KEN®
ANNUAL REPORT 2018

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 promotes teamwork and work life balance for sustainable job satisfaction.

Our CORE VALUES

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

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

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

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

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

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Year 2018


GreenRE

Menara KEN TTDI

Kuala Lumpur

Platinum

GreenRE Platinum Award


MENARA KEN TTDI

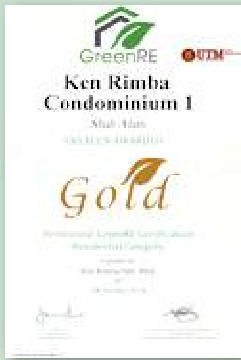
PLATINUM

USGBC LEED Platinum Award


Certificate

KEN HOLDINGS BERHAD

Carbon Neutral Status


GreenRE

UTM

Ken Rimba Condominium 1

Gold

GreenRE Gold Award

Year 2017


MSC MALAYSIA CYBERCENTRE STATUS CERTIFICATE

Menara KEN TTDI

MSC

MSC Cybercentre Status


Certificate

KEN HOLDINGS BERHAD

Carbon Neutral Status

Year 2016


Certificate

KEN HOLDINGS BERHAD

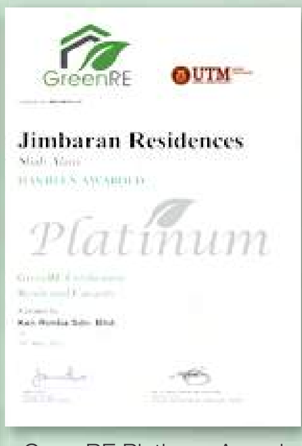
Carbon Neutral Status

Year 2015


Certificate

KEN HOLDINGS BERHAD

Carbon Neutral Status

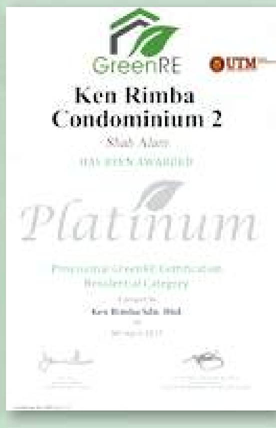

GreenRE

UTM

Jimbaran Residences

Platinum

GreenRE Platinum Award


GreenRE

UTM

Ken Rimba Condominium 2

Platinum

GreenRE Platinum Award (Provisional)

Awards & Recognition (cont'd)

Year 2014

Carbon Neutral Status

FIABCI Malaysia Property Award

Year 2013

Carbon Neutral Status

BCA Green Mark Platinum Award (Provisional)

Year 2012

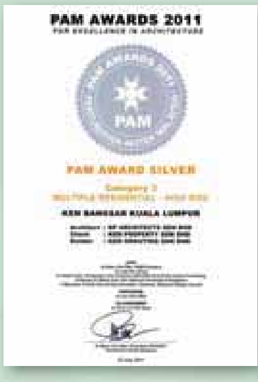
Carbon Neutral Status

Year 2011

FuturArc Green Leadership Citation Award

Carbon Neutral Status

GBI Pilot Project



PAM Silver Award


FIABCI Malaysia Property Award

Awards & Recognition (cont'd)

Award Milestone

Year		Award
2018	**Menara KEN TTDI**	• GreenRE Platinum Award • USGBC LEED Platinum Award
	KEN Rimba Condominium 1	• GreenRE Gold Award • BCA Green Mark GOLD[PLUS] Award
	KEN Holdings Berhad	• Carbon Neutral Status
2017	**Menara KEN TTDI**	• Multimedia Super Corridor (MSC) Cybercentre Status
	KEN Holdings Berhad	• Carbon Neutral Status
2016	**KEN Holdings Berhad**	• Carbon Neutral Status
2015	**KEN Holdings Berhad**	• Carbon Neutral Status
	KEN Rimba Jimbaran Residences	• GreenRE Platinum Award • BCA Green Mark GOLD[PLUS] Award
	KEN Rimba Condominium 2	• GreenRE Platinum Award (Provisional)
2014	**KEN Holdings Berhad**	• Carbon Neutral Status
	KEN Rimba Legian Residences	• FIABCI Malaysia Property Award: Sustainable Development Category
2013	**KEN Holdings Berhad**	• Carbon Neutral Status
	KEN Rimba Condominium 2	• BCA Green Mark Platinum Award (Provisional)
2012	**KEN Holdings Berhad**	• Carbon Neutral Status
2011	**KEN Holdings Berhad**	• Carbon Neutral Status
	KEN Rimba	• GBI Pilot Project for The GBI Township Tool
	KEN Bangsar Serviced Residences	• FuturArc Green Leadership Citation Award • PAM Silver Award For Excellence In Architecture • FIABCI Malaysia Property Award: Sustainable Development Category
2010	**KEN Holdings Berhad**	• Carbon Neutral Status • New Straits Times SC Cheah Choice Awards: Best Green Developer
	KEN Rimba Legian Residences	• BCA Green Mark Gold Award • GBI Certified Award
	KEN Rimba Commercial Centre	• BCA Green Mark Certified Award
	KEN Bangsar Serviced Residences	• GBI Gold Award • The Edge-PAM Green Excellence Award
2009	**KEN Bangsar Serviced Residences**	• BCA Green Mark GOLD[PLUS] Award

On behalf of the Board of Directors of KEN Holdings Berhad ("KEN") ("Board"), I am pleased to present the Annual Report and the audited financial statements of the Group for the financial year ended ("FYE") 31 December 2018.

Group Executive Chairman's **Statement**

SUMMARY & OUTLOOK

The Malaysian economy is expected to expand by 4.9% in 2019. The continued growth is a testament to Malaysia's economic resilience in the near term despite considerable external and domestic headwinds. We continued to build our track record with the timely completion and handing over of the KEN Rimba Condominium 1 project in Shah Alam in 2018. The Group recorded revenue of RM64.3 million as compared to RM104.2 million in the previous year. Correspondingly, the Group registered a profit before tax of RM35.9 million as compared to RM62.9 million in the previous year. Nevertheless, the Group maintains a healthy balance sheet with its net assets per share increasing by 7.2% to RM1.79 as at 31 December 2018.

DIVIDENDS

The Board has recommended a first and final single tier ordinary dividend of 1.5 sen per ordinary share in respect of the FYE 31 December 2018 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Group Executive Chairman's Statement (cont'd)

EXPECTATIONS & PROSPECTS

The Malaysian property market is expected to remain soft due to the continued stringent lending conditions and cautious sentiment among buyers. We believe that there is continuous demand for affordable housing and the Group's unique offering of affordable high rated green developments will continue to draw prospective buyers of working class and first-time buyers. Additionally, the recent introduction of various policies in the Budget 2019 such as the stamp duty exemption for first-time buyers will also bring a positive impact to encourage sales. Given the sluggish property market outlook, the Group will continue to maintain a prudent approach in its business operations and adjust its business strategy according to the changing macroeconomic conditions and market trends. The Group will also continue to further enhance its recurring income base to remain resilient in its performance in the coming year.

ANNOUNCEMENTS & ACKNOWLEDGMENTS

The Board acknowledges the responsibility in upholding the best practices as set out in the new Malaysian Code of Corporate Governance which was issued by the Securities Commission Malaysia ("MCCG"). The Group's Corporate Governance Overview Statement pertaining to the implementation of the MCCG during the year under review is set out on pages 21 to 26 of this Annual Report.

On behalf of the Board, I would like to express our heartfelt appreciation to our shareholders, purchasers, business associates and regulatory authorities for your unwavering support to the Group. I would also like to thank the management and employees for their continued commitment and dedication. Last but not least, I would like to extend my thanks to my fellow Board members for their guidance and valuable counsel during the year.

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

Kuala Lumpur
29 April 2019

Group Managing Director's **Review**

FINANCIAL PERFORMANCE

In the current financial year, the Group recorded total revenue of RM64.3 million, a decrease of 38.3% as compared to the previous financial year. Correspondingly, lower profit before tax of RM35.9 million was registered as compared to the previous financial year. This was mainly due to the completion of the KEN Rimba Condominium 1 (KRC1) project during the first quarter of the financial year.

The Group's balance sheet remained in a strong position with cash and cash equivalents of RM16.7 million as at 31 December 2018. The improved cash position was due to the net cash generated from operations of approximately RM31.0 million offset by the net cash used in investing activities and financing activities of approximately RM9.0 million and RM8.1 million, respectively during the financial year. With the repayment of bank borrowings during the year, our gearing level remained low at 0.01 times. Total shareholders' equity grew by 6.7% to approximately RM320.3 million and net assets per share increased by 7.2% from RM1.67 to RM1.79 as at 31 December 2018.

SUSTAINABLE DEVELOPMENTS

Menara KEN TTDI

Menara KEN TTDI, a multiple platinum award-winning corporate office tower situated within the affluent vicinity of Taman Tun Dr Ismail, Kuala Lumpur comprises Platinum Grade office suites, state of the art performing arts theatre, art gallery, ballroom and function rooms, chains of food and beverage outlets, gymnasium, rooftop pool and sky bar. As a testament to the Group's conscientious efforts towards developing sustainable environment, this platinum grade sustainable corporate office tower with the intelligent building management system has been awarded the BCA Green Mark Platinum Award on top of the coveted US Green Building Council LEED Platinum Certificate and has obtained the Multimedia Super Corridor (MSC) Cybercentre status.

This cultural office tower integrates the lifestyle needs of today's urbanites and corporate executives with various attractive facilities and amenities which we believe will give us a competitive edge in securing more tenants in the near future. Through active leasing strategies, the occupancy rate of our corporate office tower has increased to approximately 50% as at 31 December 2018. The Group will continue to focus on increasing our tenant base of quality corporations with long lease periods in the coming years to improve our long term earnings visibility.

Group Managing Director's Review (cont'd)

We are also currently focusing on enhancing our recurring income base with the availability of the following social spaces for rent within Menara KEN TTDI:

KEN GALLERY

KEN's vision was always about Developing Your Future and we see a future where culture plays a big role in our lives and the lives of the nation we are building. As part of our initiatives in promoting arts and culture, KEN Gallery, a 20,000 sq. ft. art gallery comprising the Main Hall, Halls 1, 2, 3 and a Conservation Centre within Menara KEN TTDI, was launched in 2017. Halls 1, 2 and 3 are available for rent to any artists or members of the public who wish to host their own exhibitions, corporate events or private functions.

Garden International School's field trip

Olay skincare launch

THE PLATFORM

The Platform is a 523-seat performing arts theatre that offers comfortable seating with state of the art sound and lighting systems which makes it an ideal venue for live performances, theatrical and musical productions, orchestras, music concerts, conferences, award ceremonies, private events and virtually any entertainment event. The Platform has hosted a variety of activities including orchestra, musical production, school concert and stand up comedies.

MUD The Musical

PJ Philharmonic Orchestra

Group Managing Director's Review (cont'd)

THE SPACE

With 30,000 sq. ft. of event spaces within Menara KEN TTDI, this versatile venue includes column-free ballroom and function rooms which can be custom designed to host any event including product launches, seminars, conferences, corporate events and private functions.

BMW X3 launch

Zalora's Fashion Show

KEN Rimba Condominium 1 (KRC1)

KRC1, which is Phase 5 of the development comprising 679 units and villas, is 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 and GreenRE Gold Award. We have successfully completed and handed over KRC1 in Q1 2018. Despite the cautious consumer sentiment, the take up rate of this project remains encouraging at more than 80% as at year end as there is always a continuing demand for affordable housing with good value proposition which KRC1 offers.

PROSPECTS

The property market sentiment is expected to remain sluggish and the Group adopts a cautious approach in new project launches. Although, property development still remains the core business of the Group, there will be a strong focus on boosting the Group's leasing of office and commercial spaces in Menara KEN TTDI to remain resilient in this challenging property market. Having a mix of revenue streams from rental and sale of properties will enable us to have sustainable income streams in the coming years. We will continue to develop better sales and leasing strategies to sell the remaining inventories of the Group and strengthen our recurring income base to deliver consistent growth in the long term.

IR. TAN CHEK SIONG
Group Managing Director

Kuala Lumpur
29 April 2019

Board of **Directors**

1


2


3


4


5


6


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

2. **Ir. Tan Chek Siong**
   Group Managing Director

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

4. **Tan Moon Hwa**
   Executive Director

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

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

Directors' **Profile**

DATO' TAN BOON KANG
Group Executive Chairman
61 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 39 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. Ir. Tan Chek Siong, Group Managing Director of the Company and the brother of Mr. Tan Moon Hwa, Executive Director of the Company.

IR. TAN CHEK SIONG
Group Managing Director
38 years of age • Male • Malaysian

Ir. Tan Chek Siong, a Professional Engineer, was appointed to the Board on 24 February 2006 as an Executive Director. On 28 February 2013, he was redesignated as Group Managing Director. He graduated with a Bachelor 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 environment. The Group has garnered numerous awards, the latest being the BCA Green Mark Platinum Award (Provisional), GreenRE Platinum Award and USGBC LEED Platinum Award for Menara KEN TTDI, GreenRE Gold Award and BCA Green Mark GOLD^PLUS Award for KEN Rimba Condominium 1, GreenRE Platinum Award for KEN Rimba Jimbaran Residences, the prestigious FIABCI's Property Award 2014 and 2011 in the Sustainable Development category for KEN Rimba Legian Residences and KEN Bangsar, respectively.

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
64 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 the Chairman of the Nomination Committee and a member of the Audit and Remuneration Committee.

He graduated from the University College of Wales, Aberystwyth, United Kingdom with a Bachelor of Science in Economics (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.

TAN MOON HWA
Executive Director
56 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 division 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. Ir. Tan Chek Siong, Group Managing Director of the Company.

DATO' IR. DR. ASHAARI BIN MOHAMAD
Independent Non-Executive Director
66 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 and Audit Committee.

He holds a Doctorate of Philosophy in Civil Engineering from the 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 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 Ministry 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
52 years of age • Male • Malaysian

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 Audit and Remuneration Committee and a member of the Nomination Committee.

