



# **SYCAL VENTURES BERHAD**

Company No. 547651-U  
Incorporated In Malaysia

Annual Report 2015

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## **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** the 15<sup>th</sup> Annual General Meeting of the Company will be held at Hotel Pullman Kuala Lumpur Bangsar, Room II, 1<sup>st</sup> Floor, Jalan Pantai Baru, 58000 Kuala Lumpur on 2<sup>nd</sup> June 2016 at 10.00 a.m. to transact the following businesses:-

### **AGENDA**

#### **AS ORDINARY BUSINESS**

1. To receive the Audited Financial Statements for the year ended 31 December 2015 and the Reports of the Directors and Auditors thereon.	(Please refer to Explanatory Note 1 on Ordinary Business)
2. To re-appoint YBhg Tan Sri Dato' Seri Dr Ting Chew Peh as Independent Non-Executive Director of the Company pursuant to Section 129(6) of the Companies Act 1965.	Resolution 1
3. To re-elect the following Directors who retire by rotation pursuant to Article 79 of the Company's Articles of Association:-	
3.1 Dato' Sri Haji Abd Rahim Bin Haji Abdul	Resolution 2
3.2 Mr Tee Lay Peng	Resolution 3
4. To approve the payment of Directors' fees for the financial year ended 31 December 2015.	Resolution 4
5. To re-appoint Messrs. WHLK as Auditors of the Company for the financial year ending 31 December 2016 and to authorise the Directors to fix the Auditors' remuneration.	Resolution 5

#### **AS SPECIAL BUSINESS**

6. To consider and if though fit, to pass the following Ordinary Resolution:- "That, pursuant to Section 132D of the Companies Act, 1965 and subject to the Articles of Association of the Company, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."	Resolution 6
7. To transact any other business of which due notice shall have been given.	

By Order of the Board

**Koh Kim Koon**  
Company Secretary

Kuala Lumpur  
29<sup>th</sup> April 2016

## **NOTICE OF ANNUAL GENERAL MEETING (cont'd)**

### **Notes:-**

1. Only depositors whose names appear on the Record of Depositor as at 27<sup>th</sup> May 2016 shall be entitled to attend, speak and vote at this meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorized.
7. The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 4.03A, 4th Floor, Plaza Prima, 4½ Miles, Jalan Kelang Lama, 58200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

### **A. Explanatory Notes on Ordinary Business**

1. This Agenda item is meant for discussion only as the provision of Section 169(1) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, it will not be put forward for voting.
2. The proposed Resolution No. 1, if passed, will re-appoint YBhg Tan Sri Dato' Seri Dr Ting Chew Peh, a person over the age of 70 years, as Director of the Company to hold office until the conclusion of the next AGM pursuant to Section 129(6) of the Act. The proposed Resolution shall take effect if passed by a majority of not less than three-fourths (3/4) of such members as being entitled to vote in person or, by proxy.
3. Details of the Directors standing for re-appointment/re-election under Ordinary Resolutions 1, 2 and 3 are stated in the Profile of Directors on pages 4 to 5 of this Annual Report. Their securities holdings in the Company are stated on page 92 of this Annual Report.

### **B. Explanatory Note on Special Business**

#### **Resolution pursuant to the Authority to Allot and Issue Shares**

The proposed Ordinary Resolution 6 if passed, will allow the Directors of the Company to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company in order to avoid any delay and costs involved in convening a general meeting to approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

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

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

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

Dato' Seow Yong Chin  
(Managing Director)

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

Chin Kok Wah  
(Executive Director)

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

Tee Lay Peng  
(Independent Non-Executive Director)

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

### **COMPANY SECRETARY**

Koh Kim Koon (MIA7790)

### **AUDITORS**

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

### **REGISTERED OFFICE**

Lot 4.03A, 4<sup>th</sup> Floor, Plaza Prima  
4 ½ Miles, Jalan Kelang Lama  
58200 Kuala Lumpur  
Tel: 603-7983 9099  
Fax: 603-7981 7443  
Website : [www.sycalberhad.com](http://www.sycalberhad.com)

### **STOCK EXCHANGE LISTING**

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

### **SHARE REGISTRAR**

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

## PROFILE OF DIRECTORS

**Dato' Sri Haji Abd Rahim Bin Haji Abdul (66 years of age – Malaysian)**  
**Chairman / Non-Independent Non-Executive Director**  
**Appointed on 15 March 2006**

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

**Dato' Seow Yong Chin (56 years of age – Malaysian)**  
**Group Managing Director / Member of Remuneration Committee**  
**Appointed on 30 November 2005**

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

**Syed Zain Al-Kudcy Bin Dato' Syed Mahmood (61 years of age – Malaysian)**  
**Executive Director**  
**Appointed on 30 November 2005**

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

**Chin Kok Wah (56 years of age – Malaysian)**  
**Executive Director**  
**Appointed on 30 November 2005**

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

## **PROFILE OF DIRECTORS (cont'd)**

**Tan Sri Dato' Seri Dr. Ting Chew Peh (72 years of age – Malaysian)**

**Independent Non-Executive Director / Member of Audit Committee / Chairman of Remuneration Committee / Member of Nomination Committee**

**Appointed on 27 June 2014**

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

**Dato' Paduka Dr Abdul Wahid Bin Ahmad Shuhaimi (58 years of age – Malaysian)**

**Independent Non-Executive Director / Member of Audit Committee / Chairman of Remuneration Committee / Member of Nomination Committee**

**Appointed on 27 February 2012**

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

**Tee Lay Peng (54 years of age – Malaysian)**

**Independent Non-Executive Director / Member of Audit Committee / Chairman of Nomination Committee / Member of Remuneration Committee**

**Appointed on 30 September 2013**

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

**Further Information:-**

**Family Relationship with any Directors and/or Substantial Shareholders**

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

**Conflict of Interest with Company and Convictions for Offences of Directors**

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

**Board of Directors' Meeting**

Details of attendance of Board Meetings held during the financial year ended 31 December 2015 are disclosed in page 12 of this Annual Report.

