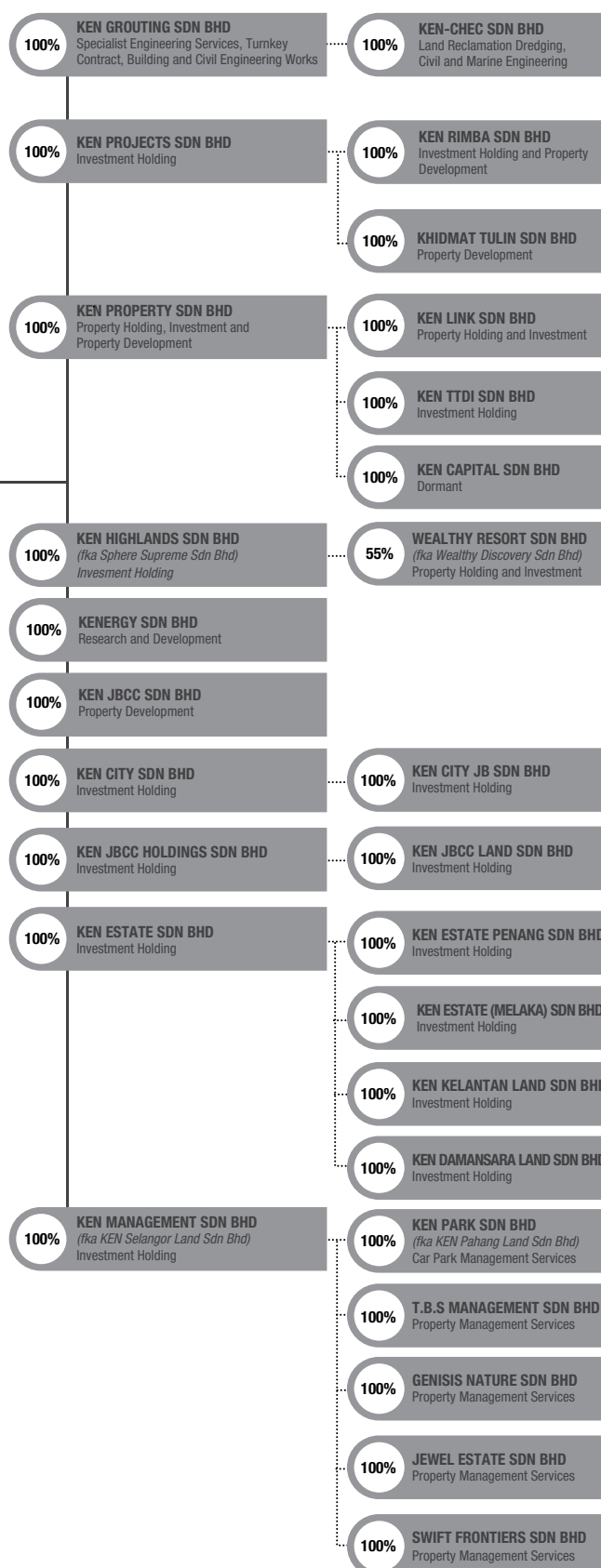
Malayan Banking Berhad

AUDITORS

KPMG PLT (Firm No: LLP0010081-LCA & AF 0758)
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[®]
KEN HOLDINGS BERHAD
 (106173-M)



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	2012 RM'000	2013 RM'000 (Restated)	2014 RM'000	2015 RM'000	2016 RM'000
Revenue	54,112	55,828	91,082	74,266	92,816
Profit before taxation	22,813	28,257	43,739	31,912	36,945
Profit after taxation	16,477	20,895	31,952	23,320	27,726
Profit attributable to shareholders	16,482	20,895	31,952	23,320	27,726
Shareholders' fund	166,823	183,563	212,205	231,817	254,158
Issued share capital	95,860	95,860	95,860	95,860	95,860
Total assets	278,412	279,476	282,781	333,756	357,254
Net asset	166,823	183,563	212,205	231,858	254,202
Net earnings per share (sen)	18	23	18 ⁽¹⁾	13 ⁽²⁾	15 ⁽³⁾
Net assets per share (sen)	186	205	118 ⁽¹⁾	129 ⁽²⁾	142 ⁽³⁾

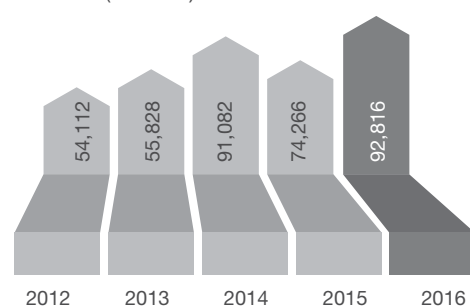
Notes:

⁽¹⁾ 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

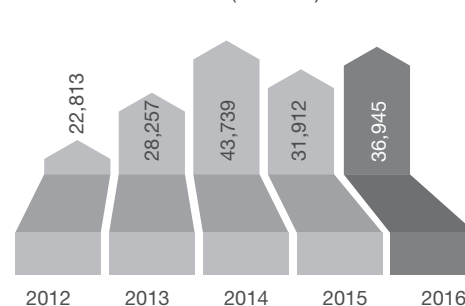
⁽²⁾ Paid-up share capital RM95.9 million consist of 191,720,000 ordinary shares of RM0.50 per share after share split and 12,377,400 treasury

⁽³⁾ Paid-up share capital RM95.9 million consist of 191,720,000 ordinary shares of RM0.50 per share after share split and 12,379,400 treasury

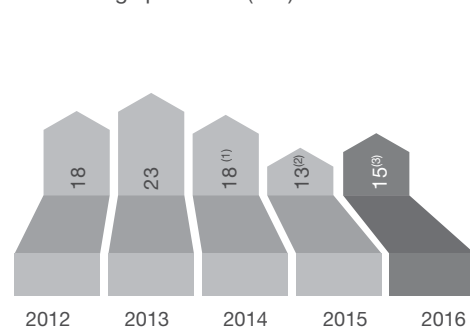
Revenue (RM'000)



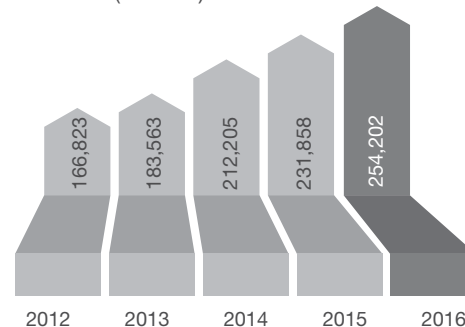
Profit before taxation (RM'000)



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").

1. BOARD OF DIRECTORS

1.1 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.

There is a clear division of responsibilities between the Group Executive Chairman, Group Managing Director and Independent Non-Executive Directors to ensure a balance of power and authority. The Group Executive Chairman and Group Managing Director has the overall responsibility for the day-to-day management of the business and implementation of Board policies and procedures.

The Board recognises the crucial role and contribution played by Independent Non-Executive Directors. They 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 has established clear functions reserved for the Board and those delegated to Management for decision. Key matters specifically reserved for the Board include the following:

- (a) conflict of interest issues relating to a substantial shareholder or Director;
- (b) material acquisitions and disposition of assets; and
- (c) corporate plan and programmes, new ventures and investment in capital projects.

The Board Charter guides the 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. The last review was done on 22 February 2017. Details of the Board Charter are available on the Company's website at www.kenholdings.com.my.

1.2 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. The Board members' profile is set out on pages 9 to 11 of this Annual Report.

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. Although the Chairman is an executive member of the Board, the current Board comprise of a majority of independent directors which is in line with the recommendation of the Code. The Board is also satisfied with the Chairman being an executive member of the Board in view of his experience and knowledge in the business and his commitment in discharging his duties and responsibilities effectively.

Statement of Corporate Governance (cont'd)

1.3 Independence of Directors

Recommendation 3.2 of the Code 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 19 April 2016 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. Key justifications for his recommended continuance as an Independent Director are as follows:

- (a) he fulfils the criteria under the definition of Independent Non-Executive Directors stated in the Listing Requirements and therefore is able to bring independent and objective judgement to the Board and Board Committees;
- (b) his commitment to the Company in terms of time spent as evidenced by his meeting attendance and familiarity with the Group's business operations; and
- (c) he has exercised due care during his tenure as an Independent Non-Executive Director of the Group and

carried out his duties in the best interest of the Group and the shareholders.

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.

1.4 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 2016, 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.

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 2016 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			
YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail	5/5	5/5		
YB Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar	5/5	5/5	1/1	1/1
Mr. Tan Moon Hwa	5/5			
Dato' Ir. Dr. Ashaari bin Mohamad	5/5		1/1	
Sha Thiam Lu	5/5	5/5	1/1	1/1

Statement of Corporate Governance (cont'd)

1.5 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.

The Board believes in providing equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender. However, the Board is mindful of the Recommendation 2.2 of the Code and women candidates were sought as part of the recruitment exercise of new Directors for the Company. A woman Director will be appointed to the Board as soon as a suitable candidate is identified.

1.6 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. 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.

1.7 Directorships in Other Companies

In accordance with the Listing Requirements, each Director should not hold more than five (5) directorships in public listed companies. The Board Charter also sets out the need for Directors to notify the Chairman prior to accepting any new directorship to ensure that all Directors are able to commit sufficient time for the Company. The Directors are required to disclose and update their directorships and shareholdings in other companies as and when necessary.