He graduated from Arkansas State University, United States of America, with a Bachelor of Science in Computer Information System (Hons) in 1990 and Bachelor of Science in Accounting in 1991. He was admitted to the Australian Society of Certified Practising Accountants as a Certified Practising Accountant in 1998. He is also a member of the Malaysian Institute of Accountants and a Certified Financial Planner of the Financial Planning Association of Malaysia. He joined Sha & Co (now known as Sha, Tan & Co) in 1993, a public accountants firm, and became a partner of the firm in 1999. Mr. Sha has over 20 years of working experience in the field of audit, financial accounting and planning.

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

Notes:

1. *Save as disclosed above, none of the Directors have any family relationship with any other Directors and/or substantial shareholders of the Company.*
2. *None of the Directors have any conflict of interest with the Company.*
3. *None of the Directors have been convicted for any offences against the law other than traffic offences (if any) within the past five (5) years.*
4. *Please refer to the Corporate Governance Overview Statement on pages 21 to 26 of for the Directors' meeting attendance records.*

Senior Management **Team**

TO' PUAN LAU PEK KUAN

Executive Director
62 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 in 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. Ir. Tan Chek Siong, Group Managing Director of the Company.

TAN CHEK EEN

Deputy Finance Director
34 years of age • Female • Malaysian

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 Bank 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.

She is the daughter of Dato' Tan Boon Kang, Group Executive Chairman of the Company, sister of Mr. Ir. 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 35th Annual General Meeting of Ken Holdings Berhad ("KEN" or "Company") will be held at The Space, Level 2, Menara KEN TTDI, No. 37, Jalan Burhanuddin Helmi, Taman Tun Dr Ismail, 60000 Kuala Lumpur on Wednesday, 29 May 2019, at 10.00 a.m. for the transaction of the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon. **(Refer Note 9(a))**

2. To declare a first and final single tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2018. **(Ordinary Resolution 1)**

3. To approve the payment of Directors' fees of RM120,000/- (2017: RM140,000) in respect of the financial year ended 31 December 2018. **(Ordinary Resolution 2)**

4. To approve the payment of Directors' benefits to the Directors up to an amount of RM50,000 from 30 May 2019, being the day after the 35th Annual General Meeting until the next Annual General Meeting of the Company. **(Ordinary 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) Dato' Tan Boon Kang **(Ordinary Resolution 4)**
   (b) Dato' Ir. Dr. Ashaari bin Mohamad **(Ordinary Resolution 5)**

6. To re-appoint Messrs. UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

7. As Special Business:
   To consider and, if thought fit, to pass the following Ordinary and Special resolutions:

Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 **(Ordinary Resolution 7)**

"**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016 ("the Act"), and subject to the approvals of the relevant governmental/regulatory authorities where such approvals shall be necessary, the Directors be and are hereby authorised and empowered 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 Malaysia Securities Berhad ("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."

8. **Proposed Renewal of Authority for the Company to purchase its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Renewal of Share Buy-Back")** **(Ordinary Resolution 8)**

"**THAT**, subject to compliance with Section 127 of the Act, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") and all other applicable laws, regulations and guidelines, 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:

(a) 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

(b) the expiration of the period within which the next AGM is required by law to be held; or

(c) 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. **Propose Adoption of the New Constitution of the Company** **(Special Resolution)**

"**THAT**, approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 29 April 2019 be and is hereby adopted as the Constitution of the Company **AND THAT** the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

10. To transact any other ordinary 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 35th Annual General Meeting, a first and final single tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2018 will be payable on 29 July 2019 to depositors registered in the Record of Depositors on 15 July 2019.

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 15 July 2019 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
29 April 2019

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 is an authorised nominee, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares standing to the credit of the said securities account.

4. 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.

5. 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.

6. The Proxy Form must be deposited at the 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.

7. 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 21 May 2019 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.

8. 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)

9. **Explanatory Notes on Ordinary and Special Business:**

(a) **Audited Financial Statements for financial year ended 31 December 2018**

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 from 30 May 2019, being the day after the 35th AGM until the next AGM.

(c) **Resolution pursuant to Sections 75 and 76 of the Companies Act, 2016**

Resolution No. 7 is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Sections 75 and 76 of the Companies Act, 2016 which was approved by shareholders at 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 give, whichever is earlier.

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

Resolution No. 8, 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 Share Buy-Back Statement dated 29 April 2019 which is circulated together with this Annual Report.

(e) **Special Resolution in respect of the Proposed Adoption of the New Constitution of the Company**

In view of the substantial amount of amendments to the existing Memorandum and Articles of Association, the Board proposed to revoke the existing Memorandum and Articles of Association in its entirety and in place thereof, adopt a new Constitution as set out in Appendix II of the Circular to Shareholders dated 29 April 2019.

The proposed Special Resolution, if passed, will streamline the Company's Constitution with the Companies Act and the Listing Requirements.

Corporate **Information**

BOARD OF DIRECTORS

Dato' Tan Boon Kang
Group Executive Chairman

Ir. Tan Chek Siong
Group Managing Director

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

Tan Moon Hwa
Executive Director

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

Sha Thiam Lu
Independent Non-Executive Director

AUDIT COMMITTEE

Sha Thiam Lu - Chairman

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

Dato' Ir. Dr. Ashaari bin Mohamad - Member

NOMINATION COMMITTEE

YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail - Chairman

Sha Thiam Lu - Member

Dato' Ir. Dr. Ashaari bin Mohamad - Member

REMUNERATION COMMITTEE

Sha Thiam Lu - Chairman

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

Dato' Tan Boon Kang - Member

COMPANY SECRETARY

Andrea Huong Jia Mei
(MIA 36347)

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

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

UHY (Firm No: AF 1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City,
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : (03) 2279 3088
Fax : (03) 2279 3099

Corporate **Structure**

As at 31 December 2018

KEN HOLDINGS BERHAD
(106173–M)

- 100% **KEN GROUTING SDN BHD** – Specialist Engineering Services, Turnkey Contracts, Building and Civil Engineering Works
  - 100% **KEN-CHEC SDN BHD** – Land Reclamation Dredging, Civil and Marine Engineering
- 100% **KEN PROJECTS SDN BHD** – Investment Holding
  - 100% **KEN RIMBA SDN BHD** – Investment Holding and Property Development
  - 100% **KHIDMAT TULIN SDN BHD** – Property Development
- 100% **KEN PROPERTY SDN BHD** – Property Holding, Investment and Property Development
  - 100% **KEN LINK SDN BHD** – Property Holding and Investment
  - 100% **KEN TTDI SDN BHD** – Investment Holding
  - 100% **KEN CAPITAL SDN BHD** – Dormant
- 100% **KEN HIGHLANDS SDN BHD** – Invesment Holding
  - 55% **WEALTHY RESORT SDN BHD** – Property Holding and Investment
- 100% **KENERGY SDN BHD*** – Research and Development
- 100% **KEN JBCC SDN BHD** – Property Development
- 100% **KEN CITY SDN BHD** – Investment Holding
  - 100% **KEN CITY JB SDN BHD** – Investment Holding
- 100% **KEN JBCC HOLDINGS SDN BHD** – Investment Holding
  - 100% **KEN JBCC LAND SDN BHD** – Investment Holding
- 100% **KEN ESTATE SDN BHD** – Investment Holding
  - 100% **KEN ESTATE PENANG SDN BHD*** – Investment Holding
  - 100% **KEN KELANTAN LAND SDN BHD** – Investment Holding
- 100% **KEN CAPITAL HOLDINGS SDN BHD*** *(fka KEN Estate (Melaka) Sdn Bhd)* – Investment Holding
  - 100% **SPACE MAGIC SDN BHD*** *(fka KEN Damansara Land Sdn Bhd)* – Investment Holding
- 100% **KEN MANAGEMENT SDN BHD** – Investment Holding
  - 100% **KEN PARK SDN BHD** – Car Park Management Services
  - 100% **GENISIS NATURE SDN BHD** – Property Management Services
  - 100% **SWIFT FRONTIERS SDN BHD** – Property Management Services
  - 100% **T.B.S MANAGEMENT SDN BHD** – Property Management Services
  - 100% **JEWEL ESTATE SDN BHD** – Property Management Services

** In the process of striking off pursuant to Section 550 of the Companies Act, 2016*

Financial **Highlights**

PRINCIPAL ACTIVITIES

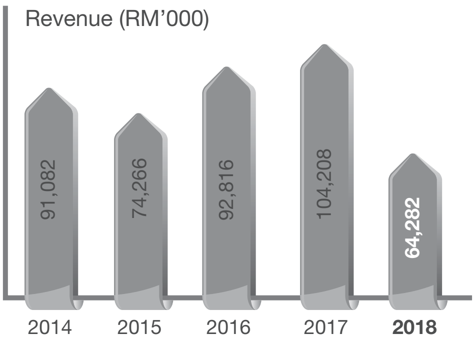
The Company

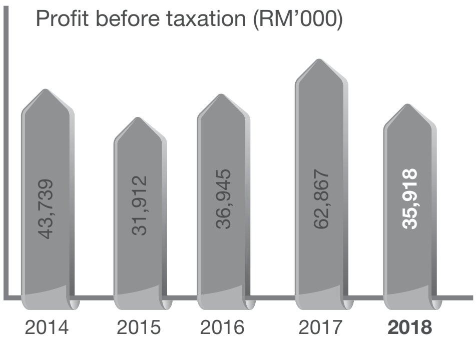
Investment holding and provision of management services.

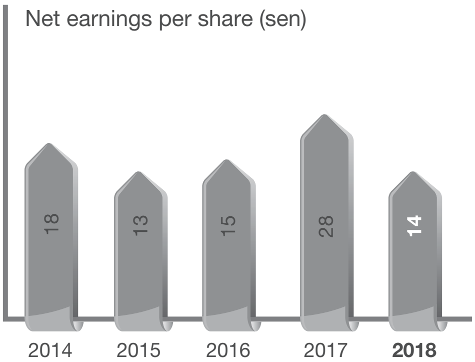
The Subsidiary Companies

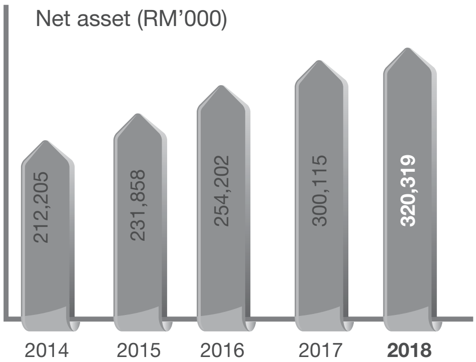
Include property holding, investment and development, specialist engineering services, geo-technical, civil engineering and building works, land reclamation and marine engineering, property management and car park management.

FIVE YEARS GROUP FINANCIAL STATISTICS	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Revenue	91,082	74,266	92,816	104,208	64,282
Profit before taxation	43,739	31,912	36,945	62,867	35,918
Profit after taxation	31,952	23,320	27,726	50,400	24,688
Profit attributable to shareholders	31,952	23,320	27,723	50,399	24,686
Shareholders' fund	212,205	231,817	254,158	300,070	320,272
Issued share capital	95,860	95,860	95,860	95,860	95,860
Total assets	282,781	333,756	357,254	357,716	382,699
Net asset	212,205	231,858	254,202	300,115	320,319
Net earnings per share (sen)	18	13	15	28	14
Net assets per share (sen)	118	129	142	167	179









Corporate Governance **Overview Statement**

The Board of Directors ("Board") is committed in ensuring that the highest standards of corporate governance are maintained throughout KEN Holdings Berhad and its subsidiaries ("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 an overview of the Group's corporate governance practices pursuant to the Malaysian Code on Corporate Governance ("MCCG") issued by the Securities Commission and should be read together with the Corporate Governance Report 2018 which is available on the Company's website at www.kenholdings.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. 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 position of Group Executive Chairman and Group Managing Director are held by Dato' Tan Boon Kang and Mr. Ir. Tan Chek Siong, respectively, which is in line with Recommendation 1.3 of the MCCG. The Group Executive Chairman is responsible for ensuring Board effectiveness and to champion good governance practices in the Group and the 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 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 approved by the Board on 26 February 2018. Details of the Board Charter are available on the Company's website.

The Board is supported by a qualified and competent Company Secretary who is a member of the Malaysian Institute of Accountants (MIA) under Section 235(2) of the Companies Act, 2016. 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.

All scheduled meetings held during the year were preceded with a formal agenda issued by the Company Secretary. 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. This enables the Directors to discharge their duties and responsibilities competently and in a well-informed manner. Management is invited to attend the Board and Board Committee meetings to brief and provide explanations to the Directors and Committee members on the operations of the Group. Upon conclusion of each meeting, minutes are circulated in a timely manner.

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 2018, 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. Board meetings for the whole year are scheduled ahead at the beginning 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.

Corporate Governance Overview Statement (cont'd)

The details of meeting attendance for each Director for FYE 31 December 2018 are contained in the table below:

Directors	Board Meetings Attended
Dato' Tan Boon Kang	5/5
Ir. Tan Chek Siong	5/5
YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail	5/5
Tan Moon Hwa	5/5
Dato' Ir. Dr. Ashaari bin Mohamad	5/5
Sha Thiam Lu	5/5

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 Group's 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. The Group's Code of Conduct and Ethics is reviewed periodically and is available on the Company's website.

In its effort to enhance corporate governance, the Board has established, reviewed and 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.

II. Board Composition

The Board comprise of three (3) 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 at least two (2) or one third of the Board members to comprise independent members, whichever is higher. The current composition of the Board is also in line with Recommendation 4.1 of the MCCG whereby at least half of the Board members are Independent Directors. Each of these three (3) 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 also recognises the importance of having a diverse Board and takes into consideration gender, age, ethinicity, skills and experience to ensure a well balanced mix of Board members. The Nomination Committee, in making a recommendation to the Board on the candidate for recruitment or new Board appointment, shall have regard to the same criteria 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 judgement on issues considered by the Board and the ability to discharge such responsibilities as expected from independent non-executive directors. The Board members' profile is set out on pages 11 to 12 of this Annual Report.