## **AUDIT COMMITTEE REPORT**

### **OBJECTIVE**

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

### **MEMBERS**

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

### **TERMS OF REFERENCE**

#### **Composition**

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

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

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

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

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

#### **Meetings**

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

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

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

#### **In attendance at Meetings**

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

**Authority**

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

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

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

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

**Secretaries to Audit Committee**

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

**Review of the Audit Committee**

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

**Scope and Functions**

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

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

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

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

**MEETINGS DURING THE YEAR**

The Audit Committee met seven (7) times during the financial year ended 31 December 2015. The details of Audit Committee's meetings held and attended by the Committee during the financial year are as follows:-

	<b>No. of Meeting Attended</b>
Tan Sri Dato' Seri Dr. Ting Chew Peh	7
Dato' Paduka Dr Abdul Wahid Bin Ahmad Shuhaimi	7
Tee Lay Peng	7

**SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR**

The main activities carried out by the Committee during the year were as follows:-

- (i) reviewed and discussed with the external auditors on the results of the audit, its comments and findings;
- (ii) reviewed and discussed with the internal auditors on the results of the internal audit, its comments/findings and subsequent follow-up reviews;
- (iii) reviewed and assessed the adequacy of the Group's internal audit functions and the independence of the internal auditor;
- (iv) reviewed the quarterly unaudited financial results of the Group and recommendation of the same to the Board for approval and subsequent release of announcement to Bursa Malaysia Securities Berhad;
- (v) reviewed and approved the Audit Committee Charter; and
- (vi) reviewed related party transactions and conflict of interest situation that may arise within the Group.

**INTERNAL AUDIT FUNCTION**

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

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

The total costs incurred for the internal audit function of the Group in year 2015 amounted to RM23,750.

## **CORPORATE GOVERNANCE STATEMENT**

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

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

The Board is pleased to present below the manner in which the Group has applied the principles of the Code and the extent of compliance with the best practices throughout the financial year ended 31 December 2015 and up to the date of this Annual Report:-

### **1. Board of Directors**

#### **1.1 Board Charter and Board Responsibilities**

Emphasizing its commitment to good corporate governance practices of the Code, the Board had during the financial year 2015 formalized and adopted a Board Charter that sets out, amongst others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with management and the shareholders/stakeholders of the Company.

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

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

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

#### **1.2 Composition of Board of Directors**

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

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

**1.3 Board Meetings and Supply of Information**

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

For the financial year ended 31 December 2015, five (5) Board Meetings were held and the attendance of the Directors who held office during the financial year is set out below:

<b><u>Name of Directors</u></b>	<b><u>No. of Meetings Attended</u></b>
Dato' Sri Haji Abd Rahim Bin Haji Abdul	5
Dato' Seow Yong Chin	5
Chin Kok Wah	5
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	5
Tan Sri Dato' Seri Dr Ting Chew Peh	5
Dato' Paduka Dr Abdul Wahid Bin Ahmad Shuhaimi	5
Tee Lay Peng	5

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

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

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

**1.4 Appointment to the Board**

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

**1.5 Retirement and Re-election of Directors**

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

Director(s) over 70 years of age are required to submit themselves for re-appointment annually, in accordance with Section 129(6) of the Companies Act, 1965.

The Board in its Board Charter provided that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. Otherwise, the Board must justify and seek shareholders' approval in the event it retains the director as an Independent Director.

None of the Independent Directors have served for a cumulative term of more than nine (9) years or more for the financial year ended 31 December 2015.

### **1.6 Directors' Training**

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

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

During the financial year ended 31 December 2015 and up to the date of this annual report, the courses attended by the Directors are:-

<b><u>Name</u></b>	<b><u>Seminar(s) Attended</u></b>
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	8 <sup>th</sup> Malaysian Property Summit 2015
Chin Kok Wah	Comprehensive GST for Construction Business & Activities
Tee Lay Peng	<ul style="list-style-type: none"><li>- Focus Group Consultative Session on the AGM Guide</li><li>- MIA International Accountants Conference -Today's Synergy Tomorrow's Reality</li><li>- Advocacy Session on Management Discussion and Analysis for Chief Executive Officers and Chief Financial Officers</li><li>- Board Chairman Series Part 2 - Leadership Excellence from the Chair</li><li>- Risk Management and Internal Control Workshop</li></ul>
Tan Sri Dato' Seri Dr Ting Chew Peh	<ul style="list-style-type: none"><li>- Corporate Governance Breakfast Series: Future of Auditor Reporting</li><li>- Enhancing Internal Audit Practice</li><li>- Detecting, Preventing &amp; Reporting Financial Irregularities &amp; Fraud</li></ul>

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

### **1.7 Company Secretary**

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

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

## **2. The Board Committees**

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

### **2.1 Audit Committee**

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

### **2.2 Nomination Committee**

#### **Members**

Tee Lay Peng (*Chairman, Independent Non-Executive Director*)

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

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

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

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

Meetings of the Nomination Committee are held as and when necessary, and at least once a year. The Committee held one (1) meeting which was attended by all its members during the financial year ended 31 December 2015.

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

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

### **2.3 Remuneration Committee**

#### **Members**

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

Tee Lay Peng (*Independent Non-Executive Director*)  
Dato' Seow Yong Chin (*Managing Director*)

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

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Committee held one (1) meeting which was attended by all its members during the financial year ended 31 December 2015.

### **Directors' Remuneration**

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

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

Details of the remuneration of the Directors of the Company from the Group for the financial year ended 31 December 2015, by category and in bands of RM50,000 are shown below:-

<b>Category of Remuneration</b>	<b>Executive</b>	<b>Non-Executive</b>
Fees (RM)	48,000	168,000
Salary/Bonuses (RM)	1,397,800	-
EPF, SOCSO and others (RM)	180,350	15,000
<b>Total</b>	<b>1,626,150</b>	<b>183,000</b>

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

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

### **3. Relationship with Shareholders**

#### **Dialogue between the Company and Investors**

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

#### **The Annual General Meeting ("AGM")**

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

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

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

#### **4. Accountability and Audit**

##### **Financial Reporting**

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

##### **Directors' Responsibility Statement**

The Directors are responsible for ensuring that the annual audited financial statements of the Company and the Group are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year, and of the income statement and cash flows of the Company and the Group for the financial year.