1.8 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 2016, the Directors have individually or collectively attended the following training programmes:

- (a) Corporate Governance Breakfast Series: Cybersecurity threat and how Board should mitigate the risks;
- (b) Anti-corruption & integrity - Foundation of corporate sustainability;
- (c) How to leverage on AGMs for better engagement with shareholders;
- (d) Advocacy sessions on management discussion and analysis for CEO and CFO of listed issuers;
- (e) National Tax Conference 2016; and
- (f) 2017 Budget Seminar.

Statement of Corporate Governance (cont'd)

1.9 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. All Directors have unrestricted access to the advice and services of the Company Secretary and senior management, and where necessary, in the furtherance of their duties, seek independent professional advice at the Company's expense so as to ensure that they are able to make independent and informed decision.

All scheduled meetings held during the year were preceded with a formal agenda issued by the Company Secretary. The Company had moved towards electronic Board papers since 2013. Board papers were circulated electronically to all Directors at least seven (7) days 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 Board is supported by a qualified and competent company secretary who is a member of a professional body. 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 proper records of the proceedings of board meetings are properly kept.

2. 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.

2.1 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 Audit Committee consists 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 work of the Committee during the financial year is set out in the Audit Committee report on pages 29 to 30 of this Annual Report. The Terms of Reference of the Audit Committee is available on the Company's website.

2.2 Nomination Committee

The Nomination Committee has the responsibility for proposing and recommending new nominees to the Board and 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 Nomination Committee consists 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.

The Terms of Reference of the Nomination Committee is available on the Company's website.

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 2016, the Nomination Committee conducted its annual appraisal via questionnaires on the effectiveness of the Board, its Committees and the contribution of each Director.

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

Statement of Corporate Governance (cont'd)

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.

2.3 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 necessary to attract, retain and motivate Directors. Directors do not participate in the discussion of their own remuneration. Directors' fees are subject

to approval by the shareholders at the Company's AGM.

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 remuneration package of Executive Directors include salaries and benefits in kind which are linked to the Group's performance. The remuneration of the Non-Executive Directors consists of fixed fees and meeting 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.

Details of the aggregate Directors' remuneration of the Company and Group for the FYE 31 December 2016 categorised in appropriate components is set out below:

	Fee RM'000	Salaries and other emoluments RM'000	Benefits-in- kind RM'000	Bonus RM'000	Total RM'000
Company					
Executive	60	–	–	–	60
Non-Executive	80	46	–	–	126
	140	46	–	–	186
Group					
Executive	60	2,012	45	655	2,772
Non-Executive	80	491	24	113	708
	140	2,503	69	768	3,480

The number of Directors whose remuneration falls within successive bands of RM50,000 is set out below:

Range of Remuneration	Executive	Non-Executive
Below RM50,000	–	4
RM200,001 - RM250,000	1	–
RM600,001 - RM650,000	1	–
RM1,850,001 - RM1,900,000	1	–
	3	4

Statement of Corporate Governance (cont'd)

3. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATIONS

The Board recognises the importance of an effective communication channel between the Board, shareholders and the investment community. 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. At the AGM, the Board provides ample time for the question and answer session and for shareholders to give their views to the Board. The full Board and the external auditors are present at the AGM to respond to shareholders' queries during the meeting. The Notice of AGM and Annual Reports are sent out to shareholders at least twenty-one (21) days before the meeting.

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, the Company will implement poll voting for all the resolutions set out in the Notice of AGM. An Independent scrutineer will be appointed to validate the votes cast at the AGM.

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.

Bursa Securities also provides the Company to electronically publish all its announcements, including full versions of its quarterly result announcement, circulars and Annual Reports on Bursa Securities' website at 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 which 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 is mindful 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.

4. ACCOUNTABILITY AND AUDIT

4.1 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.

4.2 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. The external auditors have provided assurance to the Audit Committee on its independence via the Audit Planning Memorandum. The Audit Committee also met two (2) times during the year without the presence of the executive Board members and management to discuss on key concerns and obtain feedback relating to the Company's affairs. The audit engagement partner is required to rotate every five (5) years in accordance with the current By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. Notice of nomination from a shareholder pursuant to the Companies Act, 2016 has been received by the company nominating Messrs. UHY for appointment as the new auditors in place of the retiring auditors Messrs. KPMG PLT at the forthcoming AGM.

Statement of Corporate Governance (cont'd)

Details of audit fee and non-audit fee payable by the Company and Group to the external auditors for the FYE 31 December 2016 are set out below:

	Company RM'000	Group RM'000
Audit fee payable	40	116
Non-audit fee payable	10	14
Total	50	130

4.3 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, 2016.

4.4 Statement on Risk Management and Internal Control

The Board acknowledges that risk management and internal controls is an integral part of the overall management processes which is an ongoing process to identify, evaluate, monitor and manage and mitigate the risks that may affect the achievement of its business and corporate objectives.

Details of the Company's risk management and internal control system are set out in the Statement on Risk Management and Internal Control on pages 27 to 28 of this Annual Report.

5. CODE OF CONDUCT AND ETHICS

The Group's Code of Conduct and Ethics sets the tone for proper and ethical behavior expected of the Board members and the employees. The Code

of Conduct and Ethics serves as a reference for all parties to conduct themselves in accordance with key principles including integrity in discharging their duties, conflict of interest and confidentiality of information. It also sets out prohibited activities or misconduct involving gifts, gratuities, bribes, dishonest behaviour and sexual harassment. In discharging its responsibilities, the Board is also guided by the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia.

6. 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.

7. 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 32 to 36 of this Annual Report.

8. 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 29 March 2017.

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.

The respective Head of Departments are primarily responsible for the identification, evaluation and management of major risks affecting their respective business units including the design and implementation of controls on a regular 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 subsidiary, 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 reviewed and presented during the annual RMC meeting held on 19 December 2016.

The risk assessment performed in 2016 was subsequently reviewed and approved by the Audit Committee and the Board respectively in March 2017.

- (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 who 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 November 2016 and February 2017.

- (c) The key elements of the Group's internal control system which have been in place during the financial year include:
 - (i) The Group has an organisation structure with well defined lines of responsibility and authority levels;
 - (ii) Management/project committee meetings and departmental meetings were held weekly to identify, discuss and resolve significant operational and financial issues;
 - (iii) Budgets were prepared for each subsidiary and reviewed by the Managing Director;
 - (iv) Management reports were prepared monthly and monitored against budget on a quarterly basis;

Statement on Risk Management and Internal Control (cont'd)

- (v) Board Committees comprising Audit Committee, Nomination Committee, Remuneration Committee, Management/Project Committee and Risk Management Committee with defined terms of reference outlining functions and duties established by the Board;
- (vi) Standard Operating Procedures manuals which are reviewed and updated regularly to reflect the changes in business environment, operational needs and regulatory requirements;
- (vii) Internal quality audits were conducted on all departments/sites 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 accorded ISO 9001:2008 accreditation demonstrating continuous improvement of its internal controls;
- (ix) The Audit Committee reviewed the quarterly results before approval by the Board for public release. 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;
- (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; and
- (xii) Employee handbook and Code of Conduct are communicated to all employees of the Group upon commencement of employment.

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 2016 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 29 March 2017.

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 2016, the Committee comprise the following Directors:

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

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee is available on the Company's website at www.kenholdings.com.my.

AUDIT COMMITTEE MEETINGS

The Audit Committee met five (5) times during the financial year ended 31 December 2016. The details of the Audit Committee's meetings held and attended by the Committee during the financial year are as follows:

Name of Members	No. of Audit Committee Meetings Attended/Held
Chairman: YB Dato' Seri Dr. Raja Haji Ahmad Zainuddin bin Raja Haji Omar <i>(Independent Non-Executive Director)</i>	5/5
Members: YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail <i>(Independent Non-Executive Director)</i>	5/5
Sha Thiam Lu <i>(Independent Non-Executive Director)</i>	5/5

SUMMARY OF WORK OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Audit Committee carried out its duties in accordance with its Terms of Reference. During the financial year ended 31 December 2016, the activities of the Audit Committee included the following:

- (a) Reviewed the unaudited quarterly financial results for the financial quarters ended 31 March 2016, 30 June 2016, 30 September 2016 and 31 December 2016 and audited financial statements of the Group for the financial year ended 31 December 2016 before recommending to the Board of Directors for approval to release to Bursa Malaysia Securities Berhad ("Bursa Securities") and Securities Commission accordingly;
- (b) Reviewed and endorsed the audit planning memorandum of the external auditors to discuss their audit methodology, materiality, scope of work, key milestones, fraud consideration and the new accounting standards prior to commencement of their annual audit for the financial year ended 31 December 2016;
- (c) Reviewed the findings of the external auditors' report for the financial year ended 31 December 2015 focusing on areas of concern and the management's response to the concerns raised by the external auditors;
- (d) Discussed with the external auditors on updates in relation to new or proposed changes in accounting standards and regulatory requirements and considered the implications to the financial statements presentation and disclosure arising from the adoption of the new Financial Reporting Standards;
- (e) Met with the external auditors without the presence of Executive Directors and management on 25 February 2016 and 22 November 2016 to discuss audit findings, assistance given by employees to the external auditors or any observations noted during the audit process. There were no major concerns raised by the external auditors at the meetings;