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.

The Board also 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 MCCG 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.

Corporate Governance Overview Statement (cont'd)

The Nomination Committee carried out its duties in accordance with its Terms of Reference. During the FYE 31 December 2018, the activities of the Nomination Committee included the following:

(a) conducted annual assessment and review via questionnaires on the effectiveness of the Board, its Committees and the contribution of each Director;
(b) reviewed the overall mix of skills, experience and other qualities of directors, including core competencies in the Board's composition;
(c) conducted annual assessment on the independence of the Independent Directors;
(d) facilitated an assessment of each Directors' contribution to the Company and recommended to the Board for re-election at the next AGM;
(e) conducted an assessment of the training needs of the Directors and reviewed the trainings attended by the Directors during the year.

The results of these assessments are summarised by the Company Secretary and discussed by the Nomination Committee and thereafter reported to the Board. The results concluded that the Board and Board Committees have carried out their duties effectively. During the financial year, all Directors attended relevant training programmes to further enhance their skills and knowledge as well as to effectively discharge their duties and obligations.

During the FYE 31 December 2018, the Directors have attended the following training programmes and briefings:

Director	Training/Briefing attended
Dato' Tan Boon Kang	• Corporate Governance Briefing Sessions: MSSG Reporting & CG Guide • Green Financing: Funding Green Projects Through The Islamic Capital Market • Breakfast series: Companies of the future – The role for Boards • Breakfast series: Non-Financials – Does It Matter
Ir. Tan Chek Siong	• Green Financing: Funding Green Projects Through The Islamic Capital Market • Breakfast series: Companies of the future – The role for Boards • Breakfast series: Non-Financials – Does It Matter
YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail	• Green Financing: Funding Green Projects Through The Islamic Capital Market • International Professional Practices Framework (IPPF) Workshop for Board Audit Committee members
Tan Moon Hwa	• Sustainability Engagement Series for Directors
Dato' Ir. Dr. Ashaari bin Mohamad	• Green Financing: Funding Green Projects Through The Islamic Capital Market • 10th Malaysian Road Conference & Exhibition 2018 and PIARC International Seminar On Asset Management • Business Continuity Management Training • C-Suite Cyber Security Training • Ream-Lafange Series 4: Building Better Road-Base with Recycled Materials
Sha Thiam Lu	• MFRS 15 Revenue from Contracts with Customers - No Longer Business As Usual • Corporate Governance Briefing Sessions: MSSG Reporting & CG Guide

Corporate Governance Overview Statement (cont'd)

III. Remuneration

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. Each Director does not participate in the discussion of their own remuneration. Directors' fees are subject to approval by the shareholders at the Company's AGM.

The remuneration packages 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 2018 categorised in appropriate components is set out below:

Company	**Fee RM'000**	**Salaries and other emoluments RM'000**	**Benefits-in-kind RM'000**	**Bonus RM'000**	**Total RM'000**
Executive	60	–	–	–	60
Non-Executive	60	35	–	–	95
	120	35	–	–	155

Group	**Fee RM'000**	**Salaries and other emoluments RM'000**	**Benefits-in-kind RM'000**	**Bonus RM'000**	**Total RM'000**
Executive	60	2,210	27	687	2,983
Non-Executive	60	35	–	–	95
	120	2,245	27	687	3,078

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	–	3
RM250,001 - RM300,000	1	–
RM850,001 - RM900,000	1	–
RM1,850,001 - RM1,900,000	1	–
	3	3

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee comprise of three (3) members, all of whom are Independent Non-Executive Directors. 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.

On 26 February 2018, the Terms of Reference of the Audit Committee was reviewed and updated to incorporate the policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. 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 once 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.

Details of audit fee and non-audit fee payable by the Company and Group to the external auditors for the FYE 31 December 2018 are set out below:

	Company RM'000	Group RM'000
Audit fee payable	26	100
Non-audit fee payable	10	15
Total	36	115

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.

II. Risk Management and Internal Control Framework

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.

The Risk Management Committee had conducted its annual risk evaluation exercise and reviewed the adequacy and effectiveness of the internal controls and was reviewed by the Audit Committee. The Board is of the view that the current risk management and internal control system is adequate and effective to safeguard investment, the interest of customers, regulators, employees, and the Group's assets.

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.

PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

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.

Bursa Securities also provides the Company to electronically publish all its announcements, including full versions of its quarterly results announcements, 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.

Corporate Governance Overview Statement (cont'd)

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.

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.

II. Conduct of General Meetings

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. All members of the Board and the external auditors are present at the AGM to respond to shareholders' queries during the meeting. The Notice of AGM and Annual Report are sent out to shareholders at least twenty-eight (28) 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 Corporate Governance Overview Statement is made in accordance with a resolution of the Board dated 9 April 2019.

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.

The Board has established a risk management and internal control 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 Group Risk Management Committee ("GRMC") chaired by the Managing Director of the Company with the main functions of recommending risk management policy to the Board, maintaining overall risk management oversights and to review the risk profile of the Group on an ongoing basis.

The respective Heads of Department 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 GRMC 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 GRMC meeting held on 16 July 2018.

    The risk assessment performed in 2018 was subsequently reviewed and approved by the Audit Committee and the Board respectively in April 2019.

(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 GRMC 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 February 2018 and August 2018.

(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 Group 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 fulfil 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 Audit and Assurance Practice Guide 3 ("AAPG3") (previously RPG5) 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 2018 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.

AAPG3 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 9 April 2019.

Audit Committee **Report**

ESTABLISHMENT AND COMPOSITION

The Audit Committee of KEN Holdings Berhad ("Company") was established on 19 March 1996. For the financial year ended 31 December 2018, the Audit Committee comprise the following Directors:

Chairman:	**Sha Thiam Lu** (MIA member)	*(Independent Non-Executive Director)*
Members:	**YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail**	*(Independent Non-Executive Director)*
	Dato' Ir. Dr. Ashaari bin Mohamad	*(Independent Non-Executive Director)*

The Audit Committee Chairman is a member of the Malaysian Institute of Accoutants, which is in compliance with Chapter 15.09(1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

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 2018. 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
Sha Thiam Lu	5/5
YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail	5/5
Dato' Ir. Dr. Ashaari bin Mohamad	5/5

SUMMARY OF WORK OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Audit Committee carried out its duties in accordance with its Terms of Reference. During the financial year ended 31 December 2018, the activities of the Audit Committee included the following:

(a) Reviewed the unaudited quarterly financial results for the financial quarters ended 31 March 2018, 30 June 2018, 30 September 2018 and 31 December 2018 and audited financial statements of the Group for the financial year ended 31 December 2018 before recommending to the Board of Directors ("Board") for approval to release to Bursa Securities 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 2018;

(c) Reviewed the findings of the external auditors' report for the financial year ended 31 December 2018 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 Malaysian Financial Reporting Standards;

(e) Met with the external auditors without the presence of Executive Directors and management on 22 February 2019 to discuss audit findings, assistance given by management 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;

(f) Conducted an annual assessment and evaluation of the external auditors via a questionnaire covering areas such as quality processes, competency of its audit team, audit communication and governance, independence and calibre before recommending to the Board for approval of the re-appointment of the external auditors;

(g) Met with the internal auditors on 29 August 2018 in the absence of Executive Directors and management to discuss audit issues and reservations arising from the internal audit cycles;

(h) Considered the audit fee payable and recommended the re-appointment of the external auditors to the Board for approval;

(i) Reviewed the Audit Committee Report, Corporate Governance Overview Statement, Corporate Governance Report and Statement on Risk Management and Internal Control to ensure compliance with the Listing Requirements and recommend to the Board for inclusion in the Annual Report 2018;

(j) Reviewed the Statement 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;

(k) Reviewed the Circular to Shareholders in relation to the proposed adoption of the new Constitution of the Company;

(l) 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;

(m) Reviewed and approved the Internal Audit Plan for 2019 of the Company, the scope and focus of the internal audit programmes; and

(n) 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

(o) Reviewed the Risk Management Assessment Report of the Group for the financial year ended 31 December 2018.

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 2019 was reviewed and approved by the Audit Committee on 29 August 2018. The internal audit reviews conducted include the review on the handing over of vacant possession of Ken Rimba Condominium 1. 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 2018 was RM31,000.

Additional Disclosure **Information**

UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate proposal during the financial year ended 31 December 2018.

NON-AUDIT FEES

The total amount of non-audit fees payable to external auditors by the Group for the financial year ended 31 December 2018 amounted to RM15,000.

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 2018, or entered into since the end of the previous financial year except as disclosed in Note 26 to the Financial Statements.

Sustainability Statement

OUR COMMITMENT TOWARDS SUSTAINABILITY

Sustainability is a key consideration in every aspect of our business. It is our mission to remain committed to our stakeholders' interests by ensuring we manage resources sustainably and embrace sustainable practices to preserve the environment. We are committed to our vision of creating value by conducting our business operations in a manner that practises high standards of corporate governance and considers the environmental and social impact to sustain profitable growth. The scope of this statement covers the Group's business operations for the financial year under review.

SUSTAINABILITY GOVERNANCE STRUCTURE

The Board is responsible for the Group's sustainability strategies and performance and is supported by the Group's senior management to identify sustainability matters, oversee the implementation and monitor its progress. The Group continuously reviews its sustainability practices and efforts to ensure they remain relevant as best practices.

STAKEHOLDER ENGAGEMENT

We place great value on our diverse stakeholders and by engaging with them regularly, we are able to better understand their viewpoints and align their needs in our business decisions.

Stakeholders	Engagement channels	Frequency of engagement	Topics
Investors	• General meetings • Corporate announcements • Website	• Annual • Quarterly	• Long term value creation • Corporate governance and sustainability practices
Employees	• Management meetings • Performance appraisals • Employee engagement activities • Training and development • Internal newsletters and e-communications	• Weekly • Annual • Regular	• Welfare and benefits • Career development
Customers	• Customer feedback survey • Email, phone and social media	• As and when required	• Affordable housing solution • Product and service quality
Suppliers / Contractors / Consultants	• Formal meetings • Assessments and reviews • Written communication	• As and when required	• Timely payments • Product quality
Regulators / Government agencies / Local authorities	• Formal meetings • Written communication	• As and when required	• Compliance

MATERIAL SUSTAINABILITY MATTERS

Each business unit heads reflected on significant economic, environmental and social impacts to identify and evaluate material issues which are relevant in our operating environment. An assessment will be carried out to identify those material matters which are most relevant and will have potential impact to the business.

(a) Economic

We ensure that our sustainability practices are extended to all of our stakeholders including our purchasers. As part of the Group's mission, we strive to deliver sustainable quality homes to our purchasers. As such, we place emphasis on the procurement of materials to ensure the suppliers are reputable, able to deliver quality products and in a timely manner whilst being most cost efficient so as to ensure our housing development units remain affordable to purchasers. By having a majority of our suppliers being locally based, this will in turn help build the local economy.

(b) Environment

(i) Commitment to sustainable developments

We are fully committed in reducing our environmental footprints in areas we operate in. Leveraging on our industry expertise and long-term vision, we actively support sustainable urban planning as part of our approach to our environment and communities. In line with the Group's vision to deliver sustainable, quality developments, the Group considers environmental factors during the planning and design stage for each development. Since 2009, all projects undertaken by KEN have been green-rated; this includes KEN Bangsar, KEN Rimba Legian Residences, KEN Rimba Commercial Centre and KEN Rimba Jimbaran Residences, Menara KEN TTDI and KEN Rimba Condominium 1.

Key sustainable design features and principles which have been incorporated into KEN's developments are as follows:

Residential Developments	Commercial Developments
• North-South orientation for better natural ventilation • Adjustable louvered windows which allows maximum cross-ventilation and provide optimal air flow • Breathable roof system which allows heat to dissipate from the roof and thus reduce indoor temperature • Low-emissivity laminated glass to reduce heat gain as well as to improve thermal comfort • Water efficient fittings • Rainwater harvesting system for irrigation purpose • Provision of recycling bins for collection and storage of different recyclable waste • Compost bin for on-site composting • Low Volatile Organic Compound (VOC) paint to improve indoor environmental quality • CHEEL system: Waste heat from the air conditioner system is being recycled and reused for generation of hot water to the common toilets and condensate water collected from the air conditioner system is recycled to naturally lower the ambient temperature in the lobby	• High ceiling which allows maximisation of natural lighting • Zoned air conditioning system which allows occupants to control their desired room temperate and have better control of their costs • Building Automation System (BAS) to monitor the building's performance and ensure the facilities are efficiently and effectively managed • Photovoltaic (PV) panels at rooftop • Sensor taps in common toilets • Green vehicle parking bays • Motion sensor lights • Rainwater harvesting system for irrigation and toilet flushing • Low Volatile Organic Compound (VOC) paint to improve indoor environmental quality • Automatic drip irrigation system

Sustainability Statement (cont'd)

(ii) Carbon emissions and offsetting method

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 have worked towards achieving a carbon neutral status which we have maintained for over 8 years, since the year 2010. In 2018, a total of 93 tonnes of greenhouse gas was neutralised by emission reductions from the Clean Development Mechanism climate protection project in the Solar PV Project, Thailand.

Carbon Neutral Status (2018)

In our efforts to promote and encourage KEN Family members to reduce carbon footprint, we introduced a vehicle interest subsidy scheme in 2011 which provides an incentive for KEN Family members to purchase hybrid cars. This 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.

We also provided two (2) units of electric vehicle charging stations in the carpark of Menara KEN TTDI to increase public awareness of green environment and it exemplifies our commitment to environmental values.