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

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

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

##### **Assessment of Suitability and Independence of External Auditors**

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

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

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

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

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

#### **Related Party Transactions**

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

#### **Risk Management and Internal Control**

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

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

#### **Relationship with the Auditors**

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

### **5. Compliance Statement**

The Group had complied, throughout the year ended 31 December 2015, with all the best practices of corporate governance set out in Part 1 and Part 2 of the Code.

## **STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL**

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

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

### **RESPONSIBILITY**

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

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

### **INTERNAL AUDIT FUNCTIONS**

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

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

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

### **KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL**

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

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

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

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

## **STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)**

For the financial year ended 31 December 2015, the following activities were conducted as part of the management's review of risk management and internal controls of the Group:-

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

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

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

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

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

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors date 26 April 2016.

## **CHAIRMAN'S STATEMENT**

On behalf of the Board of Directors of the Company, I am pleased to present the Annual Report and Audited Accounts of the Company and the Group for the financial year ended 31 December 2015.

### **OPERATIONAL PERFORMANCE FOR 2015**

For the financial year under review, the Group recorded revenue of RM321.717 million and profit after tax attributable to owners of the Company of RM17.293 million.

The Construction Activities continued to be the core activities of the Group with current construction order book (in-house projects and external contracts) of approximately RM500 million.

With the Group's on going and upcoming planned developments in Greentown Ipoh, Klebang Ipoh, Taiping, Sitiawan, Segari and Sri Iskandar Perak with potential total gross development value of RM1.2 billion, Property Development Activities will remain one of the core profit contributor for the Group in the next 5 to 10 years.

### **PROSPECTS**

The Board is of the opinion that the near term prospects is expected to remain challenging for the domestic construction and property industries in view of the weakness in the local currency, effect of GST and stringent lending policies by banks.

However, barring unforeseen circumstances, based on the Group's on going and upcoming planned developments as stated above, the Board remains positive that the Group's performance for 2016 will be satisfactory.

### **ACKNOWLEDGEMENTS**

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

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

**Chairman**  
**Dato' Sri Haji Abd Rahim Bin Haji Abdul**  
**26 April 2016**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

## **SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

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

#### **PRINCIPAL ACTIVITIES**

The Company is principally an investment holding company.

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

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

#### **RESULTS OF OPERATIONS**

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

	<b>GROUP</b> <b>RM'000</b>	<b>COMPANY</b> <b>RM'000</b>
Net profit / (loss) for the financial year	<u>18,452</u>	<u>(346)</u>
Attributable to:		
Equity holders of the Company	17,293	(346)
Non-controlling interests	1,159	-
	<u>18,452</u>	<u>(346)</u>

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

#### **DIVIDENDS**

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

#### **RESERVES AND PROVISIONS**

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

## **SHARE CAPITAL**

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

## **OTHER FINANCIAL INFORMATION**

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance have been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

- (a) which would render the amounts written off as bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of the assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

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

## **DIRECTORS**

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

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

In accordance with Article 79 of the Company's Articles of Association, Dato' Sri Haji Abd Rahim Bin Haji Abdul and Tee Lay Peng retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Section 129 of Companies Act, 1965, Tan Sri Dato' Seri Dr. Ting Chew Peh retires and being eligible, offers himself for re-election.

## **DIRECTORS' INTERESTS**

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

	<b>Number of ordinary shares of RM1.00 each</b>			
	<b>As At</b> <b><u>01.01.2015</u></b>	<b>Bought</b>	<b>(Sold)</b>	<b>As At</b> <b><u>31.12.2015</u></b>
<b><u>Direct interest</u></b>				
Dato' Seow Yong Chin	18,826,145	-	-	18,826,145
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	3,989,913	-	-	3,989,913
<b><u>Indirect interest</u></b>				
Dato' Seow Yong Chin	34,103,635	-	-	34,103,635 *#
Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	14,370,754	-	-	14,370,754 *

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

# by virtue of shares held through SYC Holdings Sdn. Bhd.

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

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

## **DIRECTORS' BENEFITS**

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

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

## **AUDITORS**

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

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated **26 APR 2016**

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

Kuala Lumpur

.....  
DATO' SEOW YONG CHIN

**SYCAL VENTURES BERHAD**  
(Incorporated in Malaysia)

## STATEMENT BY DIRECTORS

We, Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood, being two of the directors of Sycal Ventures Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 28 to 87, are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 40 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad ("Bursa") Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa, and is not part of the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 26 APR 2016

SYED ZAIN AL-KUDCY BIN  
DATO' SYED MAHMOOD

DATO' SEOW YONG CHIN

## Kuala Lumpur

## STATUTORY DECLARATION

I, Dato' Seow Yong Chin, NRIC No. 591031-08-6095, being the officer primarily responsible for the financial management of Sycal Ventures Berhad, do solemnly and sincerely declare that the financial statements as set out on pages 28 to 87, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960

Subscribed and solemnly declared  
at Kuala Lumpur in the state of  
Federal Territory on

Federal Territory on  
26 APR 2016

Before me :



## COMMISSIONER FOR OATHS

Lot 5.30, Tingkat 5  
Wisma Central  
Jalan Ampang  
50450 Kuala Lumpur

DATO' SEOW YONG CHIN

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

#### **Report on the Financial Statements**

We have audited the financial statements of Sycal Ventures Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 28 to 87.