Audit Committee Report (cont'd)

- (f) Considered the audit fee payable and recommended the re-appointment of the external auditors to the Board for approval;
- (g) Reviewed the Audit Committee Report, Statement of Corporate Governance and Statement on Risk Management and Internal Control to ensure compliance with the Main Market Listing Requirements of Bursa Securities and recommend to the Board for inclusion in the Annual Report 2015;
- (h) Reviewed the Circular to Shareholders in relation to the proposed renewal of authority for the Company to purchase its own shares of up to 10% of the issued and paid up capital of the Company and recommended the same to the Board for approval;
- (i) Reviewed on a quarterly basis if there is any related party transactions entered into by the Group and any conflict of interest situation that may arise within the Group which are required to be transacted at arm's length basis and not detrimental to the interest of the minority shareholders;
- (j) Reviewed and approved the Internal Audit Plan for 2016 to 2018 of the Company, the scope and focus of the internal audit programmes; and
- (k) Reviewed the 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; and
- (l) Reviewed the Risk Management Assessment Report of the Company and the Group.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent consulting firm, which reports directly to the Audit Committee, to assist the Audit Committee in discharging its duties and responsibilities. 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 Internal Audit Plan for 2016 to 2018 was reviewed and approved by the Audit Committee on 24 May 2016. The internal audit reviews conducted include the project management of the Ken Rimba Condominium 1 project and a follow up review on the sales administration and site audit cycle to assess the status of the action plans 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. All internal audit reports were reviewed by the Audit Committee and discussed at Audit Committee Meetings. Areas of improvement identified and timelines for the outstanding matters to be resolved were communicated to the management for further action. 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 2016 was RM33,000.

Additional **Disclosure Information**

UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate proposal during the financial year ended 31 December 2016.

NON-AUDIT FEES

The total amount of non-audit fees payable to external auditors by the Group for the financial year ended 31 December 2016 amounted to RM14,000.

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 2016, or entered into since the end of the previous financial year except as disclosed in Note 24 to the Financial Statements.

Sustainability Statement

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

**Careful.
Thoughtful.
Mindful.**

COMMUNITY EFFORTS

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

KEN Foundation

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. The KEN Foundation scholarship programme funds the costs of university education in a local institution and assists scholars with their living costs through 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 will continue to pledge 1% of the Group's annual profit before tax to be channeled to this Foundation. The Foundation has to-date raised about RM1.8 million for the cause.

Through the Foundation, we have financially supported 50 students through their tertiary education. KEN Foundation does not just fund these scholars. Part of its initiative includes assisting scholars in the building their resumes so as to equip them for work. KEN scholars therefore are given work experience through the KEN internship programme whereby scholars are placed in the relevant departments to gain practical industry experience that would train and prime them for a job. The students are also offered an opportunity to work with KEN upon graduation.

Diabetes Charity Run

In conjunction with World Diabetes Day, Sunway Medical Centre organised a charity run on 16th September 2016 to create awareness on diabetes and its complications. Through the KEN Sports and Social Club (KSSK), KEN Family members have participated in this "Malaysians Unite Against Diabetes Run" in support of this awareness event. This is a fundraising event which supports Limb For Life, an NGO that offers prosthetic limbs to Malaysian amputees.



Sustainability Statement (cont'd)

Go GREEN Campaign

As a leading sustainable developer, KEN supports environmental sustainability by initiating Go-Green Campaign to create environmental-friendly awareness and culture within the Group. An energy conservation contest was held at the Company to promote energy saving and reduce carbon footprint of the Company. Some key initiatives that KEN Family members are currently practicing include usage of energy efficient T5 light bulbs, increasing the usage of electronic softcopies to reduce paper usage, switching off lights and air conditioning during lunch time and after hours. In the office premises, every department takes the initiative to collect any unused papers for recycling.

We also ensure that our sustainability practices are extended to all of our stakeholders including our customers by sharing Green tips and practices via our social media channels. Upon handing over the keys to their homes, we provide a “Green Building User Guide” for all home owners for them to understand the functions of each green features in their homes and how to optimise it for their comfort and lifestyle.

ENVIRONMENTAL CONSCIOUSNESS

Carbon Neutral Status

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 6 years, since the year 2010.

KEN obtained its Carbon Neutral Status in 2010 and has maintained this ever since. In 2015 the company generated 324 tonnes of greenhouse gas which was neutralised by emission reductions in the climate protection projects in the Madre de Dios Amazon REDD Project, Peru.



Sustainability Statement (cont'd)

The Madre de Dios projects achieved Gold level for its Climate, Community & Biodiversity Standards (CCBS) certification. The CCBS Gold level testifies outstanding benefits for local communities and biodiversity. Protecting forests protects invaluable habitats for animal and plant species. Due to deforestation, many species are acutely threatened by extinction. The Madre de Dios project protected more than a dozen endangered species and provided watershed benefits such as erosion control and reduced sedimentation.

Use of fuel efficient vehicles

In its efforts to promote and encourage KEN Family members to reduce carbon footprint, KEN Green Allowance, a vehicle interest subsidy scheme was introduced in 2011. This provides an incentive for KEN Family members to purchase hybrid cars and live greener. The scheme offers interest subsidy for the repayment of hybrid car loans. The usage of fuel efficient vehicles helps to reduce carbon dioxide emissions created by commuting staff.



GREEN INNOVATION

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^{PLUS} 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^{PLUS} 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).

Some of the design features and principles which have been incorporated within KEN's developments include:

- a) built in north-south orientation to reduce heat and glare;
- b) rainwater harvesting tanks to recycle rainwater for common use and compost bins for organic waste;
- c) light sensors in common areas that detect movement and brightness;
- d) breathable roof system which allows heat to escape dissipate form the roof; and
- e) adjustable louvered windows which allows maximum cross-ventilation and provide optimal air flow.

**COMMITTING
TO
SUSTAINABILITY
AS A KEY TO
SUCCESS**



Sustainability Statement (cont'd)

Menara KEN TTDI

Our recently completed corporate office tower, Menara KEN TTDI, is a 13-storey MSC compliant platinum-grade green building. With a design aimed at maximising natural light and features such as the zoned-air-conditioning system, the structure focuses on creating energy efficient work and recreational spaces. Building work-life balance into its spaces and with space efficiency at the heart of its design, it features column-free office suites and rooftop recreational facilities such as a gymnasium, swimming pool and a sky bar. Menara KEN TTDI will also be complete with food & beverage outlets, ballroom and function spaces a performing arts theatre and an art gallery.

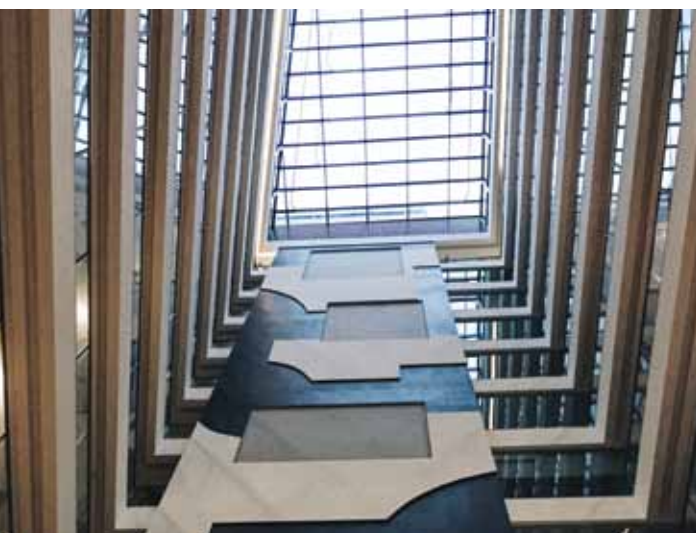
We have carefully conceptualised the design of this building with some of the following key features:

Chilled Water, Thermal Energy Storage (TES) system & Air Conditioning System

Our 24-hour multiple zoned air-conditioning system is suitable for Multi-National Companies which require long and flexible working hours. This also allows our occupants to control their desired room temperature and have better control of their costs.

High performance Double Glass Units and centre atrium

Designed to embody the essence of energy efficiency, the office tower features full height double glazed low-E glass panels facing outside while an atrium at the center of the building brings in an abundance of natural light.



Building Automation System (BAS)

BAS allows our building management team to monitor the building's performance and ensure the facilities are efficiently and effectively managed. It also reduces maintenance costs with running the equipment less and controlling it better reduces wear-and-tear and keeps maintenance costs down, and extends equipment lifetime. BAS helps to simplify building operation and typically saves 15% of the operating costs of the equipment.

Green Vehicle Car Park Bays

Electric vehicle charging stations are provided in the carpark of Menara to increase public awareness of green environment and it exemplifies our commitment to environmental values.

Photovoltaic (PV) Panel

By having these PV panels on the rooftop of Menara KEN, it enables electricity to be generated from sunlight which will reduce our electricity bills. The total capacity of these PV panels can generate an estimate of 166,000 kWh per year which can power up to 20 double-storey houses with an average consumption of 700 kWh per house per month. Furthermore, these PV panels, energy generation is emission-free and thereby reducing carbon footprint.

Motion Sensor

Location of motion sensors could be strategically installed which detect movement to reduce unnecessary energy consumed.