(iii) Energy conservation

In 2018, the total energy consumption of the Group's corporate office tower was 2,086,210 kWh, an increase of approximately 32.3% due to the increase in occupancy during the year. To ensure the sustainability of the environment we operate in, we continually look for opportunities to reduce the environmental impact of our operation. We encourage all KEN Family members to implement the following energy saving initiatives to reduce carbon footprint of the Company:

(a) lights and air-conditioners of offices or meeting rooms are switched off when not in use;

(b) computers and photocopiers are set to sleeping mode or switched off when not in use;

(c) energy conservation tips are placed at different locations within the office to remind KEN Family members to conserve energy;

(d) use of energy efficient lightings; and

(e) encourage maintaining the air conditioning temperature at approximately 23°C - 24°C in offices.

By having photovoltaic (PV) panels on the rooftop of Menara KEN TTDI, it enables electricity to be generated from sunlight which will eventually feed into the building for self-consumption and thereby reduces electricity bills. Total solar energy generated in 2018 was 332,827 kWh. Furthermore, with these PV panels, energy generation is emission-free and thereby reducing carbon footprint.

(iv) Water conservation

Water is a scarce resource and we are committed to reducing potable water usage by having water efficient water fittings installed in our housing developments and corporate office tower. Water consumption is also monitored on a monthly basis and any significant increase is investigated immediately. Another environmental feature is the provision of rainwater harvesting systems at KEN Rimba Legian Residences, KEN Rimba Jimbaran Residences and Menara KEN TTDI whereby rain water collected can be used for general cleaning, irrigation and flushing. In 2018, the total water consumption of the Group's corporate office tower was 25,306 m^3, an increase of approximately 16.0% due to the increase in occupancy during the year.

KEN recognises the importance of an effective water consumption management and continues to implement the following water saving initiatives to minimise water wastage:

(a) water taps are turned off when not in use;

(b) unnecessary flushing should be avoided; and

(c) water conservation tips are placed at washrooms and pantries within the office as a reminder to conserve water.

(v) Waste management

We have taken steps to raise environmental awareness through recycling and waste segregation. At Menara KEN TTDI, recycling rooms are provided on every office floor to encourage tenants to segregate and recycle their waste. To foster a sustainable and environmentally conscious environment for the residents, we provide recycling bins and compost bins in every residential development. The horticulture waste turned into compost can be used to fertilise the plants in the premises.

We have also implemented the following paper saving initiatives to encourage all KEN Family members to reduce paper consumption:

(a) encourage usage of soft copies for meetings or presentations;

(b) encourage printing or photocopying double-sided;

(c) paper management tips are placed at photocopiers as a constant reminder to minimise paper usage;

(d) recycling bins are conveniently located in each department to encourage recycling of used papers or box cartons; and

(e) re-use envelopes, papers or box cartons as much as possible.

(c) Social

(i) KEN Foundation

KEN Foundation, which was set up in 2005, is the Group's philanthropic arm which provides education scholarships to deserving Malaysian students. 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 channelled to this Foundation. Since its inception, the Foundation has to-date raised about RM1.88 million for the cause and has financially supported 58 students through their tertiary education. We have also helped develop the careers of these students via our internship programme. Through the internship programme the students receive practical and relevant industry experience and training which ensures their transition into their careers and supports their career development. The students are also offered an opportunity to work with KEN upon graduation.

Sustainability Statement (cont'd)

(ii) KEN Gallery and The Platform

KEN Gallery at Menara KEN TTDI provides space to promote art and where art collectors or artists can display their artworks. It is with a vision that by adding a quality space for arts in Malaysia, it will be able to stimulate the interest of the young and old and many generations to come.

KEN Gallery spans about 20,000 sq. ft. in total and comprises of the Main Hall, Halls 1, 2, 3 and a Conservation Centre. The Main Hall houses a permanent exhibition with a selection of some of Malaysian artists' works. Halls 1, 2 and 3 are available for rent to any artists or members of the public who wanted to host their own exhibitions. Also featured at the gallery is a Conservation Centre, which is dedicated to the preservation of cultural heritage for future generations. KEN Gallery provides the opportunity for everyone to experience, participate and be inspired by the arts.

Unveiling another quality space for arts in Malaysia is The Platform, a fully-integrated performing arts theatre comprising a 523-seat theatre, which is suitable for a wide range of events including theatrical performances, music concerts, corporate meetings, conferences, seminars and private events. Through The Platform, we hope to bring the community, theatre lovers and the youth of our country together for intellectual engagement and enlightenment.

(iii) Our people

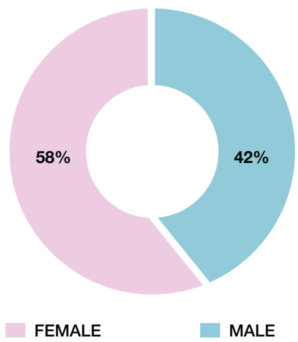
We acknowledge that our people are our most valuable asset and the driving force behind KEN's long term success. We have a responsibility to create a fair and respectful workplace, and believe diversified team that supports gender equality, different age groups, backgrounds and skillsets, will bring forth broader and more enriching perspectives to the workplace. The Group strives to maintain high standards of recruitment and retention of competent employees by offering attractive remuneration package coupled with a comprehensive range of benefits including paid vacation leave, medical benefits, 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.

a

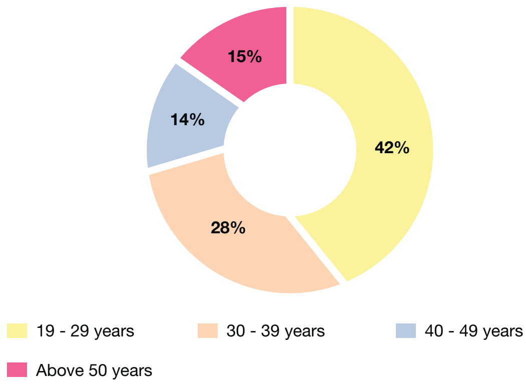
The KEN Sports and Social Club (KSSK) formed by the employees of KEN, organises events and charity outreach each year such as sports sessions, vacation trips and festive gatherings. This will foster good working relationships and interactions amongst staff from all departments and at the same time promote work-life balance.

KEN embraces diversity at the workplace and believes that employees can contribute positively to the growth of the Company regardless of ethnicity, age or gender. At KEN, recruitment of dynamic individuals includes from fresh graduates to experienced hires and they are given equal opportunities to achieve their full potential.

WORKFORCE BY GENDER



WORKFORCE BY AGE



We are 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 environmently. We shall continue our efforts in buiding sustainable developments and ensuring we continuously remain a responsible corporate entity.

Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
Owners of the Company	24,686	2,468
Non-controlling interests	2	–
	24,688	2,468

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the last financial year, the Company paid:

	RM'000
A first and final dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 December 2017 on 26 July 2018	4,483

The Board of Directors recommended a first and final dividend of 1.5 sen per ordinary share totalling RM2,690,049 for the current financial year ended 31 December 2018. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 1,000 ordinary shares of RM0.50 each of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.80 per share. The total consideration paid for repurchase, including transaction costs, was RM844. The repurchased transactions were financed by internal generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016 in Malaysia.

As at 31 December 2018, the Company held 12,383,400 treasury shares out of the total 191,720,000 issued ordinary shares. Further relevant details are disclosed in Note 15 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors in office during the financial year until the date of this report are:

Dato’ Tan Boon Kang*
Tan Moon Hwa*
Ir. Tan Chek Siong*
YAM Dato’ Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail
Dato’ Ir. Dr. Ashaari bin Mohamad
Sha Thiam Lu

DIRECTORS OF SUBSIDIARIES

The following is a list of Directors of subsidiaries (excluding Directors who are also Director of the Company) in office during the financial year until the date of this report:

Datuk Tan Bon Sin
Datuk Lim Soon Foo
To’ Puan Lau Pek Kuan
Tan Chek Een

* *Director of the Company and its subsidiaries*

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

Directors' Report (cont'd)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2018 '000	**Bought '000**	**Sold '000**	**At 31.12.2018 '000**
Interests in the Company				
Direct Interests				
Dato' Tan Boon Kang	3,964	–	–	3,964
Ir. Tan Chek Siong	6,242	–	–	6,242
Tan Moon Hwa	1,203	–	–	1,203
Indirect Interests				
Dato' Tan Boon Kang	83,766	–	–	83,766
Spouse of Dato' Tan Boon Kang:				
Interests in the Company				
Direct Interests				
To' Puan Lau Pek Kuan	3,917	–	–	3,917
Indirect Interests				
To' Puan Lau Pek Kuan	83,814	–	–	83,814
Children of Dato' Tan Boon Kang:				
Interests in the Company				
Direct Interests				
Tan Chek Een	6,000	–	–	6,000
Tan Chek Ying	6,000	–	–	6,000

By virtue of their interests in the shares of the Company, Dato' Tan Boon Kang is also deemed interested in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016 in Malaysia.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 26 to the financial statements) 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 Director who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 26 to the financial statements.

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

INDEMNITY AND INSURANCE COSTS

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with section 289 of the Companies Act, 2016 in Malaysia.

OTHER STATUTORY INFORMATION

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

  (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and no allowance for doubtful debts was required; and

  (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

  (i) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company; or

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

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

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

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

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

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

(d) In the opinion of the Directors:

  (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;

  (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

  (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report (cont'd)

SUBSIDIARIES

The details of the subsidiaries are disclosed in Note 7 to the financial statements.

AUDITORS' REMUNERATION

The details of auditors' remuneration are disclosed in Note 20 to the financial statements.

AUDITORS

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 9 April 2019.

....
DATO' TAN BOON KANG

....
IR. TAN CHEK SIONG

KUALA LUMPUR

Statement **By Directors**

Pursuant to Section 251(2) of the Companies Act, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 49 to 112 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 9 April 2019.

....
DATO' TAN BOON KANG

....
IR. TAN CHEK SIONG

KUALA LUMPUR

Statutory **Declaration**

Pursuant to Section 251(1) of the Companies Act, 2016

I, TAN CHEK EEN (MIA Membership No: 33089), being the officer primarily responsible for the financial management of Ken Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 49 to 112 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed)
at Kuala Lumpur in the State of Federal Territory on)
9 April 2019)

……………………………………………………
TAN CHEK EEN

Before me,

……………………………………………………
Commissioner for Oaths

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 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 112.

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 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Independent Auditors’ Report (cont’d)

Key Audit Matters (Cont’d)

Key Audit Matters	How we addressed the key audit matters
1. Inventories valuation As at 31 December 2018, the Group held a significant inventory amounted to RM193.2 million as disclosed in Note 6 to the financial statements and it constituted approximately 50% of the Group’s total assets. The carrying amount of these inventories comprising land held for development and completed properties amounted to RM104.9 million and RM88.3 million respectively as at 31 December 2018. As described in the Accounting Policies in Note 3(j) to the financial statements, inventories are carried at the lower of cost and net realisable value. The valuation of inventories is identified as a key audit matter because of the judgement made by the Directors in determining an appropriate inventory valuation which involved predicting the amount of future demand from customers. Besides that, judgements are also required to identify slow moving and obsolete inventories which need to be written down to their net realisable value.	We reviewed the Group’s policy on inventory valuation that is in accordance with MFRS 102 *Inventories*. We assessed the adequacy of 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. Besides that, we also performed a search on the market value of the properties by looking at advertised market prices at various major property websites. We performed site visit to ascertain the existence of the inventories and 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. We assessed the adequacy of the disclosures made in the financial statements.

Information Other Than the Financial Statements and Auditors’ Report Thereon

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

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

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

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

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal controls as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal controls.

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

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

Independent Auditors' Report (cont'd)

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

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 controls that we identify during our audit.

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

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

Other Matters

(i) As stated in Notes 2(a) and 31 to the financial statements, Ken Holdings Berhad adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017, and the statement of profit or loss and other comprehensive income and statement of changes in equity and statement of cash flows for the financial year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018 have in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as of 31 December 2018 and financial performance and cash flows for the financial year then ended.

(ii) 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.

UHY
Firm Number: AF 1411
Chartered Accountants

LIM GE RU
Approved Number: 03360/03/2020 J
Chartered Accountant

KUALA LUMPUR
17 April 2019

Statements of **Financial Position**

As at 31 December 2018

	Note	Group 31.12.2018 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	4	15,395	14,689	14,837
Investment properties	5	132,478	126,786	118,506
Inventories	6	104,881	104,539	104,172
Other investments	8	26	26	26
Deferred tax assets	9	11,804	16,322	16,672
		264,584	262,362	254,213
Current assets				
Inventories	6	88,284	73,531	73,202
Contract assets	10	–	12,422	–
Trade and other receivables	11	12,074	5,397	12,076
Tax recoverable		1,047	1,238	633
Deposits, bank and cash balances	12	16,710	2,766	17,130
		118,115	95,354	103,041
Total assets		382,699	357,716	357,254
EQUITY				
Share capital	13	95,860	95,860	95,860
Reserves	14	229,778	209,575	163,660
Treasury shares	15	(5,366)	(5,365)	(5,362)
Equity attributable to owners of the Company		320,272	300,070	254,158
Non-controlling interests		47	45	44
Total equity		320,319	300,115	254,202
LIABILITIES				
Non-current liability				
Deferred tax liabilities	9	16,101	16,191	16,308
Current liabilities				
Trade and other payables	16	43,808	32,688	37,854
Contract liabilities	10	7	198	42,972
Loans and borrowings	17	2,000	5,500	2,000
Provision for taxation		464	3,024	3,918
		46,279	41,410	86,744
Total liabilities		62,380	57,601	103,052
Total equity and liabilities		382,699	357,716	357,254

Statements of Financial Position (cont'd)