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

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

#### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion*

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

## Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## Other Matters

The supplementary information set out in Note 40 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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



WHLK  
[No : AF - 0891]  
Chartered Accountants

Date: **26 APR 2016**  
Kuala Lumpur, Malaysia



HAU WAN HOCK  
[No : 1703/02/17(J)]  
Partner

**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	NOTE	GROUP		COMPANY	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	4	16,882	15,371	-	-
Investment in subsidiaries	5	-	-	161,165	161,165
Other investments	6	63	63	-	-
Land held for property development and property development costs	7	16,221	16,221	-	-
Trade receivables	10	28,710	5,758	-	-
Amount due by related parties	14	30,096	30,452	-	-
Deferred tax assets	25	1,524	321	-	-
		93,496	68,186	161,165	161,165
<b>CURRENT ASSETS</b>					
Held-for-sale properties	8	8,063	10,752	-	-
Inventories	9	19,932	19,811	-	-
Trade receivables	10	173,076	172,333	-	-
Property development costs	11	8,921	9,235	-	-
Joint-venture development costs	12	70,557	64,210	-	-
Due by contract customers	13	105,361	109,550	-	-
Amount due by related parties	14	3,689	21,872	-	-
Amount due by subsidiary companies	15	-	-	2,266	2,266
Other receivables, deposits and prepayments	16	35,458	20,668	-	-
Fixed and security deposits	17	4,467	5,525	-	-
Cash and bank balances	32	5,205	9,720	11	11
		434,729	443,676	2,277	2,277
<b>CURRENT LIABILITIES</b>					
Trade payables	18	65,628	75,649	-	-
Due to contract customers	13	112,413	102,256	-	-
Amount due to related parties	14	452	433	-	-
Amount due to subsidiary companies	15	-	-	31,251	31,035
Other payables, deposits received and accruals	19	21,616	21,134	342	209
Bank borrowings	21	7,048	3,620	-	-
Provisions	22	5,348	5,392	-	-
Tax liabilities		13,343	15,518	-	3
		225,848	224,002	31,593	31,247
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<b>208,881</b>	<b>219,674</b>	<b>(29,316)</b>	<b>(28,970)</b>
		<b>302,377</b>	<b>287,860</b>	<b>131,849</b>	<b>132,195</b>

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

**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

		<b>GROUP</b>		<b>COMPANY</b>	
		<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>NOTE</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY</b>					
Share capital	23	320,250	320,250	320,250	320,250
Reserves	24	(82,047)	(97,938)	(188,401)	(188,055)
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		238,203	222,312	131,849	132,195
<b>NON-CONTROLLING INTERESTS</b>		3,829	2,970	-	-
<b>TOTAL EQUITY</b>		242,032	225,282	131,849	132,195
<b>NON-CURRENT LIABILITIES</b>					
Bank borrowings	21	60,345	62,578	-	-
		302,377	287,860	131,849	132,195

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

**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	NOTE	GROUP		COMPANY	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>REVENUE</b>	26	321,717	407,383	-	-
<b>COST OF SALES</b>	27	(280,540)	(363,933)	-	-
<b>GROSS PROFIT</b>		41,177	43,450	-	-
<b>OTHER OPERATING INCOME</b>		6,426	18,292	6	-
		47,603	61,742	6	-
<b>ADMINISTRATION EXPENSES</b>		(10,854)	(10,241)	(210)	(376)
<b>OTHER OPERATING EXPENSES</b>		(13,211)	(12,628)	(145)	(91)
<b>PROFIT / (LOSS) FROM OPERATIONS</b>		23,538	38,873	(349)	(467)
<b>FINANCE COSTS</b>		(1,727)	(1,490)	-	-
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	28	21,811	37,383	(349)	(467)
<b>TAXATION</b>	29	(3,359)	(1,579)	3	(303)
<b>PROFIT / (LOSS) FOR THE YEAR</b>		18,452	35,804	(346)	(770)
<b>OTHER COMPREHENSIVE INCOME</b>					
<i>Items that may not be recycled to profit or loss in future:</i>					
- Foreign currency translation differences for foreign operation		(1,402)	(372)	-	-
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>		17,050	35,432	(346)	(770)

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

**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>NOTE</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>PROFIT / (LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Company	17,293	34,999	(346)	(770)
Non-controlling interests	1,159	805	-	-
<b>PROFIT / (LOSS) FOR THE YEAR</b>	<b>18,452</b>	<b>35,804</b>	<b>(346)</b>	<b>(770)</b>
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Company	15,891	34,627	(346)	(770)
Non-controlling interests	1,159	805	-	-
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>	<b>17,050</b>	<b>35,432</b>	<b>(346)</b>	<b>(770)</b>
<b>EARNINGS PER SHARE (SEN)</b>				
- Basic	30	5.40	10.93	
- Diluted	30	5.40	10.93	

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

**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

<b><u>THE GROUP</u></b>	Share Capital RM'000	Share Premium RM'000	Revaluation reserves RM'000	Translation Reserves RM'000	Accumulated Losses RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 January 2014	320,250	16,683	85	384	(149,717)	187,685	2,165	189,850
Total comprehensive income for the year	-	-	-	(372)	34,999	34,627	805	35,432
At 31 December 2014	320,250	16,683	85	12	(114,718)	222,312	2,970	225,282
At 1 January 2015	320,250	16,683	85	12	(114,718)	222,312	2,970	225,282
Total comprehensive income for the year	-	-	-	(1,402)	17,293	15,891	1,159	17,050
Dividends	-	-	-	-	-	-	(300)	(300)
At 31 December 2015	320,250	16,683	85	(1,390)	(97,425)	238,203	3,829	242,032

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

**SYCAL VENTURES BERHAD**  
 (Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

**THE COMPANY**

At 1 January 2014

	Share Capital RM'000	Share Premium RM'000	Accumulated Losses RM'000	Total RM'000
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	320,250	16,683	(203,968)	132,965
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Total comprehensive loss for the year

	-	-	(770)	(770)
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At 31 December 2014

	320,250	16,683	(204,738)	132,195
--	---------	--------	-----------	---------

At 1 January 2015

	320,250	16,683	(204,738)	132,195
--	---------	--------	-----------	---------

Total comprehensive loss for the year

	-	-	(346)	(346)
--	---	---	-------	-------

At 31 December 2015

	320,250	16,683	(205,084)	131,849
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The accompanying notes form an integral part of the financial statements.