Sustainability Statement (cont'd)

OUR PEOPLE

It is at the core of our value system to ensure the wellbeing of our team. Held together with a corporate and united vision, the KEN team evidently strives together to ensure growth and development of the company, and each other. As such, the Group strives to maintain high standards of recruitment and retention of competent employees by offering attractive remuneration package, comprehensive medical benefits including provision of insurance coverage under hospitalisation which also extends to their immediate family members, KEN Points which are convertible and redeemable for selected goods/services and investing in training programmes as part of talent development.

All KEN Family members are also automatically a member of the sports club, KSSK, upon joining the Group and are entitled to partake in the various activities organised by the committee such as sports sessions, social activities and festive gatherings. This will foster good working relationships and interactions among staff from all department and at the same time promote healthy living.



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.

Directors' Report

for the year ended 31 December 2016

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

PRINCIPAL ACTIVITIES

The Company is principally 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:		
Owners of the Company	27,723	8,247
Non-controlling interests	3	–
	27,726	8,247

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 RM5,380,248 in respect of the financial year ended 31 December 2015 on 27 June 2016.

The first and final ordinary dividend recommended by the Directors in respect of the financial year ended 31 December 2016 is 2.5 sen per ordinary share totalling RM4,483,515. 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

Directors' Report (cont'd)

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 1.1.2016 '000	Bought '000	Sold '000	At 31.12.2016 '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 2016 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 remuneration 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 24 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 (cont'd)

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 RM1,957 from the open market at an average price of RM0.98 per share. As at 31 December 2016, total treasury shares held by the Company was 12,379,400.

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.

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION (CONTINUED)

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 2016 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.

AUDITORS

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), retire and are not seeking 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: 29 March 2017

Statements of Financial Position

as at 31 December 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Assets					
Property, plant and equipment	3	14,837	14,882	–	–
Land held for property development	4	104,172	103,876	–	–
Investment properties	5	118,506	93,246	–	–
Investments in subsidiaries	6	–	–	57,891	57,891
Other investments	7	26	26	–	–
Deferred tax assets	8	16,672	13,194	378	311
Total non-current assets		254,213	225,224	58,269	58,202
Inventories	9	66,522	56,338	–	–
Property development costs	10	6,680	19,271	–	–
Current tax assets		633	118	–	–
Trade and other receivables	11	12,076	14,462	94,280	80,030
Cash and cash equivalents	12	17,130	18,343	33	9,318
Total current assets		103,041	108,532	94,313	89,348
Total assets		357,254	333,756	152,582	147,550
Equity					
Share capital		95,860	95,860	95,860	95,860
Reserves		158,298	135,957	33,108	30,243
Equity attributable to owners of the Company	13	254,158	231,817	128,968	126,103
Non-controlling interests		44	41	–	–
Total equity		254,202	231,858	128,968	126,103
Liabilities					
Deferred tax liabilities	8	16,308	17,523	–	–
Total non-current liabilities		16,308	17,523	–	–
Trade and other payables	14	80,826	78,384	21,542	19,364
Loans and borrowings	15	2,000	2,000	2,000	2,000
Current tax liabilities		3,918	3,991	72	83
Total current liabilities		86,744	84,375	23,614	21,447
Total liabilities		103,052	101,898	23,614	21,447
Total equity and liabilities		357,254	333,756	152,582	147,550

The notes on pages 47 to 91 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue					
- property development revenue		92,492	73,789	–	–
- dividends		–	–	8,104	8,014
- management fees		324	477	900	900
		92,816	74,266	9,004	8,914
Cost of sales					
- property development costs		(49,526)	(33,900)	–	–
Gross profit		43,290	40,366	9,004	8,914
Other income		3,533	3,826	–	–
Distribution expenses		(214)	(322)	–	–
Administrative expenses		(9,961)	(12,308)	(736)	(790)
Results from operating activities		36,648	31,562	8,268	8,124
Finance income		402	455	228	191
Finance costs		(105)	(105)	(105)	(105)
Profit before tax		36,945	31,912	8,391	8,210
Tax expense	16	(9,219)	(8,592)	(144)	(110)
Profit for the year	17	27,726	23,320	8,247	8,100
Other comprehensive income, net of tax					
Revaluation surplus on property, plant and equipment	18	–	2,155	–	–
Total other comprehensive income for the year		–	2,155	–	–
Total comprehensive income for the year		27,726	25,475	8,247	8,100
Profit for the year attributable to:					
Owners of the Company		27,723	23,320	8,247	8,100
Non-controlling interests		3	–	–	–
		27,726	23,320	8,247	8,100
Total comprehensive income for the year attributable to:					
Owners of the Company		27,723	25,475	8,247	8,100
Non-controlling interests		3	–	–	–
		27,726	25,475	8,247	8,100
Basic earnings per ordinary share (sen)	19	15	13		

The notes on pages 47 to 91 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2016

Group	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital	Treasury shares	Revaluation reserve	Retained earnings	Total		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015		95,860	(5,358)	6,212	115,491	212,205	55	212,260
Profit for the year		–	–	–	23,320	23,320	–	23,320
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	20	–	–	–	(5,380)	(5,380)	–	(5,380)
At 31 December 2015		95,860	(5,360)	8,367	132,950	231,817	41	231,858
		Note 13.1	Note 13.2	Note 13.3				
At 1 January 2016		95,860	(5,360)	8,367	132,950	231,817	41	231,858
Profit for the year/ Total comprehensive income for the year		–	–	–	27,723	27,723	3	27,726
Own shares acquired	13	–	(2)	–	–	(2)	–	(2)
Dividends paid to owners of the Company	20	–	–	–	(5,380)	(5,380)	–	(5,380)
At 31 December 2016		95,860	(5,362)	8,367	155,293	254,158	44	254,202
		Note 13.1	Note 13.2	Note 13.3				

The notes on pages 47 to 91 are an integral part of these financial statements.

Statement of **Changes in Equity**

for the year ended 31 December 2016

Company	Note	Non-distributable Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 January 2015		95,860	(5,358)	32,883	123,385
Total comprehensive income for the year		–	–	8,100	8,100
Own shares acquired	13	–	(2)	–	(2)
Dividends paid to owners of the Company	20	–	–	(5,380)	(5,380)
At 31 December 2015/ 1 January 2016		95,860	(5,360)	35,603	126,103
Total comprehensive income for the year		–	–	8,247	8,247
Own shares acquired	13	–	(2)	–	(2)
Dividends paid to owners of the Company	20	–	–	(5,380)	(5,380)
At 31 December 2016		95,860	(5,362)	38,470	128,968
		Note 13.1	Note 13.2		

The notes on pages 47 to 91 are an integral part of these financial statements.

Statements of **Cash Flows**

for the year ended 31 December 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from operating activities					
Profit before tax		36,945	31,912	8,391	8,210
Adjustments for:					
Depreciation of investment properties	5	186	186	—	—
Depreciation of property, plant and equipment	3	745	705	—	—
Dividend income	24	—	—	(8,104)	(8,014)
Finance income		(402)	(455)	(228)	(191)
Finance costs		105	105	105	105
Gain on disposal of property, plant and equipment		—	(40)	—	—
Reversal of accrual for project costs		—	(1,060)	—	—
Unrealised gain on foreign exchange		(15)	(101)	—	—
Operating profit before changes in working capital		37,564	31,252	164	110
Changes in working capital:					
Land held for property development		(304)	(5,238)	—	—
Inventories		3,228	1,418	—	—
Property development costs		(813)	(1,290)	—	—
Trade and other receivables		2,386	(7,957)	(14,250)	(10,756)
Trade and other payables		2,450	32,478	2,178	17,430
Cash generated from/(used in) operations		44,511	50,663	(11,908)	6,784
Interest received		128	239	—	—
Tax paid		(14,610)	(12,475)	(222)	(213)
Tax refunded		110	188	—	—
Net cash from/(used in) operating activities		30,139	38,615	(12,130)	6,571

The notes on pages 47 to 91 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2016
(cont'd)

	Note	Group 2016 RM'000	2015 RM'000	Company 2016 RM'000	2015 RM'000
Cash flows from investing activities					
Additions to property, plant and equipment	3	(708)	(552)	–	–
Dividends received		–	–	8,104	8,014
Interest income from fixed deposits		274	216	228	191
Additions to investment properties	5	(25,446)	(25,889)	–	–
Proceeds from disposal of property, plant and equipment		–	40	–	–
Net cash (used in)/from investing activities		(25,880)	(26,185)	8,332	8,205
Cash flows from financing activities					
Acquisition of non-controlling interest	6	–	(495)	–	–
Dividends paid to owners of the Company	20	(5,380)	(5,380)	(5,380)	(5,380)
Repurchase of treasury shares	13	(2)	(2)	(2)	(2)
Interest paid		(105)	(105)	(105)	(105)
Net cash used in financing activities		(5,487)	(5,982)	(5,487)	(5,487)
Net (decrease)/increase in cash and cash equivalents		(1,228)	6,448	(9,285)	9,289
Effect of exchange rate fluctuations on cash held		15	101	–	–
Cash and cash equivalents at 1 January		18,343	11,794	9,318	29
Cash and cash equivalents at 31 December		17,130	18,343	33	9,318

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 2016 RM'000	2015 RM'000	Company 2016 RM'000	2015 RM'000
Cash and bank balances	12	8,807	8,664	33	55
Liquid investments	12	8,100	9,263	–	9,263
Deposits placed with licensed banks	12	223	416	–	–
		17,130	18,343	33	9,318

The notes on pages 47 to 91 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

Level 12, Menara KEN TTDI
No. 37, Jalan Burhanuddin Helmi
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 2016 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 2016 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 29 March 2017.