	Note	31.12.2018 RM'000	Company 31.12.2017 RM'000	01.01.2017 RM'000
ASSETS				
Non-current assets				
Investments in subsidiaries	7	57,891	57,891	57,891
Deferred tax assets	9	635	489	378
		58,526	58,380	58,269
Current assets				
Trade and other receivables	11	82,420	98,920	94,280
Deposits, bank and cash balances	12	77	30	33
		82,497	98,950	94,313
Total assets		141,023	157,330	152,582
EQUITY				
Share capital	13	95,860	95,860	95,860
Reserves	14	38,380	40,395	38,470
Treasury shares	15	(5,366)	(5,365)	(5,362)
Total equity		128,874	130,890	128,968
LIABILITIES				
Current liabilities				
Trade and other payables	16	10,120	20,868	21,542
Loans and borrowings	17	2,000	5,500	2,000
Provision for taxation		29	72	72
Total liabilities		12,149	26,440	23,614
Total equity and liabilities		141,023	157,330	152,582

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

Statements of **Profit or Loss and Other Comprehensive Income**

For the Financial Year ended 31 December 2018

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	18	64,282	104,208	3,600	7,407
Cost of sales		(18,831)	(35,502)	–	–
Gross profit		45,451	68,706	3,600	7,407
Other income		4,220	4,475	4	2
Distribution expenses		(99)	(156)	–	–
Administrative expenses		(13,510)	(10,041)	(1,005)	(782)
Profit from operation		36,062	62,984	2,599	6,627
Finance costs	19	(144)	(117)	(144)	(117)
Profit before tax	20	35,918	62,867	2,455	6,510
Taxation	21	(11,230)	(12,467)	13	(101)
Profit for the financial year		24,688	50,400	2,468	6,409
Profit for the financial year attributable to:					
Owners of the Company		24,686	50,399	2,468	6,409
Non-controlling interests		2	1	–	–
		24,688	50,400	2,468	6,409
Total comprehensive income for the financial year attributable to:					
Owners of the Company		24,686	50,399	2,468	6,409
Non-controlling interests		2	1	–	–
		24,688	50,400	2,468	6,409
Earnings per share					
Basic earnings per share (sen)	22	14	28		

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

Statements of **Changes in Equity**

For the Financial Year ended 31 December 2018

		← Attributable to owners of the Company →						
		← Non-distributable →			Distributable			
	Note	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group								
At 1 January 2018		95,860	(5,365)	8,367	201,208	300,070	45	300,115
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	24,686	24,686	2	24,688
Transactions with owners:								
Dividends to owners of the Company	23	–	–	–	(4,483)	(4,483)	–	(4,483)
Shares repurchased	15	–	(1)	–	–	(1)	–	(1)
Total transactions with owners		–	(1)	–	(4,483)	(4,484)	–	(4,484)
At 31 December 2018		95,860	(5,366)	8,367	221,411	320,272	47	320,319
At 1 January 2017		95,860	(5,362)	8,367	155,293	254,158	44	254,202
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	50,399	50,399	1	50,400
Transactions with owners:								
Dividends to owners of the Company	23	–	–	–	(4,484)	(4,484)	–	(4,484)
Shares repurchased	15	–	(3)	–	–	(3)	–	(3)
Total transactions with owners		–	(3)	–	(4,484)	(4,487)	–	(4,487)
At 31 December 2017		95,860	(5,365)	8,367	201,208	300,070	45	300,115

Statements of Changes in Equity (cont'd)

		Non-distributable		Distributable	
	Note	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
Company					
At 1 January 2018		95,860	(5,365)	40,395	130,890
Profit for the financial year, representing total comprehensive income for the financial year		–	–	2,468	2,468
Transactions with owners:					
Dividends to owners of the Company	23	–	–	(4,483)	(4,483)
Shares repurchased	15	–	(1)	–	(1)
Total transactions with owners		–	(1)	(4,483)	(4,484)
At 31 December 2018		95,860	(5,366)	38,380	128,874
At 1 January 2017		95,860	(5,362)	38,470	128,968
Profit for the financial year, representing total comprehensive income for the financial year		–	–	6,409	6,409
Transactions with owners:					
Dividends to owners of the Company	23	–	–	(4,484)	(4,484)
Shares repurchased	15	–	(3)	–	(3)
Total transactions with owners		–	(3)	(4,484)	(4,487)
At 31 December 2017		95,860	(5,365)	40,395	130,890

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

Statements of **Cash Flows**

For the Financial Year ended 31 December 2018

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Cash flows from operating activities				
Profit before tax	35,918	62,867	2,455	6,510
Adjustments for:				
Depreciation of property, plant and equipment	813	625	–	–
Depreciation of investment properties	1,951	1,858	–	–
Dividend income	–	–	(3,003)	(6,507)
Finance costs	144	117	144	117
Finance income	(591)	(399)	(4)	(2)
Property, plant and equipment written off	11	–	–	–
Unrealised (gain)/loss on foreign exchange	(6)	37	–	–
Operating profit before working capital changes	38,240	65,105	(408)	118
Changes in working capital:				
Inventories	(15,095)	(696)	–	–
Contract assets	12,422	(12,422)	–	–
Contract liabilities	(191)	(42,774)	–	–
Receivables	(6,677)	6,679	15,000	(1,133)
Payables	11,120	(5,166)	(12,752)	2,326
Cash generated from operations	39,819	10,726	1,840	1,311
Interest received	354	308	–	–
Tax paid	(9,943)	(13,771)	(176)	(212)
Tax refund	772	38	–	–
Net cash from/(used in) operating activities	31,002	(2,699)	1,664	1,099
Cash flows from investing activities				
Acquisition of property, plant and equipment	(1,530)	(477)	–	–
Acquisition of investment properties	(7,643)	(10,138)	–	–
Dividends received	–	–	6,507	–
Interest received	237	91	4	2
Net cash (used in)/from investing activities	(8,936)	(10,524)	6,511	2

Statements of Cash Flows (cont'd)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from financing activities					
Dividends paid		(4,483)	(4,484)	(4,483)	(4,484)
(Repayment)/Drawndown of revolving credit		(3,500)	3,500	(3,500)	3,500
Interest paid		(144)	(117)	(144)	(117)
Purchase of treasury shares		(1)	(3)	(1)	(3)
Net cash used in financing activities		(8,128)	(1,104)	(8,128)	(1,104)
Net increase/(decrease) in cash and cash equivalents		13,938	(14,327)	47	(3)
Effect of exchange rate fluctuations on cash held		6	(37)	–	–
Cash and cash equivalents at the beginning of the financial year		2,766	17,130	30	33
Cash and cash equivalents at the end of the financial year		16,710	2,766	77	30
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances	12	3,723	2,436	77	30
Liquid investments	12	12,750	100	–	–
Deposits with licensed banks	12	237	230	–	–
		16,710	2,766	77	30

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

Notes to the **Financial Statements**

31 December 2018

1. CORPORATE INFORMATION

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

The principal place of business and registered office of the Company are located at Level 12, Menara KEN TTDI, No. 37, Jalan Burhanuddin Helmi, Taman Tun Dr. Ismail, 60000 Kuala Lumpur.

The principal activities of the Company consist of investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 7 to the Financial Statements. There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRSs 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

There were no material financial impact on transitions to MFRSs, except as disclosed in Note 31 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the above-mentioned MFRS are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

(b) Functional and presentation currency

These 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 ("RM'000") except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Satisfaction of performance obligations in relation to contacts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group recognises revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
(c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment and investment properties

The Group regularly reviews the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amount at the reporting date for property, plant and equipment and investment properties is disclosed in Notes 4 and 5.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 9.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 6.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of construction contracts are disclosed in Note 10.

Revenue from property development contracts

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgement are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Note 6.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2018, the Group has tax recoverable and payables of RM1,047,000 (2017: RM1,238,000) and RM464,000 (2017: RM3,024,000). The Company has tax payable of RM29,000 (2017: RM72,000).

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business. Details of contingent liabilities are disclosed in Note 25.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

If the Group loses control of a subsidiary, the assets and liabilities of the subsidiary, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation (Cont'd)

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(m) to the financial statements on impairment of non-financial assets.

(b) Foreign currency translation and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss.

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

(c) Property, plant and equipment

Property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m) to the financial statements on impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

(ii) Subsequent costs

The cost of replacing part 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 and its cost can be measured reliably. 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 recognised in the profit or loss on straight-line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold building	25 years
Leasehold land	Over the remaining lease period
Motor vehicles	5 years
Site equipment	5 years
Plant and machinery	5 years
Office equipment	5 years
Furniture and fittings	5 years

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

Operating lease

As lessee

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using cost model.

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.

As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Freehold land is not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rate for freehold buildings is 2% (2017: 2%).

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets

Policy applicable from 1 January 2018

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit and loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, available-for-sale investments and deposits, bank and cash balances.

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through other comprehensive income

Debt instruments

A debt security is measured at fair value through other comprehensive income ("FVTOCI") if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments

On initial recognition of an entity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

Financial assets categorised as FVTOCI are subsequently measured at fair value, with unreaslied gains and losses recognised directly in other comprehensive income and accumulated under fair value adjustment reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

The Group and the Company have not designated any financial assets as FVTOCI.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (Cont'd)

Policy applicable from 1 January 2018 (Cont'd)

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

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instruments). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instruments is recognised in profit or loss.

Policy applicable before 1 January 2018

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were required at initial recognition, into the following categories:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (Cont'd)

Policy applicable before 1 January 2018 (Cont'd)

The Group and the Company classify their financial assets at initial recognition, into the following categories (Cont'd):

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment 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 less impairment loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or losses that had been recognised in equity is recognised in profit or loss.

(g) Financial liabilities

Policy applicable from 1 January 2018

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial liabilities (Cont'd)

Policy applicable before 1 January 2018

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

(i) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables and loans and borrowings.

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial guarantee contracts

Policy applicable before 1 January 2018 (Cont'd)

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount initially recognised less cumulative amortisation.

Liabilities arising from financial guarantees are presented together with other provisions.

(i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value.

(i) Land held for property development

Land held for property development consists of purchase price of land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value cannot be determined reliably, these inventories will be stated at the lower of cost or fair value less costs to sell. Fair value is the amount the inventory can be sold in an arm's length transaction.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(ii) Property development costs

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to subcontractors and borrowing costs capitalised for qualifying assets that incurred during the development period. The asset is subsequently recognised as an expenses in profit or loss when and as the control of the asset is transferred to the customer.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Inventories (Cont'd)

(ii) Property development costs (Cont'd)

Properties development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

(iii) Completed properties held for sale

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition.

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

(k) Construction contracts

Construction contracts are contracts specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over the profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work-in-progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profit (less recognised losses).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories 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, 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 cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset.

An impairment loss 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 only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

Policy applicable from 1 January 2018

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since intial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months ("a 12 month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Policy applicable before 1 January 2018

All financial assets, other than those categorised as 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.

Financial assets carried at amortised cost

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

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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

Available-for-sale financial assets

Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Policy applicable before 1 January 2018 (Cont'd)

Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the financial asset and the Group's share of net assets or the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(n) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company.

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

(o) Provision

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Employee benefits

(i) Short-term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group have no further payment obligations.

(q) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised goods or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognised revenue from the following major sources:

(a) Revenue from property development

The Group recognises revenue from property development over time when control over the property has been transferred to the customers. The properties have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue is recognised over the period of the contract using input method to measure the progress towards complete satisfaction of the performance obligations under the sale and purchase agreement i.e. based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

The Group becomes entitled to invoice customers for construction of promised properties based on achieving a series of performance-related milestones (i.e. progress billing). The Group will previously have recognised a contract asset for any work performed. Any amount previously recognsied as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised todate, the Group recognises a contract liability for the difference. There is not considered to be a significant financial component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

The Group recognised revenue from the following major sources (Cont'd):

(a) Revenue from property development (Cont'd)

Revenue from sales of completed properties is recognised at a point in time, being when the control of the properties has been passed to the purchasers. And, it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the properties sold.

The Group provides warranties for general repairs of defects as required by law. These assurance-type warranties are accounted for under MFRS 137 *Provision, Contingent Liabilities and Contingent Assets*, please refer to accounting policy on provisions in Note 3(o) to the financial statements.

(b) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the output method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on on the level of completion of the physical proportion of contract work to-date, certified by professional consultants.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to-date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

The Group provides warranties for general repairs of defects existed at the time of sale. These assurance-type warranties are accounted for under MFRS 137 *Provision, Contingent Liabilities and Contingent Assets*, please refer to accounting policy on provisions in Note 3(o) to the financial statements.

(c) Rendering of services

Revenue from management fee is recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue recognition (Cont'd)

(iii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(iv) Dividend income

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

(v) Car park operations

Revenue from car park operations are recognised on an accrual basis.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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.

(s) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial 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 for all 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.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Income taxes (Cont'd)

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.