**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	NOTE	GROUP		COMPANY	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit / (Loss) before taxation		21,811	37,383	(349)	(467)
Adjustments for:					
Allowance for foreseeable loss		1,637	-	-	-
Allowance for impairment loss on receivables written back		(515)	(2,293)	-	-
Bad debts written off		345	56	-	-
Depreciation of property, plant and equipment		3,049	1,803	-	-
Gain on disposal of held-for-sale property		(141)	-	-	-
Impairment loss on land held for property development		103	3,449	-	-
Impairment loss on property development costs reversed		-	(10,918)	-	-
Interest expenses		1,593	1,480	-	-
Interest income		(5,360)	(4,960)	-	-
Inventories written down to net realisable value		1,363	-	-	-
Loss on disposal of plant and equipment		80	-	-	-
Provision for late delivery interest		571	3,145	-	-
Short term accumulating compensated absences		67	50	-	-
Operating profit / (loss) before working capital changes		24,603	29,195	(349)	(467)
Decrease / (Increase) in held-for-sale properties		2,830	(8,712)	-	-
Increase in inventories		(1,484)	(13,222)	-	-
Increase in receivables		(38,315)	(12,970)	-	-
(Increase) / Decrease in land held for property development and property development costs		(1,426)	27,201	-	-
Increase in joint-venture development costs		(6,347)	(47,220)	-	-
Increase/Decrease in amount due by/to contract customers		14,346	(30,815)	-	-
Decrease in amount due by related parties		18,558	20,002	-	-
(Decrease) / Increase in payables		(9,539)	(1,936)	133	102
Decrease of provisions		(682)	-	-	-
Cash generated from / (used in) operations		2,544	(38,477)	(216)	(365)
Interest paid		(1,593)	(1,480)	-	-
Interest received		5,360	136	-	-
Tax paid		(6,737)	(1,949)	-	(305)
Net cash outflow from operating activities		(426)	(41,770)	(216)	(670)

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

**SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

**CASH FLOW STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	NOTE	GROUP		COMPANY	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Net advances from subsidiary companies		-	-	216	2,077
Proceeds from disposal of plant and equipment		10	-	-	-
Purchase of plant and equipment	31	(1,047)	(1,401)	-	-
Subscription of shares issued by a subsidiary		-	-	-	(1,400)
Dividends paid to non-controlling interests		(300)	-	-	-
Increase in pledged deposits		(89)	(2,987)	-	-
Net cash (outflow) / inflow from investing activities		(1,426)	(4,388)	216	677
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of hire purchase		(1,925)	(1,196)	-	-
Net (repayment of) / proceeds from term loans		(2,009)	55,694	-	-
Proceeds from revolving credit		1,526	-	-	-
Net cash (outflow) / inflow from financing activities		(2,408)	54,498	-	-
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>					
		(4,260)	8,340	-	7
<b>EFFECT OF EXCHANGE RATE CHANGES</b>					
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>					
		11,758	3,790	11	4
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>					
	32	6,096	11,758	11	11

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

## **SYCAL VENTURES BERHAD**

(Incorporated in Malaysia)

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

### **1. GENERAL INFORMATION**

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

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

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

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

The registered office of the Company is located at:

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

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

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

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 Basis of preparation**

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

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Basis of preparation (Cont'd)

#### (a) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except in the current financial year, the Group and the Company adopted the following amended FRS which are mandatory for annual financial periods beginning on or after 1 January 2015.

- Amendments to FRS 119: Defined Benefit Plans: Employee Contributions
- Amendments to FRSs: Annual Improvements to FRSs 2010-2012 Cycle
- Amendments to FRSs: Annual Improvements to FRSs 2011-2013 Cycle

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

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

	Effective dates for financial periods beginning on or after
FRS 14: Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRSs: Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	to be announced
MFRS 9: Financial Instruments	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 16: Leases	1 January 2019

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Basis of preparation (Cont'd)

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

#### *MFRS 9 Financial Instruments*

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

#### *MFRS 15 Revenue from Contracts with Customers*

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

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

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

#### *MFRS 16 Leases*

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.1 Basis of preparation (Cont'd)**

#### **(c) Malaysian financial reporting standards**

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

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

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

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

The Group has commenced transitioning its accounting policies and financial reporting from the current Financial Reporting Standards to the MFRS Framework and has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2015 could be different if prepared under the MFRS Framework.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.2 Basis of Consolidation**

#### **Subsidiaries**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Subsidiaries are entities controlled by the Company.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Basis of Consolidation (Cont'd)

#### Subsidiaries (cont'd)

- (i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

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

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

#### Loss of control

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.2 Basis of Consolidation (Cont'd)**

#### **Business combinations**

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

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

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

#### **Transactions with non-controlling interests**

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within the equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Property, plant and equipment

#### (a) Measurement

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

#### (b) Depreciation

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

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

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

#### (c) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

#### (d) Disposals

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.4 Investments**

#### **(a) Investment in subsidiaries**

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

#### **(b) Other non-current investments**

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

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

### **2.5 Land Held for Property Development and Property Development Costs**

#### **(a) Land held for property development**

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.21(b).

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

#### **(b) Joint-venture development project**

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

#### **(c) Property development costs and revenue recognition**

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

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

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

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

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

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

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

### **2.6 Held-for-sale properties**

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

Held-for-sale properties are not depreciated.

### **2.7 Inventories**

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

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

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.8 Receivables**

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

### **2.9 Construction Contracts**

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

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

### **2.10 Cash and cash equivalents**

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

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

### **2.11 Payables**

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

### **2.12 Related party**

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

### **2.13 Provisions**

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

### **2.14 Leases**

#### **(a) Classification**

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.14 Leases (Cont'd)**

#### **(b) Finance Leases**

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

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

### **2.15 Borrowings**

#### **(a) Classification**

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

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

#### **(b) Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.16 Share capital

Ordinary shares are classified as equity.

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

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

### 2.17 Income Taxes

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

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

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

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

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

### 2.18 Revenue Recognition

#### (a) Sale of development properties

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

#### (b) Contract work not certified

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.18 Revenue Recognition (Cont'd)

#### (c) Construction contracts

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

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

#### (d) Project management/consultancy

Revenue from project management/consultancy is recognised as follows:

- (i) agreed fixed monthly fee - at the end of the respective months; and
- (ii) fee based on certain performance criteria - at the end of the respective reporting periods.