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:

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”).

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to FRS Standards 2014 – 2016 Cycle)*
- Amendments to FRS 107, *Statement of Cash Flows - Disclosure Initiative*
- Amendments to FRS 112, *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*

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

- FRS 9, *Financial Instruments (2014)*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to FRS 4, *Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*
- Amendments to FRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 140, *Investment Property – Transfers of Investment Property*

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 (cont'd)

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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

- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018, except for Amendments to FRS 1, FRS 2, FRS 4 and FRS 128 which are not applicable to the Company.

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.

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 are currently exempted from adopting the MFRS and are 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 22.4 – provisions and financial guarantees

Notes to the Financial Statements (cont'd)

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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(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.

(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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 asset or a financial liability 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.

(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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(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.

(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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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.

(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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 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.

(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(v)).

(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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 and highly liquid investments which have an insignificant risk of changes in fair value and are used by the Group and the Company in the management of its short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdraft.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment (continued)

(ii) Other assets (continued)

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.

(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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits (continued)

(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.

(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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue and other income (continued)

(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.

(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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Income tax (continued)

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) 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.

(t) 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.

(u) 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 or 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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) 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 Group 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 (cont'd)

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
Cost/Valuation								
At 1 January 2015	500	11,547	3,391	358	7,548	1,192	348	24,884
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/ 1 January 2016	650	13,200	3,002	358	8,080	1,194	366	26,850
Additions	-	-	277	-	404	21	6	708
Transfer	-	-	-	-	-	(20)	(4)	(24)
At 31 December 2016	650	13,200	3,279	358	8,484	1,195	368	27,534
Representing items at:								
Cost	-	-	3,279	358	8,484	1,195	368	13,684
Valuation - 2015	650	13,200	-	-	-	-	-	13,850
At 31 December 2016	650	13,200	3,279	358	8,484	1,195	368	27,534
Depreciation								
At 1 January 2015	80	536	2,863	358	7,496	832	257	12,422
Depreciation for the year	20	134	304	-	89	128	30	705
Disposals	-	-	(389)	-	-	-	-	(389)
Adjustments for revaluation	(100)	(670)	-	-	-	-	-	(770)
At 31 December 2015/ 1 January 2016	-	-	2,778	358	7,585	960	287	11,968
Depreciation for the year	34	153	218	-	202	109	29	745
Transfer	-	-	-	-	-	(13)	(3)	(16)
At 31 December 2016	34	153	2,996	358	7,787	1,056	313	12,697
Carrying amounts								
At 1 January 2015	420	11,011	528	-	52	360	91	12,462
At 31 December 2015/ 1 January 2016	650	13,200	224	-	495	234	79	14,882
At 31 December 2016	616	13,047	283	-	697	139	55	14,837

Notes to the Financial Statements (cont'd)

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 valuer 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 2016 RM'000	2015 RM'000
Freehold land	490	490
Freehold buildings	78	82
Leasehold land with unexpired lease period of more than 50 years	1,685	1,711
	2,253	2,283

3.2 Land

Included in the carrying amount of land are:

	Group 2016 RM'000	2015 RM'000
Freehold land	3,750	3,750
Leasehold land with unexpired lease period of more than 50 years	9,297	9,450
	13,047	13,200

4. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM'000	Development costs RM'000	Total RM'000
Cost			
At 1 January 2015	96,708	1,915	98,623
Additions	4,931	307	5,238
Add: Transferred from property development costs	–	15	15
At 31 December 2015/1 January 2016	101,639	2,237	103,876
Additions	–	304	304
Less: Transferred to property development costs	–	(8)	(8)
At 31 December 2016	101,639	2,533	104,172

Notes to the Financial Statements (cont'd)

5. INVESTMENT PROPERTIES

Group	Freehold land RM'000	Buildings RM'000	Under construction RM'000	Total RM'000
Cost				
At 1 January 2015	7,507	3,933	57,110	68,550
Additions	–	770	25,119	25,889
At 31 December 2015/1 January 2016	7,507	4,703	82,229	94,439
Additions	–	–	25,446	25,446
Reclassification	15,800	91,875	(107,675)	–
At 31 December 2016	23,307	96,578	–	119,885
Depreciation				
At 1 January 2015	–	1,007	–	1,007
Depreciation for the year	–	186	–	186
At 31 December 2015/1 January 2016	–	1,193	–	1,193
Depreciation for the year	–	186	–	186
At 31 December 2016	–	1,379	–	1,379
Carrying amounts				
At 1 January 2015	7,507	2,926	57,110	67,543
At 31 December 2015/1 January 2016	7,507	3,510	82,229	93,246
At 31 December 2016	23,307	95,199	–	118,506
Fair values				
At 1 January 2015	9,522	6,344	–	15,866
At 31 December 2015/1 January 2016	10,121	7,727	–	17,848
At 31 December 2016	10,936	177,978*	–	188,914

* A freehold commercial office building under construction was completed in December 2016. The estimated fair value of the commercial office building is determined together with the freehold and at RM170 million using the comparison method as the fair value of the land and the said commercial office building is unable to be determined separately.

Notes to the Financial Statements (cont'd)

5. INVESTMENT PROPERTIES (CONTINUED)

Fair value information

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2016				
Freehold land	–	–	10,936	10,936
Buildings	–	–	177,978	177,978
	–	–	188,914	188,914
2015				
Freehold land	–	–	10,121	10,121
Buildings	–	–	7,727	7,727
	–	–	17,848	17,848

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.

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
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.	Market price of property per square feet ("sq ft") in vicinity compared.	The estimated fair value would increase/(decrease) if market prices of property were higher/(lower).

Notes to the Financial Statements (cont'd)

5. INVESTMENT PROPERTIES (CONTINUED)

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	
	2016 RM'000	2015 RM'000
Rental income	453	434
Direct operating expenses		
- income generating investment properties	(70)	(68)

Security

A financial institution had lodged a private caveat on the land owned by a subsidiary with carrying amounts of RM15.8 million (2015: RM15.8 million) to secure banking facilities granted to the Company (Note 15).

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares - at cost	53,891	53,891
Advances to a subsidiary *	4,000	4,000
	57,891	57,891

* The advances to a subsidiary as at year end were reclassified as non-current as the Company recognised these amounts as a long term source of capital to the subsidiary.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Effective ownership interest	
		2016 %	2015 %
Ken Grouting Sdn. Bhd.	Specialist engineering services, turnkey contracts, building and civil engineering works	100	100
Ken Projects Sdn. Bhd.	Investment holding	100	100

Notes to the Financial Statements (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal activities	Effective ownership interest	
		2016 %	2015 %
Ken Property Sdn. Bhd.	Property holding and investment and housing developer	100	100
Ken Highlands Sdn. Bhd. (formerly known as Sphere Supreme Sdn. Bhd.) †	Investment holding	100	100
Kenergy Sdn. Bhd. †	Dormant	100	100
Ken JBCC Sdn. Bhd.	Property development	100	100
Ken JBCC Holdings Sdn. Bhd. †	Investment holding	100	100
Ken Estate Sdn. Bhd. †	Investment holding	100	100
Ken City Sdn. Bhd. †	Dormant	100	100
Ken Management Sdn. Bhd. (formerly known as Ken Selangor Land Sdn. Bhd.) †	Dormant	100	100
Ken City JB Sdn. Bhd. †	Dormant	100	100
Ken-Chec Sdn. Bhd. †	Land reclamation, civil, dredging, and marine engineering	100	100
Ken JBCC Land Sdn. Bhd. †	Dormant	100	100
Khidmat Tulin Sdn. Bhd.	Housing developer	100	100
T.B.S. Management Sdn. Bhd. †	Property management services	100	100
Ken Rimba Sdn. Bhd.	Housing developer and investment holding	100	100
Genesis Nature Sdn. Bhd. †	Property management services	100	100
Swift Frontiers Sdn. Bhd. †	Property management services	100	100
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

Notes to the Financial Statements (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal activities	Effective ownership interest	
		2016 %	2015 %
Ken Estate Penang Sdn. Bhd. †	Dormant	100	100
Ken Estate (Melaka) Sdn. Bhd. †	Dormant	100	100
Ken Park Sdn. Bhd. (formerly known as Ken Pahang Land Sdn Bhd) †	Dormant	100	100
Jewel Estate Sdn. Bhd. †	Property management services	100	100
Ken Kelantan Land Sdn. Bhd. †	Dormant	100	100
Ken Damansara Land Sdn. Bhd. †	Dormant	100	100
Wealthy Resort Sdn. Bhd. (formerly known as Wealthy Discovery Sdn Bhd) †	Dormant	55	55

† Not audited by member firms of KPMG International.

All the subsidiaries were incorporated in Malaysia.

i) Internal re-organisation

2016

On 4 October 2016, the Company entered into a Shares Sale Agreement with Ken Estate Sdn. Bhd. for the acquisition of 2 ordinary shares of RM1.00 each representing 100% equity interest in Ken Management Sdn. Bhd. ("KMGM") (formerly known as Ken Selangor Land Sdn. Bhd.) for a total cash consideration of RM2.