(t) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(u) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic 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 assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

Notes to the Financial Statements (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold building RM'000	Freehold land RM'000	Leasehold 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	Office Renovation RM'000	Total RM'000
	At valuation			At cost						
2018										
At 1 January 2018	650	3,750	9,450	3,279	358	8,484	1,382	657	–	28,010
Additions	–	–	–	–	–	–	15	192	1,323	1,530
Written off	–	–	–	–	–	–	–	(12)	–	(12)
At 31 December 2018	650	3,750	9,450	3,279	358	8,484	1,397	837	1,323	29,528
Accumulated depreciation										
At 1 January 2018	68	–	306	3,071	358	7,983	1,147	388	–	13,321
Charge for the financial year	34	–	153	72	–	196	93	92	173	813
Written off	–	–	–	–	–	–	–	(1)	–	(1)
At 31 December 2018	102	–	459	3,143	358	8,179	1,240	479	173	14,133
Carrying amount										
At 31 December 2018	548	3,750	8,991	136	–	305	157	358	1,150	15,395

Group	Freehold building RM'000	Freehold land RM'000	Leasehold 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
	At valuation			At cost					
2017									
At 1 January 2017	650	3,750	9,450	3,279	358	8,484	1,195	368	27,534
Additions	–	–	–	–	–	–	188	289	477
Disposals	–	–	–	–	–	–	(1)	–	(1)
At 31 December 2017	650	3,750	9,450	3,279	358	8,484	1,382	657	28,010
Accumulated depreciation									
At 1 January 2017	34	–	153	2,996	358	7,787	1,056	313	12,697
Charge for the financial year	34	–	153	75	–	196	92	75	625
Disposals	–	–	–	–	–	–	(1)	–	(1)
At 31 December 2017	68	–	306	3,071	358	7,983	1,147	388	13,321
Carrying amount									
At 31 December 2017	582	3,750	9,144	208	–	501	235	269	14,689
At 1 January 2017	616	3,750	9,297	283	–	697	139	55	14,837

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

Property, plant and equipment under revaluation model

The Group's freehold land and building and long-term leasehold land were revalued by the Directors in year 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 buildings been carried at historical cost less accumulated depreciation, their carrying amounts would have been as follows:

		Group	
	31.12.2018 RM'000	**31.12.2017 RM'000**	**01.01.2017 RM'000**
Freehold land	490	490	490
Freehold building	68	73	78
Leasehold land with unexpired lease period of more than 50 years	1,631	1,658	1,685
	2,189	2,221	2,253

5. INVESTMENT PROPERTIES

Group	**Freehold land RM'000**	**Buildings RM'000**	**Total RM'000**
2018			
Cost			
At 1 January 2018	23,307	106,716	130,023
Additions	–	7,643	7,643
At 31 December 2018	23,307	114,359	137,666
Accumulated depreciation			
At 1 January 2018	–	3,237	3,237
Charge for the financial year	–	1,951	1,951
At 31 December 2018	–	5,188	5,188
Carrying amount			
At 31 December 2018	23,307	109,171	132,478
Fair value of investment properties	12,801	203,624*	192,723

5. INVESTMENT PROPERTIES (CONT'D)

Group 2017	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 January 2017	23,307	96,578	119,885
Additions	–	10,138	10,138
At 31 December 2017	23,307	106,716	130,023
Accumulated depreciation			
At 1 January 2017	–	1,379	1,379
Charge for the financial year	–	1,858	1,858
At 31 December 2017	–	3,237	3,237
Carrying amount			
At 31 December 2017	23,307	103,479	126,786
At 1 January 2017	23,307	95,199	118,506
Fair value of investment properties	12,801	179,922*	192,723

* 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 land at RM178.8 million (31.12.2017: RM170.0 million) using the comparison method as the fair value of the land and the said commercial office building is unable to be determined separately.

(a) Income and expenses recognised in profit or loss

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

	Group	
	2018 **RM'000**	**2017** **RM'000**
Rental income	8,546	3,667
Direct operating expenses:		
- Income generating investment properties	(914)	(583)
- Non-income generating investment properties	(1)	(1)

(b) Fair value information

The Group measures fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements.

5. INVESTMENT PROPERTIES (CONT'D)

(b) Fair value information (Cont'd)

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

Description of 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 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).

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

There were no transfers between levels during current and previous financial years.

(c) 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.

(d) Private caveat on investment properties

A financial institution had lodged a private caveat on the freehold land owned by a subsidiary with a carrying amount of RM15.8 million (31.12.2017: RM15.8 million) to secure banking facilities granted to the Company as disclosed in Note 17 to the financial statements.

6. INVENTORIES

			Group	
	Note	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**01.01.2017 RM'000**
Non-current:				
Land held for development	(a)	104,881	104,539	104,172
Current:				
Property development costs	(b)	–	8,084	6,680
Completed properties	(c)	88,284	65,447	66,522
		88,284	73,531	73,202
		193,165	178,070	177,374
Recognised in profit or loss:				
Inventories recognised as cost of sales		–	1,075	4,150

6. INVENTORIES (CONT'D)

(a) Land held for development

	Group 2018 RM'000	2017 RM'000
Freehold land, at cost		
At 1 January	101,465	101,639
Tramsfer to development costs	–	(174)
At 31 December	101,465	101,465
Development costs		
At 1 January	3,074	2,533
Additions	342	367
Transfer from land cost	–	174
At 31 December	3,416	3,074
Total land held for development	104,881	104,539

(b) Property development costs

	Group 2018 RM'000	2017 RM'000
At 1 January		
Land	2,773	2,773
Development costs	112,759	88,010
Cumulative costs recognised in profit or loss	(107,448)	(84,103)
	8,084	6,680
Development costs incurred during the financial year	32,262	24,749
	40,346	31,429
Costs recognised to profit or loss during the financial year	(17,509)	(23,345)
Transfer to completed properties	(22,837)	–
	–	8,084
At 31 December		
Land	2,773	2,773
Development costs	145,021	112,759
Cumulative costs recognised in profit or loss	(124,957)	(107,448)
Transfer to completed properties	(22,837)	–
	–	8,084

6. INVENTORIES (CONT'D)

(c) Completed properties

	Group 2018 RM'000	2017 RM'000
At 1 January	65,447	66,522
Transfer from property development cost	22,837	–
Disposal during the financial year	–	(1,075)
At 31 December	88,284	65,447

7. INVESTMENTS IN SUBSIDIARIES

	Company 31.12.2018 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
In Malaysia:			
Unquoted shares - at cost	53,891	53,891	53,891
Advances to a subsidiary*	4,000	4,000	4,000
	57,891	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 Company	Place of business/ Country of incorporation	Effective interest (%) 31.12.2018	31.12.2017	01.01.2017	Principal activities
Ken Grouting Sdn. Bhd.	Malaysia	100	100	100	Specialist engineering services, turnkey contracts, building and civil engineering works
Ken Projects Sdn. Bhd.	Malaysia	100	100	100	Investment holding
Ken Property Sdn. Bhd.	Malaysia	100	100	100	Property holding and investment and property development
Ken Highlands Sdn. Bhd.	Malaysia	100	100	100	Investment holding
Kenergy Sdn. Bhd. #	Malaysia	100	100	100	Dormant

Notes to the Financial Statements (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):

Name of Company	Place of business/ Country of incorporation	Effective interest (%)			Principal activities
		31.12.2018	31.12.2017	01.01.2017	
Ken JBCC Sdn. Bhd.	Malaysia	100	100	100	Property development
Ken JBCC Holdings Sdn. Bhd.	Malaysia	100	100	100	Dormant
Ken Estate Sdn. Bhd.	Malaysia	100	100	100	Dormant
Ken City Sdn. Bhd.	Malaysia	100	100	100	Dormant
Ken Management Sdn. Bhd.	Malaysia	100	100	100	Dormant
Ken City JB Sdn. Bhd.	Malaysia	100	100	100	Dormant
Ken-Chec Sdn. Bhd.	Malaysia	100	100	100	Land reclamation, civil, dredging, and marine engineering
Ken JBCC Land Sdn. Bhd.	Malaysia	100	100	100	Dormant
Khidmat Tulin Sdn. Bhd.	Malaysia	100	100	100	Property holding and investment and property development
T.B.S. Management Sdn. Bhd.	Malaysia	100	100	100	Property management services
Ken Rimba Sdn. Bhd.	Malaysia	100	100	100	Property development and investment holding
Genesis Nature Sdn. Bhd.	Malaysia	100	100	100	Dormant
Swift Frontiers Sdn. Bhd.	Malaysia	100	100	100	Dormant
Ken Link Sdn. Bhd.	Malaysia	100	100	100	Property development
Ken TTDI Sdn. Bhd.	Malaysia	100	100	100	Investment holding
Ken Capital Sdn. Bhd.	Malaysia	100	100	100	Dormant

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):

Name of Company	Place of business/ Country of incorporation	Effective interest (%)			Principal activities
		31.12.2018	31.12.2017	01.01.2017	
Ken Estate Penang Sdn. Bhd. #	Malaysia	100	100	100	Dormant
Ken Capital Holdings Sdn. Bhd. (formerly known as Ken Estate (Melaka) Sdn. Bhd.) #	Malaysia	100	100	100	Dormant
Ken Park Sdn. Bhd.	Malaysia	100	100	100	Car park management
Jewel Estate Sdn. Bhd.	Malaysia	100	100	100	Property management services
Ken Kelantan Land Sdn. Bhd.	Malaysia	100	100	100	Dormant
Space Magic Sdn. Bhd. (formerly known as Ken Damansara Land Sdn. Bhd.) #	Malaysia	100	100	100	Dormant
Wealthy Resort Sdn. Bhd.	Malaysia	55	55	55	Dormant

The Group has applied striking off for these companies on 31 December 2018.

Internal re-organisation

On 12 July 2017, 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 Estate (Melaka) Sdn. Bhd. for a total cash consideration of RM2.

Upon completion of the acquisition, Ken Estate (Melaka) Sdn. Bhd. became a direct wholly-owned subsidiary of the Company.

On 13 July 2017, Ken Estate (Melaka) Sdn. Bhd. 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 Damansara Land Sdn. Bhd. for a total cash consideration of RM2.

Upon completion of the acquisition, Ken Damansara Land Sdn. Bhd. became a direct wholly-owned subsidiary of Ken Estate (Melaka) Sdn. Bhd..

Notes to the Financial Statements (cont'd)

8. OTHER INVESTMENTS

	Unquoted Shares in Malaysia RM'000	Quoted Shares in Malaysia RM'000	Total RM'000
Group			
31.12.2018			
Financial assets at fair value through profit or loss	20	120	140
Less: Impairment loss	–	(114)	(114)
	20	6	26
Market value of quoted investments	–	27	27
31.12.2017			
Available-for-sale financial assets	20	120	140
Less: Impairment loss	–	(114)	(114)
	20	6	26
Market value of quoted investments	–	27	27
01.01.2017			
Available-for-sale financial assets	20	120	140
Less: Impairment loss	–	(114)	(114)
	20	6	26
Market value of quoted investments	–	27	27

9. DEFERRED TAX ASSETS/(LIABILITIES)

	31.12.2018 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Group			
Deferred tax assets			
At 1 January	16,322	16,672	13,194
Recognised in profit or loss	(4,573)	(364)	3,485
Under/(Over) provision in prior years	55	14	(7)
At 31 December	11,804	16,322	16,672
Deferred tax liabilities			
At 1 January	(16,191)	(16,308)	(17,523)
Recognised in profit or loss	87	121	175
Under/(Over) provision in prior years	3	(4)	1,040
At 31 December	(16,101)	(16,191)	(16,308)

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

	31.12.2018 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Company			
Deferred tax assets			
At 1 January	489	378	311
Recognised in profit or loss	91	97	74
Under/(Over) provision in prior years	55	14	(7)
At 31 December	635	489	378

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	31.12.2018 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Group			
Deferred tax assets	11,804	16,322	16,672
Deferred tax liabilities	(16,101)	(16,191)	(16,308)
	(4,297)	131	364
Company			
Deferred tax assets	635	489	378

The components and movements of deferred tax assets and liabilities are as follows:

	Others RM'000	Provision RM'000	Total RM'000
Group			
Deferred tax assets			
At 1 January 2018	15,833	489	16,322
Recognised in profit or loss	(4,664)	91	(4,573)
Over provision in prior years	–	55	55
At 31 December 2018	11,169	635	11,804
At 1 January 2017	16,294	378	16,672
Recognised in profit or loss	(461)	97	(364)
Over provision in prior years	–	14	14
At 31 December 2017	15,833	489	16,322

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

The components and movements of deferred tax assets and liabilities are as follows (Cont'd):

Group Deferred tax liabilities	Land held for development RM'000	Property development costs RM'000	Accelerated capital allowances RM'000	Others RM'000	Total RM'000
At 1 January 2018	(13,829)	(425)	(1,913)	(24)	(16,191)
Recognised in profit or loss	–	20	67	–	87
Under provision in prior years	–	–	3	–	3
At 31 December 2018	(13,829)	(405)	(1,843)	(24)	(16,101)
At 1 January 2017	(13,829)	(502)	(1,953)	(24)	(16,308)
Recognised in profit or loss	–	77	44	–	121
Under provision in prior years	–	–	(4)	–	(4)
At 31 December 2017	(13,829)	(425)	(1,913)	(24)	(16,191)

Company Deferred tax assets	Provision RM'000
At 1 January 2018	489
Recognised in profit or loss	91
Over provision in prior years	55
At 31 December 2018	635
At 1 January 2017	378
Recognised in profit or loss	97
Over provision in prior years	14
At 31 December 2017	489

10. CONTRACT ASSETS/(LIABILITIES)

	Note	Group 31.12.2018 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Contract assets				
Property development activities	(b)	–	12,422	–
Contract liabilities				
Property development activities	(b)	–	–	42,972
Construction contracts	(a)	7	198	–
		7	198	42,972

(a) Construction contracts

	Group 2018 RM'000	2017 RM'000
Contract costs incurred to date	353	186
Attributable profits	143	98
	496	284
Less: Progress billings	(503)	(482)
	(7)	(198)
Presented as:		
Contract liabilities	(7)	(198)

The contract assets represented unbilled amount for work completed as at the reporting date. This amount will be transferred to trade receivables when the right to bill becomes unconditional.

The contract liabilities consist of advance billing in excess of revenue recognised overtime during construction period. This amount is expected to be recognised as revenue over period of 30 days.

Notes to the Financial Statements (cont'd)

10. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(b) Property development activities

	Group 2018 RM'000	Group 2017 RM'000
At 1 January	12,422	–
Effect of adopting MFRS 15	–	(42,972)
Balance at 1 January restated	12,422	(42,972)
Property development revenue recognised during the financial year	54,917	101,555
Less: Billings during the financial year	(67,339)	(46,161)
At 31 December	–	12,422
Presented as:		
Contract assets	–	12,422

Contract assets in relation to property development activities is the excess of revenue recognised in profit or loss over billings to purchasers as at the reporting date. This unbilled amount for work completed will be transferred to trade receivable when the right to bill becomes unconditional. Contract liabilities consist of billings in excess of revenue recognised, this amount is expected to be recognised as revenue over a period of 30 days.