#### (e) Sale of goods

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

#### (f) Joint-venture development project

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

#### (g) Dividend income

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

## 2.19 Employee Benefits

#### (a) Short term benefits

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

#### (b) Defined contribution plans

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.20 Foreign Currencies

#### (a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Group's functional and presentation currency.

#### (b) Transactions and balances

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

#### (c) Translation of Group entities' financial statements

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

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) Income and expenses for each income statement are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

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

	Year-end rate		Average rate	
	2015	2014	2015	2014
Hong Kong Dollar	2.219	2.363	2.367	2.448

#### (d) Consolidation adjustments

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.21 Impairment

#### (a) Financial assets

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

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

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

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

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

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

#### (b) Non-financial assets

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.22 Financial Instruments

#### (i) Initial recognition and measurement

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

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

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

The Company categorise financial instruments as follows:

##### **Financial assets**

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

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

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

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

###### **(b) Held-to-maturity investments**

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

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

###### **(c) Loans and receivables**

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.22 Financial Instruments (Cont'd)

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

##### (d) Available-for-sale financial assets

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

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

##### Financial liabilities

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

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

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

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

#### (iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.23 Fair value measurements

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

### 2.24 Operating segments

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

### **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

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

#### **3.1 Construction contracts**

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

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

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

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

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

#### **3.3 Depreciation of property, plant and equipment**

Property, plant and equipment is depreciated on the straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and machinery to range between 5 and 50 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2015 was RM16.882 million (2014: RM15.371 million). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

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

#### **3.4 Allowance for impairment of receivables**

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

#### **3.5 Property development**

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

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

#### **3.6 Provision for taxation**

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

#### 4. PROPERTY, PLANT AND EQUIPMENT

<u>GROUP</u>	Freehold office lots		Office equipment, furniture and fittings		Theme Park RM'000	Total RM'000
	and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	RM'000		
<u>COST</u>						
At 1 January 2014	1,264	4,666	4,468	1,044	3,009	14,451
Additions	-	7,784	1,923	222	-	9,929
Written off	-	(1,598)	-	(473)	-	(2,071)
Translation difference	-	-	-	2	-	2
At 31 December 2014	1,264	10,852	6,391	795	3,009	22,311
Additions	-	582	3,895	173	-	4,650
Disposals	-	(96)	-	-	-	(96)
Translation difference	-	-	-	8	-	8
At 31 December 2015	1,264	11,338	10,286	976	3,009	26,873

  

<u>ACCUMULATED DEPRECIATION</u>	Freehold office lots		Office equipment, furniture and fittings		Theme Park RM'000	Total RM'000
	and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	RM'000		
At 1 January 2014	467	2,371	2,503	862	1,003	7,206
Charge for the year	25	785	715	77	201	1,803
Written off	-	(1,598)	-	(473)	-	(2,071)
Translation difference	-	-	-	2	-	2
At 31 December 2014	492	1,558	3,218	468	1,204	6,940
Charge for the year	25	1,090	1,594	139	201	3,049
Disposals	-	(6)	-	-	-	(6)
Translation difference	-	-	-	8	-	8
At 31 December 2015	517	2,642	4,812	615	1,405	9,991

  

<b>NET BOOK VALUE</b>					
At 31 December 2015	747	8,696	5,474	361	1,604
At 31 December 2014	772	9,294	3,173	327	1,805

Included in the net book value of property, plant and equipment of the Group are motor vehicles and plant and machinery amounted to RM5,418,477 (2014: RM2,977,003) and RM2,650,531 (2014: RM3,079,386) respectively, acquired under hire purchase arrangements for which instalments are still outstanding at the end of the reporting period.

Included in the net book value of property, plant and equipment of the Group is another group of plant and machinery amounted to RM4,525,333 (2014: RM5,077,733) of which has been charged to a financial institution as security for bank facilities granted.

## 5. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2015 RM'000	2014 RM'000
Unquoted shares - at cost	346,205	346,205
Less: Allowance for impairment losses	185,040	185,040
	<b>161,165</b>	<b>161,165</b>

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

<u>Name of subsidiary companies</u>	<u>Effective Equity Ownership Interest<sup>^</sup></u>		<u>Principal Activities</u>
	2015 %	2014 %	
Sycal Berhad	100	100	Investment holding and contractor for building and civil engineering
<i>and its subsidiaries:</i>			
Sycal Kulai Sdn. Bhd.	100	100	Property development
Cygal Construction Sdn. Bhd.	100	100	Dormant
Sycal Plant & Machinery Sdn. Bhd.	100	100	Contractor for management and operator of plant and machinery
Cygal Industries Sdn. Bhd.	100	100	Dormant
Cygal Hotel Management Services Sdn. Bhd.	100	100	Dormant
Cygal Entertainment Sdn. Bhd.	82	82	Dormant
Sycal Concrete Sdn. Bhd.	70	70	Manufacturing and trading in ready mix concrete
Sycal Geotechnics Sdn. Bhd.	70	70	Dormant
*# United Golden Mile Aviation Ltd	71	71	Leasing of aircraft parts and equipment and provision of related services
Sycal ICC Properties Sdn. Bhd.	100	100	Property development

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

<u>Name of subsidiary companies</u>	<u>Effective Equity Ownership Interest<sup>^</sup></u>		<u>Principal Activities</u>
	<u>2015</u> %	<u>2014</u> %	
Sycal Properties Sdn. Bhd.	100	100	Property development, property management and consultancy, turnkey contractor
<i>and its subsidiary:</i>			
Sycal Properties Management Sdn. Bhd.	-	100	Properties management and maintenance services
# Sycal Resorts Sdn. Bhd.	100	100	Property development, investment holding and operator of theme park

<sup>^</sup> Equals to the proportion of voting rights held

\* A company incorporated in Hong Kong

# Subsidiary companies audited other than by Messrs. WHLK

Non-controlling interests in subsidiaries

<u>Name of subsidiary companies</u>	<u>% of equity ownership interest held by non-controlling interests<sup>^</sup></u>		<u>Principal Activities</u>
	<u>2015</u>	<u>2014</u>	
Cygal Entertainment Sdn. Bhd.	18	18	Dormant
Sycal Concrete Sdn. Bhd.	30	30	Manufacturing and trading in ready mix concrete
Sycal Geotechnics Sdn. Bhd.	30	30	Dormant
* United Golden Mile Aviation Ltd	29	29	Leasing of aircraft parts and equipment and provision of related services

<sup>^</sup> Equals to the proportion of voting rights held

\* A company incorporated in Hong Kong.