Upon completion of the acquisition, KMGM became a direct wholly-owned subsidiary of the Company.

On 5 October 2016, KMGM entered into Shares Sale Agreements with the following indirect wholly-owned subsidiaries of the Company pursuant to the internal re-organisation:

- (a) KEN TTDI Sdn. Bhd.
 - acquisition of 2 ordinary shares of RM1.00 each representing 100% equity interest in Jewel Estate Sdn. Bhd. for a total cash consideration of RM2.
- (b) KEN Projects Sdn. Bhd.
 - acquisition of 2 ordinary shares of RM1.00 each representing 100% equity interest in TBS Management Sdn. Bhd. for a total cash consideration of RM2.

Notes to the Financial Statements (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

i) Internal re-organisation (continued)

- (c) KEN Rimba Sdn. Bhd.
- acquisition of 2 ordinary shares of RM1.00 each representing 100% equity interest in Genesis Nature Sdn. Bhd. for a total cash consideration of RM2.
 - acquisition of 2 ordinary shares of RM1.00 each representing 100% equity interest in Swift Frontiers Sdn. Bhd. for a total cash consideration of RM2.
- (d) KEN Estate Sdn. Bhd.
- acquisition of 2 ordinary shares of RM1.00 each representing 100% equity interest in Ken Park Sdn. Bhd. for a total cash consideration of RM2.

ii) Additional investment in subsidiary

2015

In the previous 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..

iii) Acquisition of non-controlling interest

2015

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

In the previous year, the Company acquired an additional 15,000 ordinary shares of RM1.00 each representing 15% equity interest in WRSB via its wholly-owned subsidiary, Ken Highlands Sdn. Bhd. (formerly known as Sphere Supreme Sdn. Bhd.) for a total cash consideration of RM495,000, increasing the Group’s investment from 40% to 55%.

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

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

	Group 2015 RM’000
Equity interest at 1 January 2015	38
Effect of increase in Company’s ownership interest	14
Equity interest at 31 December 2015	52

Notes to the Financial Statements (cont'd)

7. OTHER INVESTMENTS

Group 2016	Shares		Total RM'000
	Unquoted RM'000	Quoted in Malaysia RM'000	
Available-for-sale financial assets	20	120	140
Less: Impairment loss	–	(114)	(114)
	20	6	26
Market value of quoted investments	–	27	27
2015			
Available-for-sale financial assets	20	120	140
Less: Impairment loss	–	(114)	(114)
	20	6	26
Market value of quoted investments	–	32	32

Notes to the Financial Statements (cont'd)

8. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property, plant and equipment	–	–	(1,953)	(2,032)	(1,953)	(2,032)
Property development costs	–	–	(502)	(1,638)	(502)	(1,638)
Land held for property development	–	–	(13,829)	(13,829)	(13,829)	(13,829)
Provisions	378	311	–	–	378	311
Other items	16,294	12,883	(24)	(24)	16,270	12,859
Net tax assets/(liabilities)	16,672	13,194	(16,308)	(17,523)	364	(4,329)
Company						
Provisions	378	311	–	–	378	311

Movement in temporary differences during the year

Group	At 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/ 1.1.2016 RM'000	Recognised in profit or loss (Note 16) RM'000	At 31.12.2016 RM'000
Property, plant and equipment	(1,653)	39	(418)	(2,032)	79	(1,953)
Property development costs	(1,727)	89	–	(1,638)	1,136	(502)
Land held for property development	(13,829)	–	–	(13,829)	–	(13,829)
Provisions	206	105	–	311	67	378
Other items	9,576	3,283	–	12,859	3,411	16,270
	(7,427)	3,516	(418)	(4,329)	4,693	364
Company						
Provisions	206	105	–	311	67	378

Notes to the Financial Statements (cont'd)

9. INVENTORIES

	2016 RM'000	Group 2015 RM'000
Completed properties	66,522	56,338
Recognised in profit or loss:		
Inventories recognised as cost of sales	4,150	1,138

10. PROPERTY DEVELOPMENT COSTS

	2016 RM'000	Group 2015 RM'000
At 1 January		
Land	8,733	10,503
Development costs	83,654	44,446
Accumulated costs charged to profit or loss	(73,116)	(36,953)
	19,271	17,996
Development costs incurred during the year	45,848	38,178
Transfer from/(to) land held for property development	8	(15)
	65,127	56,159
Costs charged to profit or loss	(46,733)	(36,888)
Costs transferred to inventories	(11,714)	–
	6,680	19,271
At 31 December		
Land	2,733	10,503
Development costs	88,010	82,609
Accumulated costs charged to profit or loss	(84,103)	(73,841)
Current portion	6,680	19,271

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.

Notes to the Financial Statements (cont'd)

11. TRADE AND OTHER RECEIVABLES

	Note	Group 2016 RM'000	2015 RM'000	Company 2016 RM'000	2015 RM'000
Current Trade					
Trade receivables		5,791	7,006	–	–
Less: Allowance for impairment loss		(509)	(509)	–	–
		5,282	6,497	–	–
<hr/>					
Non-trade					
Amounts due from subsidiaries	11.1	–	–	94,276	80,022
Other receivables and deposits	11.2	6,794	7,965	4	8
		6,794	7,965	94,280	80,030
		12,076	14,462	94,280	80,030

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:

- i) an advance of RM2,000,000 (2015: RM2,000,000) paid by a subsidiary to a third party for services to be rendered in the normal course of business; and
- ii) a deposit of RM500,000 (2015: RM500,000) paid to a third party for a joint development project entered into by a subsidiary.

12. CASH AND CASH EQUIVALENTS

	Group 2016 RM'000	2015 RM'000	Company 2016 RM'000	2015 RM'000
Cash and bank balances	8,807	8,664	33	55
Liquid investments	8,100	9,263	–	9,263
Deposits placed with licensed banks	223	416	–	–
	17,130	18,343	33	9,318

Included in the Group's cash and bank balances is monies maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991 of RM6,169,411 (2015: RM4,990,505).

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.

Notes to the Financial Statements (cont'd)

13. CAPITAL AND RESERVES

Share capital

	Number of shares 2016 '000	Group and Company Amount 2016 RM'000	Number of shares 2015 '000	Amount 2015 RM'000
Authorised:				
Ordinary shares of RM0.50 each	600,000	300,000	600,000	300,000
Issued and fully paid-up:				
At 1 January	191,720	95,860	191,720	95,860
At 31 December	191,720	95,860	191,720	95,860

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.

13.2 Treasury shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 19 April 2016, 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 2016, the Company repurchased 2,000 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.98 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 2016, the Group held 12,379,400 (2015: 12,377,400) 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
2016	0.98	1.02	0.99	2,000	1,957
2015	1.16	1.20	1.02	2,000	2,310
2014	1.00	1.86	1.04	4,000	4,020
2013	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.

Notes to the Financial Statements (cont'd)

14. TRADE AND OTHER PAYABLES

	Note	Group 2016 RM'000	2015 RM'000	Company 2016 RM'000	2015 RM'000
Trade					
Trade payables	14.1	17,754	14,314	–	–
Progress billings		42,972	46,394	–	–
		60,726	60,708	–	–
Non-trade					
Other payables and accruals	14.2	20,100	17,425	1,667	1,273
Amounts due to Directors	14.3	–	251	232	251
Amounts due to subsidiaries	14.4	–	–	19,643	17,840
		20,100	17,676	21,542	19,364
		80,826	78,384	21,542	19,364

14.1 Included in trade payables of the Group are retention sums payable amounting to RM2,277,199 (2015: RM5,681,254).

14.2 Included in other payables and accruals of the Group are accrual for project costs amounting to RM3,552,730 (2015: RM2,652,345).

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

	Group and Company 2016 RM'000	2015 RM'000
Current		
<i>Secured</i>		
Revolving credit	2,000	2,000

Security

A financial institution had lodged a private caveat on the land owned by a subsidiary with carrying amounts of RM15.8 million (2015: RM15.8 million) (Note 5) to secure the above banking facilities granted to the Company.