11. TRADE AND OTHER RECEIVABLES

	Note	31.12.2018 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Group				
Trade				
Trade receivables	(a)	7,885	1,262	5,791
Less: Accumulated impairment losses		(509)	(509)	(509)
		7,376	753	5,282
Non-trade				
Other receivables and deposits	(b)	4,698	4,644	6,794
		12,074	5,397	12,076
Company				
Non-trade				
Amounts due from subsidiaries	(c)	82,414	98,918	94,276
Other receivables and deposits	(b)	6	2	4
		82,420	98,920	94,280

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

Trade receivables normal trade credit terms ranged from 0 to 21 days (31.12.2017: 0 to 21 days) terms and bearing interest of 10% (31.12.2017: 10%) per annum. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group	
	2018 RM'000	**2017 RM'000**
At 1 January/At 31 December	509	509

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

The aged analysis of trade receivables and contract assets as at the end of the reporting period:

		Group	
	31.12.2018 RM'000	**31.12.2017 RM'000**	**01.01.2017 RM'000**
Neither past due nor impaired	7,343	748	2,331
Past due not impaired:			
Less than 30 days	–	–	79
31 to 120 days	–	–	189
More than 120 days	542	514	3,192
Gross amount	7,885	1,262	5,791
Impairment loss amount	(509)	(509)	(509)
Net amount	7,376	753	5,282

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2018, trade receivables of RM33,000 (31.12.2017: RM5,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

Trade receivables of the Group that are individually assessed to be impaired amounting to RM509,000 (31.12.2017: RM509,000), relate to customers that are in financial difficulties, has defaulted on payments and/or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Included in other receivables and deposits of the Group are:

(i) an advance of RM2,000,000 (31.12.2017: 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 (31.12.2017: RM500,000) paid to a third party for a joint development project entered into by a subsidiary.

(c) Amounts due from subsidiaries are unsecured, interest free and repayable on demand.

12. DEPOSITS, BANK AND CASH BALANCES

	31.12.2018 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Group			
Cash and bank balances	3,723	2,436	8,807
Liquid investments	12,750	100	8,100
Deposits with licensed banks	237	230	223
	16,710	2,766	17,130
Company			
Cash and bank balances	77	30	33

Included in the cash at bank of the Group is an amount of RM453,000 (31.12.2017: RM652,000) held under Housing Development Accounts pursuant to Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

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

The effective interest rates and maturity period of deposits with licensed banks of the Group as at the end of the reporting period is 3.2% (31.12.2017: 3.15%) per annum and 1 month (31.12.2017: 1 month) respectively.

13. SHARE CAPITAL

	Group and Company					
	Number of ordinary shares			Amount		
	31.12.2018 Units'000	31.12.2017 Units'000	01.01.2017 Units'000	31.12.2018 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Issued and fully paid:						
At 1 January/31 December	191,720	191,720	191,720	95,860	95,860	95,860

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

14. RESERVES

The nature of reserves of the Group and of the Company are as follows:

(i) 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.

(ii) Retained Earnings

The entire retained earnings of the Company are available for distribution as single-tier dividends.

15. TREASURY SHARES

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 16 May 2018, renewed their approval for 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 interest of the Company and its shareholders.

	Group and Company			
	2018		2017	
	Number of ordinary shares Units'000	Amount RM'000	Number of ordinary shares Units'000	Amount RM'000
At 1 January	12,382	5,365	12,379	5,362
Purchase of own shares	1	1	3	3
At 31 December	12,383	5,366	12,382	5,365

During the financial year, the Company repurchased 1,000 (31.12.2017: 3,000) of its issued share capital from the open market at an average price of RM0.80 (31.12.2017: RM0.93) per share including transaction costs. The purchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

16. TRADE AND OTHER PAYABLES

	Note	31.12.2018 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Group				
Trade				
Trade payables	(a)	19,111	11,250	17,754
Non-trade				
Other payables and accruals	(b)	24,481	21,222	19,868
Amounts due to Directors	(c)	216	216	232
		24,697	21,438	20,100
		43,808	32,688	37,854

16. TRADE AND OTHER PAYABLES (CONT'D)

	Note	31.12.2018 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Company				
Non-trade				
Other payables and accruals	(b)	2,712	2,126	1,667
Amounts due to Directors	(c)	216	216	232
Amounts due to subsidiaries	(d)	7,192	18,526	19,643
		10,120	20,868	21,542

(a) Included in trade payables of the Group are retention sum payables amounting to RM5,908,582 (31.12.2017: RM7,273,000).

Credit terms of trade payables of the Group ranged from 14 to 60 days (31.12.2017: 14 to 60 days) depending on the terms of the contracts.

(b) Included in other payables and accruals of the Group are:

(i) Accrual for project costs amounting to RM6,225,000 (31.12.2017: RM2,079,000); and

(ii) An amount of RM7,515,000 (31.12.2017: RM7,515,000) representing advances from a corporate shareholder of a partially owned subsidiary of the Company which are unsecured, interest free and repayable on demand.

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.

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

(d) Amounts due to subsidiaries are unsecured, interest free and repayable on demand.

17. LOANS AND BORROWINGS

	Group and Company		
	31.12.2018 RM'000	31.12.2017 RM'000	01.01.2017 RM'000
Current			
Secured			
Revolving credits	2,000	5,500	2,000

A financial institution had lodged a private caveat on the land owned by a subsidiary with carrying amounts of RM15.8 million (31.12.2017: RM15.8 million) to secure banking facilities granted to the Company as disclosed in Note 5 to the financial statements.

The average effective interest rates is 5.31% (31.12.2017: 5.06%) per annum.

18. REVENUE

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue from contracts with customers:				
Construction contract revenue	221	284	–	–
Property development revenue	54,917	101,555	–	–
Management fees	416	306	597	900
	55,554	102,145	597	900
Revenue from other sources:				
Dividend income	–	–	3,003	6,507
Investment properties	8,728	2,063	–	–
	8,728	2,063	3,003	6,507
	64,282	104,208	3,600	7,407
Timing of revenue recognition:				
At a point in time	416	306	597	900
Over time	55,138	101,839	–	–
	55,554	102,145	597	900

19. FINANCE COSTS

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Interest expenses on				
Revolving credits	144	117	144	117

20. PROFIT BEFORE TAX

Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Auditors' remuneration				
- statutory audits	100	120	26	26
- non-audit services	15	15	10	10
Depreciation of property, plant and equipment	813	625	–	–
Depreciation of investment properties	1,951	1,858	–	–
Interest income	(591)	(399)	(4)	(2)
Property, plant and equipment written off	11	–	–	–
Rental expenses on premises	–	84	–	–
Rental income from premises	(2,980)	(3,142)	–	–
Unrealised (gain)/loss on foreign exchange	(6)	37	–	–

21. TAXATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Tax expenses recognised in profit or loss				
Current tax:				
Current year provision	4,819	12,787	134	211
Under/(Over) provision in prior years	1,983	(553)	(1)	1
	6,802	12,234	133	212
Deferred tax:				
Origination and reversal of temporary differences	4,486	243	(91)	(97)
Over provision in prior years	(58)	(10)	(55)	(14)
	4,428	233	(146)	(111)
	11,230	12,467	(13)	101

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

Effective year of assessment 2017 and 2018, tax rate for Malaysian resident companies have been given a reduction in the income tax rate ranging from 0% to 4% on the incremental chargeable income compared to the immediate preceding year of assessment, based on the percentage of increase in chargeable income.

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax	35,918	62,867	2,455	6,510
At Malaysian statutory tax rate of 24% (2017: 24%)	8,620	15,088	589	1,562
Expenses not deductible for tax purposes	2,359	542	174	114
Income not subject to tax	(64)	(153)	(720)	(1,562)
Utilisation of deferred tax asset not recognised	(1,610)	–	–	–
Reduction in statutory tax rate	–	(2,447)	–	–
	9,305	13,030	43	114
Under/(Over) provision of income tax in prior years	1,983	(553)	(1)	1
Over provision of deferred tax in prior years	(58)	(10)	(55)	(14)
	11,230	12,467	(13)	101

22. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year is as follows:

	Group	
	2018 RM'000	**2017 RM'000**
Profit attributable to owners of the Company	24,686	50,399
Weighted average number of ordinary shares in issue (in thousands of shares)		
Issued ordinary shares at 1 January	191,720	191,720
Effect of treasury shares held	(12,383)	(12,382)
Weighted average number of ordinary shares at 31 December	179,337	179,338
Basic earnings per ordinary share (sen)	14	28

(b) Diluted earnings per share

The Group had no dilution in its earnings per ordinary share as there are no dilutive potential ordinary shares. There has been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

23. DIVIDENDS

	Group and Company	
	2018 RM'000	**2017 RM'000**
Dividends recognised as distribution to ordinary shareholders of the Company:		
A first and final dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 December 2016 paid on 28 July 2017	–	4,484
A first and final dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 December 2017 paid on 26 July 2018	4,483	–

The Board of Directors recommended a first and final dividend of 1.5 sen per ordinary share totalling RM2,690,049 for the current financial year ended 31 December 2018. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January 2018 RM'000	Financing cash flows RM'000	At 31 December 2018 RM'000
Group and Company			
Revolving credits (Note 17)	5,500	(3,500)	2,000

25. CONTINGENCIES

	Company	
	2018 RM'000	2017 RM'000
Unsecured		
Corporate guarantee		
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries	220	329
Corporate guarantee given to the suppliers of goods for credit terms granted to subsidiaries	6	3
	226	332

26. RELATED PARTY DISCLOSURES

(a) Identifying 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 joint 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. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

26. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Transactions between subsidiaries				
- Dividend income	–	–	(3,003)	(6,507)
- Management fee income	–	–	(597)	(900)
Transactions with Companies in which Directors of the Company have substantial financial interest				
- Rental expense on premise	12	12	12	12

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follow:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Salaries, fees and other emoluments	3,611	3,625	155	181
Estimated money value of benefits-in-kind	45	55	–	–
	3,656	3,680	155	181

Included in remuneration of Directors is Director fees received and receivable by the Non-executive Directors of the Company during the financial year was RM60,000 (2017: RM60,000).

27. SEGMENT INFORMATION

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.

27. SEGMENT INFORMATION (CONT'D)

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 3(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.

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Segment profit	3,914	25,724	27,788	36,353	31,702	62,077
Included in the measure of segment profit are:						
Revenue from external customers	221	284	54,917	101,555	55,138	101,839
Inter-segment revenue	31,778	57,408	–	–	31,778	57,408
Not included in the measure of segment profit but provided to Managing Director:						
Depreciation	(654)	(635)	(133)	(139)	(787)	(774)
Finance income	240	88	305	290	545	378
Segment assets	40,515	38,475	222,822	241,366	263,337	279,841
Included in the measure of segment assets are:						
Additions to non-current assets other than financial instruments and deferred tax assets	284	642	58	226	342	868

27. SEGMENT INFORMATION (CONT'D)

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

	2018 RM'000	2017 RM'000
Profit or loss		
Total profit or loss for reportable segments	31,702	62,077
Other non-reportable segments	12,335	280
Elimination of inter-segment profits	(8,119)	510
Consolidated profit before tax	35,918	62,867

	External revenue RM'000	Depreciation RM'000	Finance income RM'000	Segment assets RM'000 restated	Additions to non-current assets RM'000
2018					
Total reportable segments	55,138	(787)	545	263,337	342
Other non-reportable segments	9,144	(1,977)	46	194,329	9,086
Elimination of inter-segment transactions or balances	–	–	–	(74,967)	–
Consolidated total	64,282	(2,764)	591	382,699	9,428
2017					
Total reportable segments	101,839	(774)	378	279,841	868
Other non-reportable segments	2,369	(1,709)	21	193,596	10,114
Elimination of inter-segment transactions or balances	–	–	–	(115,721)	–
Consolidated total	104,208	(2,483)	399	357,716	10,982

28. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group	At amortised cost RM'000	At FVTPL RM'000	Total RM'000
Financial assets			
31.12.2018			
Other investments	–	26	26
Trade and other receivables	12,074	–	12,074
Liquid investments	–	12,750	12,750
Deposits, bank and cash balances	3,960	–	3,960
	16,034	12,776	28,810
Financial liabilities			
31.12.2018			
Trade and other payables	43,808	–	43,808
Loans and borrowings	2,000	–	2,000
	45,808	–	45,808

	Loans and receivables RM'000	Available-for-sale RM'000	Financial liabilities measured at amortised cost RM'000	Total RM'000
Financial assets				
31.12.2017				
Other investments	–	26	–	26
Trade and other receivables	5,397	–	–	5,397
Deposits, bank and cash balances	2,766	–	–	2,766
	8,163	26	–	8,189
Financial liabilities				
31.12.2017				
Trade and other payables	–	–	32,688	32,688
Loans and borrowings	–	–	5,500	5,500
	–	–	38,188	38,188

28. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

	At amortised cost RM'000	Total RM'000
Company		
Financial assets		
31.12.2018		
Trade and other receivables	82,420	82,420
Deposits, bank and cash balances	77	77
	82,497	82,497
Financial liabilities		
31.12.2018		
Trade and other payables	10,120	10,120
Loans and borrowings	2,000	2,000
	12,120	12,120

	Loans and receivables RM'000	Financial liabilities measured at amortised cost RM'000	Total RM'000
Financial assets			
31.12.2017			
Trade and other receivables	98,920	–	98,920
Deposits, bank and cash balances	30	–	30
	98,950	–	98,950
Financial liabilities			
31.12.2017			
Trade and other payables	–	20,868	20,868
Loans and borrowings	–	5,500	5,500
	–	26,368	26,368

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(i) 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 and deposits with banks. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to previous financial years.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiaries. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

At each reporting date, the Group and the Company assess whether any if the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for credit facilities and supply of goods and services granted to certain subsidiaries.

The Company's maximum exposure in this respect is RM226,000 (31.12.2017: RM332,000), representing the outstanding credit facilities and for supply of goods and services as at the end of the reporting period. There was no indication that any subsidiaries would default on repayment as at the end of the reporting period.