	<b>GROUP</b>	
	<b>2015</b> <b>RM'000</b>	<b>2014</b> <b>RM'000</b>
Carrying amount of non-controlling interests	3,829	2,970
Profit for the year attributable to non-controlling interests	1,159	805

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

## 5. INVESTMENT IN SUBSIDIARIES (CONT'D)

### Disposal of subsidiary

On 3 December 2015, the Company disposed of its 100% equity interest in Sycal Properties Management Sdn. Bhd. for a cash consideration of RM2. The financial impact on the disposal is not material to the Group and the Company.

## 6. OTHER INVESTMENTS

	<b>GROUP</b>	
	<b>2015</b> <b>RM'000</b>	<b>2014</b> <b>RM'000</b>
Unquoted shares - at cost	7,890	7,890
Less: Accumulated impairment losses	7,890	7,890
	-	-
Shares quoted in Malaysia - at cost	6	6
Less: Accumulated impairment losses	3	3
	3	3
Transferable club membership - at cost	150	150
Less: Accumulated impairment losses	90	90
	60	60
	63	63
Market value of quoted shares	<u>2</u>	<u>3</u>

## 7. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

<b>GROUP</b>	<b>Freehold</b>	<b>Development</b>	<b>Impairment</b>	
<b>Cost</b>	<b>Land</b> <b>RM'000</b>	<b>Expenses</b> <b>RM'000</b>	<b>Losses</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
At 1 January 2014	28,585	2,797	(11,845)	19,537
Additions	-	133	(3,449)	(3,316)
At 31 December 2014	28,585	2,930	(15,294)	16,221
Additions	-	103	(103)	-
At 31 December 2015	28,585	3,033	(15,397)	16,221

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

## 7. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

An additional impairment of RM103,400 (2014: RM3.449 million) is made in respect of the above development land during the year. At the end of the reporting period, management carried out a review of the recoverable amount of this asset. The carrying amount of the asset recorded at the end of the reporting period does not exceed the recoverable amount. The recoverable amount was based on the value in use method, determined by discounting the future cash flow projections from the asset. The pre-tax discount rate used was 8.3 percent.

## 8. HELD-FOR-SALE PROPERTIES

	GROUP	
	2015	2014
	RM'000	RM'000
Land and/or completed units of buildings	8,063	10,752

## 9. INVENTORIES

	GROUP	
	2015	2014
	RM'000	RM'000
<u>At cost</u>		
Completed units of development properties	15,292	19,095
Building materials	659	716
	15,951	19,811
<u>At net realisable value</u>		
Completed units of development properties	3,981	-
	19,932	19,811

## 10. TRADE RECEIVABLES

	GROUP	
	2015	2014
	RM'000	RM'000
Trade receivables	223,746	195,922
<u>Allowance for impairment losses</u>		
At 1 January	(24,581)	(35,374)
Reversal during the year	515	2,293
Written off during the year	-	8,500
At 31 December	(24,066)	(24,581)
Amount receivables	199,680	171,341
Less: Amount shown under non-current assets	28,710	5,758
	170,970	165,583
Accrued billings in respect of property development costs	2,106	6,750
Amount shown under current assets	173,076	172,333

## 10. TRADE RECEIVABLES (CONT'D)

	GROUP	
	2015	2014
	RM'000	RM'000
<u>Amount shown under non-current assets:</u>		
More than 1 year and less than 2 years	10,000	5,758
More than 2 years and less than 5 years	18,710	-
	<hr/>	<hr/>
	28,710	5,758
	<hr/>	<hr/>

Included in the trade receivables of the Group is an amount of RM17,793,801 (2014: RM12,225,623) representing contract sum retained in relation to contracting work performed.

Included in carrying values of trade receivables is an amount of RM43,093,311 (2014: RM32,625,136) receivable in respect of various sub-contract works done for Prima Ace Sdn Bhd ("PA"). It has been agreed that the amounts of RM43.09 million (2014: RM21.93 million) due to the Group are to be repaid over 3 to 4 years by various instalments. The new repayment scheme is subject to annual review for any adjustment, if needed. As at 31 December 2015, an amount of RM28.71 million (2014: RM13.62 million) is subject to an interest charge of 8.3% (2014: 8.3%) per annum.

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

## 11. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2015	2014
	RM'000	RM'000
<u>Property development costs at 1 January</u>		
- Freehold land - at costs	28,888	28,888
- Development costs	165,906	135,466
	<hr/>	<hr/>
<u>Development costs incurred during the year</u>		
Reversal of property development costs on completed projects	194,794	164,354
	4,243	30,440
	(17,387)	-
	<hr/>	<hr/>
<u>Allowance for foreseeable loss</u>		
	181,650	194,794
	(1,637)	-
	<hr/>	<hr/>
<u>Impairment loss:</u>		
- At 1 January	-	(10,918)
- Reversal during the year	-	10,918
- At 31 December	-	-

## 11. PROPERTY DEVELOPMENT COSTS (CONT'D)

	GROUP	
	2015 RM'000	2014 RM'000
<u>Costs recognised as expenses in profit or loss:</u>		
- At 1 January	(185,559)	(127,785)
- Current year	(754)	(44,793)
- Reversal on completed projects	17,387	-
- At 31 December	(168,926)	(172,578)
Transfer to inventories	(2,166)	(12,981)
Property development costs at 31 December	8,921	9,235