Notes to the Financial Statements (cont'd)

16. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expense				
- current year	12,236	11,694	210	217
- under/(over) provision in prior year	1,676	414	1	(2)
Total current tax recognised in profit or loss	13,912	12,108	211	215
Deferred tax expense				
- reversal of temporary differences	(3,660)	(3,552)	(74)	(84)
- (over)/under provision in prior year	(1,033)	36	7	(21)
Total deferred tax recognised in profit or loss (Note 8)	(4,693)	(3,516)	(67)	(105)
Total income tax expense	9,219	8,592	144	110

Reconciliation of tax expense

Profit for the year	27,726	23,320	8,247	8,100
Total income tax expense	9,219	8,592	144	110
Profit excluding tax	36,945	31,912	8,391	8,210
Income tax calculated using Malaysian tax rate of 24%	8,866	7,978	2,014	2,052
Non-deductible expenses	632	334	121	132
Tax exempt income	(922)	(170)	(1,999)	(2,051)
Under/(over) provision in prior year	643	450	8	(23)
	9,219	8,592	144	110

Recognised directly in equity

Revaluation surplus of property, plant and equipment	-	418	-	-
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Notes to the Financial Statements (cont'd)

17. PROFIT FOR THE YEAR

	Note	Group 2016 RM'000	2015 RM'000	Company 2016 RM'000	2015 RM'000
Profit for the year is arrived at after charging:					
Auditors' remuneration					
- Audit fees					
KPMG Malaysia		101	107	37	26
Other auditors		15	12	3	3
- Non-audit fees					
KPMG Malaysia		14	19	10	10
Depreciation of investment properties	5	186	186	-	-
Depreciation of property, plant and equipment	3	745	705	-	-
Personnel expenses (including key management personnel):					
- Contributions to state plans		883	980	-	-
- Wages, salaries and others		8,970	8,454	-	-
Rental expense on premises		107	88	-	-
Finance costs		105	105	105	105
Profit for the year is arrived at after crediting:					
Dividend income from subsidiaries (unquoted)		-	-	8,104	8,014
Gain on disposal of property, plant and equipment		-	40	-	-
Inter-company management fees		-	-	900	900
Interest income from:					
- Fixed deposits		274	216	228	191
- Housing Development Account		122	170	-	-
- Purchasers (late payment)		6	18	-	-
- Stakeholder sum		-	51	-	-
Rental income from properties		3,290	2,988	-	-
Reversal of accrual for project costs		-	1,060	-	-
Unrealised gain on foreign exchange		15	101	-	-

Notes to the Financial Statements (cont'd)

18. OTHER COMPREHENSIVE INCOME

	Before tax RM'000	Group Tax expense RM'000	Net of tax RM'000
Items that will not be reclassified subsequently to profit or loss			
2016			
Revaluation of property, plant and equipment	-	-	-
2015			
Revaluation of property, plant and equipment	2,573	(418)	2,155

19. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2016 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	2016 RM'000	Group 2015 RM'000
Profit for the year attributable to owners of the Company	27,726	22,320
Weighted average number of ordinary shares		
	2016 '000	Group 2015 '000
Issued ordinary shares at 1 January	191,720	191,720
Effect of treasury shares	(12,379)	(12,377)
Weighted average number of ordinary shares at 31 December	179,341	179,343
Basic earnings per ordinary share (sen):	15	13

Notes to the Financial Statements (cont'd)

20. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2016			
First and final 2015 ordinary	3.0	<u>5,380</u>	27 June 2016
2015			
First and final 2014 ordinary	3.0	<u>5,380</u>	18 June 2015

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 2016 ordinary	2.5	<u>4,484</u>

21. 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(t).

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.

Notes to the Financial Statements (cont'd)

21. OPERATING SEGMENTS (CONTINUED)

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.

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. Accordingly, information by geographical segment is not presented.

	Construction		Property development		Total	
	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit	20,420	8,843	31,628	23,867	52,048	32,710
<i>Included in the measure of segment profit are:</i>						
Revenue from external customers	–	–	92,492	73,789	92,492	73,789
Inter-segment revenue	95,718	70,522	–	–	95,718	70,522
<i>Not included in the measure of segment profit but provided to Managing Director:</i>						
Depreciation	(750)	(709)	(150)	(147)	(900)	(856)
Finance income	34	12	140	251	174	263
Segment assets	124,456	106,339	276,860	244,179	401,316	350,518
<i>Included in the measure of segment assets are:</i>						
Additions to non-current assets other than financial instruments and deferred tax assets	960	802	32	4,973	992	5,775

Notes to the Financial Statements (cont'd)

21. OPERATING SEGMENTS (CONTINUED)

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

	2016 RM'000	2015 RM'000
Profit or loss		
Total profit or loss for reportable segments	52,048	32,710
Other non-reportable segments	13,763	26,951
Elimination of inter-segment profits	(28,866)	(27,749)
Consolidated profit before tax	36,945	31,912

	External revenue RM'000	Depreciation RM'000	Finance income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
2016					
Total reportable segments	92,492	(900)	174	401,316	992
Other non-reportable segments	324	(31)	228	(43,493)	25,466
Elimination of inter-segment transactions or balances	–	–	–	(569)	–
Consolidated total	92,816	(931)	402	357,254	26,458
2015					
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

Notes to the Financial Statements (cont'd)

22. FINANCIAL INSTRUMENTS

22.1 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
2016			
Financial assets			
Group			
Other investments	26	–	26
Trade and other receivables	12,076	12,076	–
Cash and cash equivalents	17,130	17,130	–
	29,232	29,206	26
Company			
Trade and other receivables	94,280	94,280	–
Cash and cash equivalents	33	33	–
	94,313	94,313	–
Financial liabilities			
Group			
Trade and other payables	(80,826)	(80,826)	–
Loans and borrowings	(2,000)	(2,000)	–
	(82,826)	(82,826)	–
Company			
Trade and other payables	(21,542)	(21,542)	–
Loans and borrowings	(2,000)	(2,000)	–
	(23,542)	(23,542)	–

Notes to the Financial Statements (cont'd)

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.1 Categories of financial instruments (continued)

2015	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
Financial assets			
Group			
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
Company			
Trade and other receivables	84,030	84,030	–
Cash and cash equivalents	9,318	9,318	–
	93,348	93,348	–
Financial liabilities			
Group			
Trade and other payables	(78,384)	(78,384)	–
Loans and borrowings	(2,000)	(2,000)	–
	(80,384)	(80,384)	–
Company			
Trade and other payables	(19,364)	(19,364)	–
Loans and borrowings	(2,000)	(2,000)	–
	(21,364)	(21,364)	–

22.2 Net gains and losses arising from financial instruments

	Group		Company
	2016 RM'000	2015 RM'000	2016 RM'000
Net gains/(losses) on:			2015 RM'000
Loans and receivables	402	455	191
Other financial liabilities measured at amortised cost	(105)	(105)	(105)

22.3 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 (cont'd)

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 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:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2016			
Not past due	2,331	–	2,331
Past due 0-30 days	79	–	79
Past due 31-120 days	189	–	189
Past due more than 120 days	3,192	(509)	2,683
	5,791	(509)	5,282
2015			
Not past due	3,823	–	3,823
Past due 0-30 days	5	–	5
Past due 31-120 days	5	–	5
Past due more than 120 days	3,173	(509)	2,664
	7,006	(509)	6,497

Notes to the Financial Statements (cont'd)

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

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

	Group	
	2016 RM'000	2015 RM'000
At 1 January	509	509
Impairment loss reversed	–	–
At 31 December	509	509

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 RM0.8 million (2015: RM2.08 million) representing the outstanding credit facilities of the subsidiaries as at the end of the reporting period.

	Company	
	2016 RM'000	2015 RM'000
Contingent liabilities not considered remote		
Guarantees given to financial institutions for credit facilities granted to subsidiaries	486	1,355
Guarantees given to third parties for credit facilities granted to subsidiaries for purchase of materials/services	304	720
	790	2,075

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.

Notes to the Financial Statements (cont'd)

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

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.

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.

22.5 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
2016 Group				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	80,826	–	80,826	80,826
Revolving credit	2,000	4.96%	2,000	2,000
	82,826		82,826	82,826
Company				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	21,542	–	21,542	21,542
Revolving credit	2,000	4.96%	2,000	2,000
	23,542		23,542	23,542

Notes to the Financial Statements (cont'd)

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000
2015 Group				
<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
	80,384		80,384	80,384
Company				
<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
	21,364		21,364	21,364

22.6 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.

22.6.1 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	
	2016 RM'000	2015 RM'000
Group		
Cash and bank balances	360	345

Notes to the Financial Statements (cont'd)

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk (continued)

22.6.1 Currency risk (continued)

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 RM27,389 (2015: 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.

22.6.2 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.

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fixed rate instruments				
Financial assets	233	416	–	–
Floating rate instruments				
Financial assets	8,100	9,263	–	9,263
Financial liabilities	(2,000)	(2,000)	(2,000)	(2,000)

Notes to the Financial Statements (cont'd)

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk (continued)

22.6.2 Interest rate risk (continued)

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.

22.6.3 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.

22.7 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.

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 RM26,000 not carried at fair value is categorised as Level 1.

Notes to the Financial Statements (cont'd)

23. 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 2016 was as follows:

	Group	
	2016 RM'000	2015 RM'000
Total borrowings (Note 15)	2,000	2,000
Total equity	254,202	231,858
Debt-to-equity ratio	0.01	0.01

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company 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 Company has complied with this requirement.

24. 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.

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Subsidiaries				
Management fees receivable				
- Ken Grouting Sdn. Bhd.	-	-	(360)	(360)
- Ken Projects Sdn. Bhd.	-	-	(540)	(540)
	-	-	(900)	(900)

Notes to the Financial Statements (cont'd)

24. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Dividend income receivable				
- Ken Grouting Sdn. Bhd.	–	–	(6,000)	(750)
- Ken Projects Sdn. Bhd.	–	–	(2,104)	(7,264)
	–	–	(8,104)	(8,014)

Company in which the Director has substantial financial interests

Rental expense on premise	12	12	12	12
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Key management personnel

Directors of the Company

- Fees	140	160	120	160
- Remuneration	2,713	3,318	46	46
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	45	56	–	–
	2,898	3,534	166	206
<hr/>				
Other Directors				
- Remuneration	558	554	–	–
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	24	29	–	–
	582	583	–	–
	3,480	4,117	166	206

25. MATERIAL LITIGATION

Group and Company

In the previous financial 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. Subsequently, the Plaintiff has filed an application to amend their Statement of Claim ("Amendment Application") and the Court has allowed the Plaintiff's Amendment Application. The Defendants have filed their amended Defence and Counterclaim and the trial dates have been fixed on 5, 8 and 9 May 2017. 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 (cont'd)

26. 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	237,064	198,989	38,092	35,292
- unrealised	(2,455)	(2,558)	378	311
Less: Consolidation adjustments	(79,316)	(63,481)	—	—
Total retained earnings	155,293	132,950	38,470	35,603

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 41 to 91 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 of 31 December 2016 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 26 on page 92 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: 29 March 2017

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 41 to 91 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Tan Chek Een at Kuala Lumpur in the State of Federal Territory on 29 March 2017.