There are no significant changes as compared to previous financial year.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for advances to its subsidiaries where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group			
31.12.2018			
Non-derivative financial liabilities			
Revolving credits	2,000	2,000	2,000
Trade and other payables	43,808	43,808	43,808
	45,808	45,808	45,808
31.12.2017			
Non-derivative financial liabilities			
Revolving credits	5,500	5,500	5,500
Trade and other payables	32,688	32,688	32,688
	38,188	38,188	38,188
Company			
31.12.2018			
Non-derivative financial liabilities			
Revolving credits	2,000	2,000	2,000
Other payables	10,120	10,120	10,120
Financial guarantee *	226	226	226
	12,346	12,346	12,346
31.12.2017			
Non-derivative financial liabilities			
Revolving credits	5,500	5,500	5,500
Other payables	20,868	20,868	20,868
Financial guarantee *	332	332	332
	26,700	26,700	26,700

* Based on the maximum amount that can be called for under the financial guarantee contract.

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The Company provides unsecured financial guarantee to banks in respect of credit facilities and to suppliers of goods for credit terms granted to subsidiaries and monitors on an ongoing basis the performance of the subsidiaries. At the end of the financial year, there was no indication that the subsidiaries would default on repayment.

Financial guarantee have not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiaries defaulting on their credit facilities is remote.

(iii) Market risk

(a) Foreign currency risk

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

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

Group **Change in currency rate**	**2018** **Effect on** **Post-tax profit** **RM'000**	**2017** **Effect on** **Post-tax profit** **RM'000**
Strengthened 10% (2017: 10%)	25	25
Weakened 10% (2017: 10%)	(25)	(25)

<u>Foreign currency sensitivity analysis</u>

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the HKD exchange rates against the RM, with all other variables held constant.

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short-term deposits.

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

	2018 RM'000	2017 RM'000
Group		
Fixed rate instrument		
Financial assets	237	230
Floating rate instruments		
Financial assets	12,750	100
Financial liabilities	(2,000)	(5,500)
	10,750	(5,400)
Company		
Floating rate instrument		
Financial liabilities	(2,000)	(2,000)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

A change in interest rates at the end of the reporting period would not significantly affect profit or loss in view that variable rate financial liabilities are not significant as at the reporting date.

(c) Fair values of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

28. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial instruments (Cont'd)

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

The fair value of the quoted investments of the Group amounting to RM26,000 not carried at fair value is categorised as Level 1.

29. MATERIAL LITIGATION

Group and Company

In the previous financial years, 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. The Court has also allowed the Defendants application for securities for costs whereby the Plaintiff is required to deposit into their solicitor's client account the sum of RM50,000 in the form of fixed deposit.

Subsequently, The Defendant has appealed to the Court of Appeal against the High Court's decision for allowing part of the Application and the Court of Appeal has dismissed the Application. The Plaintiff filed a motion for Leave to Appeal to Federal Court in relation to the Application where the Federal Court has decided the matter in the Defendant's favour with cost. The trial for the matter commenced on 15 December 2017 and is currently still ongoing.

The Directors were advised by the solicitors that based on the evidence, the Suit will resolve in the Defendants' favour.

30. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group		**Company**	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Total loans and borrowings	2,000	5,500	2,000	5,500
Less: Deposits, bank and cash balances	(16,710)	(2,766)	(77)	(30)
Net debt	(14,710)	2,734	1,923	5,470
Total equity	320,267	300,115	128,874	130,890
Gearing ratio	*	0.01	0.01	0.04

* the gearing ratio is not applicable as the Group have sufficient cash and bank balances.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are not subject to any externally imposed capital requirements.

31. EXPLANATION OF TRANSITION TO MFRS

As stated in Note 2(a) to the financial statements, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 3 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2018, the comparative information presented in these financial statements for the financial year ended 31 December 2017 and in the preparation of the opening MFRS statements of financial position at 1 January 2017 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the separate financial statements of the Company.

31. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

In preparing the opening consolidated statement of financial position at 1 January 2017, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial position, financial performance and cash flows set out as follows:

Consolidated Statement of Financial Position as at 31 December 2017

	FRSs RM'000	*Effect of transition to MFRSs RM'000*	*MFRSs RM'000*
Non-current assets			
Inventories	–	104,539	104,539
Land held for property development	104,539	(104,539)	–
Current assets			
Contract assets	–	12,422	12,422
Inventories	65,447	8,084	73,531
Trade and other receivables	17,819	(12,422)	5,397
Property development costs	8,084	(8,084)	–
Current liabilities			
Contract liabilities	–	198	198
Amount due to contract customers	198	(198)	–

Consolidated Statement of Financial Position as at 1 January 2017

	FRSs RM'000	*Effect of transition to MFRSs RM'000*	*MFRSs RM'000*
Non-current assets			
Inventories	–	104,172	104,172
Land held for property development	104,172	(104,172)	–
Current assets			
Inventories	66,522	6,680	73,202
Property development costs	6,680	(6,680)	–
Current liabilities			
Trade and other payables	80,826	(42,972)	37,854
Contract liabilities	–	42,972	42,972

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2017

There are no material differences between the Statement of Profit or Loss and Other Comprehensive Income presented under MFRSs and the Statement of Profit or Loss and Other Comprehensive Income presented under FRSs.

Consolidated Statement of Cash Flows for the financial year ended 31 December 2017

There are no material differences between the Statement of Cash Flow presented under MFRSs and the Statement of Cash Flows presented under FRSs.

31. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

Notes on effect of adopting MFRS framework

The significant accounting policies adopted in preparing the financial statement are consistent with those of the audited financial statement for the financial year ended 31 December 2017, except as discussed below:

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

The adoption of MFRS 9 resulted changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company.

The Group and the Company applied MFRS 9 retrospectively, and have elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 January 2018.

(a) Classification of financial assets and liabilities

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") and replaces the existing MFRS 139 *Financial Instruments: Recognition and Measurement* categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset if managed and its contractual cash flows characteristics.

Investments in equity instruments are always measured at FVTPL with an irrevocable option at inception to present changes in OCI (provided the instruments is not held for trading). The Group changed the measurements of the investments in equity instruments currently held as available-for-sale to FVTPL.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Group and the Company.

Liquid investments were classified as loans and receivables under MFRS 139. On the adoption of MFRS 9, liquid investments meet the criteria for mandatory measurement of FVTPL because the contractual cash flows of these securities are not solely payments of principal and interest on the principal outstanding.

(b) Impairment

MFRS 9 requires impairment assessments to be based on the Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company require to record ECP on all of its debt instruments, loans and receivables, either on a 12 months or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Group and the Company do not expect any significant increase in impairment losses.

The adoption of MFRS 9 results in changes in accounting policies for financial instruments. The Group and the Company have implemented the new classification and measurement, and impairment rules under MFRS 9. The impact of reclassification and the calculation of ECL has no material impact to the financial statements of the Group and of the Company, and the standard has thus been implemented without adjusting the opening balance at 1 January 2018.

31. EXPLANATION OF TRANSITION TO MFRS (CONT'D)

Notes on effect of adopting MFRS framework (Cont'd)

(ii) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, MFRS 15 can be applied either to all contracts at the date of initial application or only contracts that are not completed at this date.

The adoption of MFRS 15 has no material financial impact other than reclassification of certain items in the statement of financial position as at 31 December 2017 as disclosed above.

32. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 9 April 2019.

List of **Properties**

As at 31 December 2018

The properties of the Group as at 31 December 2018 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	5,671	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	2,013	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	4,003	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	3,145	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	38 years	1,875 sq ft	4,297	2015**
7.	Lot A1-G-01 to A1-G-10 and A8-G-01 to A8-G-04 Rumah Pangsa Kampung Aman Satu Jalan SK6/1 Taman Bukit Serdang Seksyen 4&5, 43300 Selangor State of Selangor Darul Ehsan	14 units of ground floor shoplots for investment	Leasehold/ 9 February 2104	18 years	9,192 sq ft	1,205	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	16 years	6,653 sq ft	447	2005*

List of Properties (cont'd)

The properties of the Group as at 31 December 2018 are as follows (Cont'd):

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, HS(D) PT 80211 Mukim of Kapar District of Klang State of Selangor Darul Ehsan	Two parcels of land for development	Freehold	–	Approximately 4.32 acres	2,749	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	100,907	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	1,844	2015**
12.	01-01, 01-02, 01-03, 01-04, 01-05, 01-06, 01-07, 01-08, 01-09, 01-10, 01-11, 01-12, 01-13, 01-14, 01-15, 01-16, 01-17 Pangsapuri Rimba 2, No. 5, Jalan Lengkuas 16/19, Seksyen 16, 40200 Shah Alam, Selangor Darul Ehsan	17 units of ground floor shoplots for investment	Freehold	9 years	11,050 sq ft	1,368	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	5,750	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	16,526	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 2 April 2019

SHARE CAPITAL

Issued shares	:	191,720,000 ordinary shares
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share
No. of treasury shares held	:	12,383,400 ordinary shares

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100 shares	83	5.47	1,769	0.00
100 – 1,000 shares	122	8.04	48,544	0.03
1,001 – 10,000	821	54.12	4,961,507	2.77
10,001 – 100,000	418	27.56	12,391,660	6.91
100,001 to less than 5% of issued shares	71	4.68	76,957,758	42.91
5% and above of issued shares	2	0.13	84,975,362	47.38
Total	**1,517**	**100.00**	**179,336,600**	**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. *Budaya Dinamik Sdn. Bhd.*	20,425,724	11.39
3.	SJ Sec Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Seloka Aman Sdn. Bhd.*	6,663,000	3.72
4.	Ir. 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	3,546,978	1.98
9.	Kencana Bahagia Sdn. Bhd.	3,300,000	1.84
10.	Yeoh Phek Leng	3,060,000	1.71
11.	Teo Kwee Hock	2,924,600	1.63
12.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Kian Ling*	2,640,000	1.47
13.	CIMSEC Nominess (Tempatan) Sdn. Bhd. *CIMB Bank for Tan Kian Ling (MY2236)*	2,500,000	1.39
14.	To' Puan Lau Pek Kuan	2,300,000	1.28
15.	Adat Saga Sdn. Bhd.	2,095,300	1.17
16.	Tan Chee Koon	1,793,300	0.99
17.	To' Puan Lau Pek Kuan	1,617,000	0.90
18.	Liew Yoon Yee	1,502,500	0.84
19.	Low Siew Choong @ Liew Siew Meng	1,265,500	0.71
20.	I-Wen Morsingh	1,243,800	0.70

Analysis of Shareholdings (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)

Name		No. of shares held	%
21.	Tan Moon Hwa	1,202,680	0.67
22.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Exempt An for Bank of Singapore Limited*	1,131,700	0.63
23.	CIMSEC Nominess (Tempatan) Sdn. Bhd. *CIMB Bank for Tan Kian Aik (PBCL-0G0496)*	1,000,000	0.56
24.	Liew Yoon Yee	939,900	0.52
25.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Teo Siew Lai*	930,100	0.52
26.	Universal Trustee (Malaysia) Berhad *TA Islamic Fund*	828,000	0.46
27.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt an for Credit Suisse (SG BR-TST-Asing)*	730,000	0.41
28.	Lim Pay Kaon	700,000	0.39
29.	Lau Chin Kok	623,000	0.35
30.	Yeo Khee Huat	593,000	0.33
	Total	**152,311,320**	**84.94**

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

		No. of ordinary shares			
Name of substantial shareholders		**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)	46.74
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

		No. of ordinary shares			
Directors' name		**Direct**	**%**	**Indirect**	**%**
1)	Dato' Tan Boon Kang	3,963,600	2.21	83,766,638 (1)	46.71
2)	Ir. Tan Chek Siong	6,242,000	3.48	–	–
3)	Tan Moon Hwa	1,202,680	0.67	–	–
4)	YAM Dato' Seri Syed Azni Ibni Almarhum Tuanku Syed Putra Jamalullail	–	–	–	–
5)	Dato' Ir. Dr. Ashaari bin Mohamad	–	–	–	–
6)	Sha Thiam Lu	–	–	–	–

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

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

KEN®

KEN HOLDINGS BERHAD
(Company No.: 106173-M)
(Incorporated in Malaysia)

Proxy Form

I/We ....
(FULL NAME AS PER NRIC / CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

Company No./ NRIC No. (new).. (old) ....

of ....
(FULL ADDRESS)

being a member(s) of KEN HOLDINGS BERHAD hereby appoint:

....NRIC No. (new) .... (old)..

or failing him/her..NRIC No. (new) .... (old)..

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-FIFTH ANNUAL GENERAL MEETING of the Company to be held at The Space, Level 2, Menara KEN TTDI, No. 37, Jalan Burhanuddin Helmi, Taman Tun Dr Ismail, 60000 Kuala Lumpur on Wednesday, 29 May 2019, 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/her discretion.)

NO.	RESOLUTIONS	FOR	AGAINST
1)	Ordinary Resolution 1-To declare a first and final single tier dividend		
2)	Ordinary Resolution 2 - To approve the payment Directors' fees		
3)	Ordinary Resolution 3 - To approve the payment of Directors' benefits from 30 May 2019 until the next Annual General Meeting of the Company		
4)	Ordinary Resolution 4 - Re-election of Dato' Tan Boon Kang as Director		
5)	Ordinary Resolution 5 - Re-election of Dato' Ir. Dr. Ashaari bin Mohamad as Director		
6)	Ordinary Resolution 6 - Re-appointment of Messrs. UHY as Auditors		
7)	Ordinary Resolution 7 - Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
8)	Ordinary Resolution 8 - Proposed Renewal of Share Buy-Back		
9)	Special Resolution – Proposed Adoption of the New Constitution of the Company		

Signed this .... day of 2019

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

The proportions of my/our holdings to be represented by my/our proxy(ies) are as follows:-

Proxy 1	%
Proxy 2	%
Total	100%

....
Signature/Common Seal of Member(s)

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 is an authorised nominee, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares standing to the credit of the said securities account.
4. 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.
5. 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.
6. 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.
7. 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 21 May 2019 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.
8. 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

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KEN® HOLDINGS BERHAD
(106173-M)

Level 12, Menara KEN TTDI, 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