.....
Tan Chek Een

Before me:

Independent **Auditors' Report** to the members of Ken Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ken Holdings Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 41 to 91.

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

Basis of opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Revenue recognition of development properties

(Refer to Note 2 - Significant accounting policy: Property development)

The key audit matter

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 work performed to date bear to the estimated total property development costs.

The risk is that the revenue is recognised based on stage of completion that is not estimated reliably or the buyer for completed unit does not complete the purchase.

Independent Auditors' Report to the members of Ken Holdings Berhad (cont'd)

How the matter was addressed in our audit

We performed the following audit procedures, among others, around revenue recognition:

- We challenged the Group stage of completion taking into account the development cost recognised during the financial year and the budgeted cost.
- We reviewed the status of the projects in development which includes reviewing budgeted costs and verifying the actual development costs incurred to ascertain the appropriateness of the percentage of completion used in determining the revenue recognition for the property development.
- We assessed that potential Liquidated Ascertained Damages ("LAD") are taken up appropriately.
- We reviewed the Sales & Purchase agreements to ascertain the existency of the revenue.
- We assessed sales transaction taken up before and after year end to check that the revenue is recognised in the correct accounting period.

Valuation of inventories

(Refer to Note 2 - Significant accounting policy: Inventories and Note 9 - Inventories).

The key audit matter:

The Group has significant unsold units arising from past development projects. Development properties for sale are stated at the lower of their cost and net realisable values. The determination of the estimated net realisable value of these development properties is dependent upon the Group Directors expectation of future selling prices.

There are downward pressure on transaction volumes and whether residential property prices will continue to hold.

How the matter was addressed in our audit

We performed the following audit procedures, among others, around valuation of inventories:

- We challenged the Group's forecasted selling prices by comparing the forecasted selling price of the properties such as residential houses, shoplots, and condominiums to recently transacted prices and prices of comparable properties located in the same vicinity as the development project.
- We performed a search on the market value of the properties by looking at advertised market prices at various major properties websites as well as recent transacted prices listed on Valuation and Property Service Department by the Ministry of Finance.
- We performed site visit to ascertain the existence of the inventories.
- We sighted the land titles and strata titles to ascertain the ownership of the properties.
- We assessed the unsold units based on enquires with management including collaborative enquires with the key management personnel on the plans to address slow moving inventories.

Independent Auditors' Report

to the members of Ken Holdings Berhad
(cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement on Risk Management and Internal control (but does not include the financial statements of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report to the members of Ken Holdings Berhad (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provision of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements, being accounts that have been included in the consolidated accounts.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The 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
(cont'd)

Other Reporting Responsibilities

The supplementary information set out in Note 26 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

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

Petaling Jaya, Malaysia

Date: 29 March 2017

List of **Properties** as at 31 December 2016

The properties of the Group as at 31 December 2016 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	5,654	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	1,980	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	4,134	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	3,248	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 as investment	Freehold	36 years	1,875 sq ft	4,366	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 shophots for investment	Leasehold/ 9 February 2104	16 years	9,192 sq ft	1,278	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	14 years	6,653 sq ft	521	2005*

List of Properties

as at 31 December 2016
(cont'd)

The properties of the Group as at 31 December 2016 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 4.17 acres	2,600	2003
10.	Menara KEN TTDI No. 37 Jalan Burhanuddin Helmi Taman Tun Dr Ismail 60000 Kuala Lumpur Federal Territory	Corporate office tower	Freehold	–	Approximately 1.21 acres	94,235	2007
11.	PM11255, 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	1,915	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 shophots for investment	Freehold	7 years	11,050 sq ft	1,531	2010
13.	GM1431-1438 & 1670 Lot No 2794-2797, 3511-3514 & 8826 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	16,514	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 24 March 2017

SHARE CAPITAL

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	:	12,379,400 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	77	4.99	1,789	0.00
100 – 1,000 shares	116	7.53	47,991	0.03
1,001 – 10,000	846	54.90	5,178,600	2.89
10,001 – 100,000	427	27.71	12,372,000	6.90
100,001 to less than 5% of issued shares	73	4.74	76,764,858	42.80
5% and above of issued shares	2	0.13	84,975,362	47.38
Total	1,541	100.00	179,340,600	100.00

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. <i>Budaya Dinamik Sdn. Bhd.</i>	20,425,724	11.39
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. Tan Foo See	3,364,178	1.88
9. Kencana Bahagia Sdn. Bhd.	3,300,000	1.84
10. Yeoh Phek Leng	3,060,000	1.71
11. Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Kian Ling</i>	2,640,000	1.47
12. Teo Kwee Hock	2,550,700	1.42
13. CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank for Tan Kian Ling (MY2236)</i>	2,500,000	1.39
14. To' Puan Lau Pek Kuan	2,300,000	1.28
15. SJ Sec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Adat Saga Sdn. Bhd.</i>	2,208,400	1.23
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. Low Siew Choong @ Liew Siew Meng	1,265,500	0.71

Analysis of Shareholdings

as at 24 March 2017

(cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)

Name	No. of shares held	%
21. Tan Moon Hwa	1,202,680	0.67
22. Universal Trustee (Malaysia) Berhad <i>TA Islamic Fund</i>	1,175,000	0.66
23. HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An for Credit Suisse (SG BR-TST-ASING)</i>	1,131,800	0.63
24. Liew Yoon Yee	993,000	0.55
25. JF Apex Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teo Siew Lai (Margin)</i>	930,100	0.52
26. Cartaban Nominees (Tempatan) Sdn. Bhd. <i>AXA Affin General Insurance Berhad</i>	632,300	0.35
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. Liew Yoon Yee	550,100	0.31
Total	151,772,440	84.64

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 ⁽¹⁾	46.71
3) To' Puan Lau Pek Kuan	3,917,000	2.18	83,813,238 ⁽¹⁾	46.73
4) Anton Syazi bin Ahmad Sebi	—	—	20,425,724 ⁽²⁾	11.39
5) Aryati Sasya Binti Ahmad Sebi	—	—	20,425,724 ⁽²⁾	11.39
6) Budaya Dinamik Sdn. Bhd.	20,425,724	11.39	—	—

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 ⁽¹⁾	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.

KENCANA BAHAGIA SDN BHD

Lot 4.100, Tingkat 4
Wisma Central
Jalan Ampang
50450 Kuala Lumpur

Date: 10 April 2017

The Board of Directors

KEN HOLDINGS BERHAD

Level 12, Menara KEN TTDI
No. 37, Jalan Burhanuddin Helmi
Taman Tun Dr Ismail
60000 Kuala Lumpur

Dear Sirs,

NOTICE OF NOMINATION OF AUDITORS

Pursuant to Section 280 of the Companies Act, 2016, I, being a shareholder of the Company, hereby give notice of my intention to nominate **Messrs. UHY** for appointment as Auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company, to replace the retiring Auditors, **Messrs. KPMG PLT**:

"That **Messrs. UHY** be and hereby appointed as Auditors of the Company in place of the retiring Auditors, **Messrs. KPMG PLT**, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully,

For and on behalf of

KENCANA BAHAGIA SDN BHD

.....
DATO' TAN BOON KANG DPMT., DPNS
Director

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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-Third Annual General Meeting of the Company to be held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 22 May 2017, 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 single tier dividend		
2)	To approve the payment of Directors' fees		
3)	To approve the payment of Directors' benefits from 31 January 2017 until the next Annual General Meeting of the Company		
4)	Re-election of Mr. Tan Chek Siong as Director		
5)	Re-election of YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail as Director		
6)	Re-election of Dato' Ir. Dr. Ashaari bin Mohamad as Director		
7)	To appoint Messrs. UHY, as Auditors of the Company in place of the retiring Auditors, Messrs. KPMG PLT		
8)	Ordinary Resolution - Authority to issue shares pursuant to Section 75 of the Companies Act, 2016		
9)	Ordinary Resolution - Proposed Renewal of Share Buy-Back		
10)	Ordinary Resolution - Continuing in Office as Independent Non-Executive Director		

Signed this day of 2017

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

.....
 Signature

Notes:

- 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.
- 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.
- 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.
- 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.
- The Proxy Form must be deposited at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur not less than 48 hours before the time set for the meeting or any adjournment thereof.
- 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 ("Listing Requirements"), a Record of Depositors as at 15 May 2017 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.
- Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all the Resolutions set out in this Notice will be put to vote by poll.



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AFFIX
STAMP

The Share Registrar
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Then fold here



KEN® HOLDINGS BERHAD (106173-M)

Level 12, Menara KEN TTDI, No. 37, Jalan Burhanuddin Helmi
Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Malaysia.

Tel: 03-7727 9933 | Fax: 03-7728 8246 | Email: contact@kenholdings.com.my

Website: www.kenholdings.com.my | Facebook: www.facebook.com/KEN.Greenbook