## 12. JOINT-VENTURE DEVELOPMENT COSTS

GROUP	JV partners' entitlement RM'000	Development costs		Advances RM'000	Costs recognised as expenses in profit or loss RM'000	Total RM'000
		incurred RM'000				
At 1 January 2014	2,191	9,403	8,500	(3,104)	16,990	
Additions	-	5,719	46,149	-	51,868	
Transfer to other receivables	(400)	(248)	(4,000)	-	(4,648)	
At 31 December 2014	1,791	14,874	50,649	(3,104)	64,210	
Additions	1,000	7,757	-	(2,410)	6,347	
At 31 December 2015	2,791	22,631	50,649	(5,514)	70,557	

As at the end of the reporting period, the Group had entered into various joint-venture ("JV") agreements with different JV partners. Among the terms of these JV agreements, the Group is, at its own costs and expenses, responsible for the construction, completion, marketing, sales, maintenance and management of the development. The Group's entitlements for these JV agreements vary from 73% to 85% of the gross revenue on all the development units to be constructed.

## 13. DUE BY / (TO) CONTRACT CUSTOMERS

	GROUP	
	2015 RM'000	2014 RM'000
Construction costs	2,394,527	2,192,873
Recognised profits less losses	152,762	129,285
Progress billings received and receivable	(2,554,341)	(2,314,864)
	(7,052)	7,294

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

	GROUP	
	2015	2014
	RM'000	RM'000
<u><b>Represented by:</b></u>		
Due by contract customers	105,361	109,550
Due to contract customers	(112,413)	(102,256)
	<hr/>	<hr/>
	(7,052)	7,294
	<hr/>	<hr/>
Construction costs incurred during the year	201,654	285,400
	<hr/>	<hr/>
Construction costs recognised as contract expenses during the year	222,291	261,211
	<hr/>	<hr/>
Included in construction costs incurred during the financial year are:		
Depreciation of plant and equipment	995	722
Staff costs	7,237	8,555
Hire of machinery	3,533	4,413
Rental of site	104	108
	<hr/>	<hr/>

**14. AMOUNT DUE BY / (TO) RELATED PARTIES**

	SUB- NOTE	GROUP	
		2015	2014
		RM'000	RM'000
<b>Amount receivables:</b>			
- SYC Capital Sdn. Bhd.	5	33,785	52,324
		<hr/>	<hr/>
<b>Amount payables:</b>			
- Cygal Holdings Sdn. Bhd.	1,2,3,4	(103)	(84)
- SYC Capital Sdn. Bhd.	5	(349)	(349)
		<hr/>	<hr/>
		(452)	(433)
		<hr/>	<hr/>

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

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

The amount receivables are expected to be collected as follows:

	Gross RM'000	Individual impairment RM'000	Net RM'000
<b>2015</b>			
<b><u>Current</u></b>			
Within 12 months	3,689	-	3,689
<b><u>Non-current</u></b>			
More than 1 year and less than 2 years	16,975	-	16,975
More than 2 year and less than 5 years	13,121	-	13,121
	30,096	-	30,096
	<b>33,785</b>	<b>-</b>	<b>33,785</b>
<b>2014</b>			
<b><u>Current</u></b>			
Within 12 months	21,872	-	21,872
<b><u>Non-current</u></b>			
More than 1 year and less than 2 years	30,452	-	30,452
	<b>52,324</b>	<b>-</b>	<b>52,324</b>

The amount due by SYC Capital Sdn. Bhd. ("SYC Capital") is in respect of contracting and other related work done on SYC Capital's project. It has been agreed that the outstanding amount as of reporting date is to be settled by 31 December 2018 by various instalments, instead of by 31 December 2016 as agreed in the previous financial year. The amount outstanding of RM33.785 million (2014: RM36.437 million) is subject to an interest charge of 8.3% (2014: 8.3%) per annum. The amount due by SYC Capital is unsecured.

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

#### 15. AMOUNT DUE BY / (TO) SUBSIDIARY COMPANIES

	COMPANY		
	2015 RM'000	2014 RM'000	
Amount receivables	4,871	4,871	
Less: Allowance for impairment losses	2,605	2,605	
	<b>2,266</b>	<b>2,266</b>	
Amount payables	<b>(31,251)</b>	<b>(31,035)</b>	

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

## 16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other receivables	22,311	14,618	1,330	1,330
<u>Less: Allowance for impairment losses</u>				
At 1 January	2,384	2,384	1,330	1,330
Written off	(59)	-	-	-
At 31 December	2,325	2,384	1,330	1,330
Deposits	19,986	12,234	-	-
Prepayments	3,436	2,636	-	-
	12,036	5,798	-	-
	35,458	20,668	-	-

These include:

Amount due from Landowner pursuant to project management agreement - amount paid/payable net of amount received/receivable on behalf	10,778	4,136	-	-
Amount recoverable in respect of expenses incurred pursuant to former arrangements for the development of a project	4,564	4,496	-	-
Prepayment for right-of-use for property	10,127	5,190	-	-

## 17. FIXED AND SECURITY DEPOSITS

The effective yields of the fixed deposits of the Group at the end of the reporting period ranged from 3.10% to 3.30% (2014: 3.10% to 3.15%) per annum.

The maturities of the fixed deposits of the Group at the end of the financial year were between 1 month to 12 months (2014: 1 month to 12 months).

Included in fixed and security deposits of the Group are fixed deposits amounting to RM3,576,445 (2014: RM3,487,418) which have been placed as securities for bank facilities granted to subsidiaries.

## 18. TRADE PAYABLES

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

## 19. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other payables	13,363	9,402	168	47
Accruals	6,725	9,845	174	162
Deposits received	1,528	1,887	-	-
	21,616	21,134	342	209

These include:

Amount due to a director, Dato' Seow Yong Chin	3,152	55	101	3
Amount due to a former shareholder of a subsidiary company	237	237	-	-
Amount due to former subsidiary	6,115	6,102	-	-

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

## 20. HIRE PURCHASE PAYABLES

	GROUP	
	2015 RM'000	2014 RM'000
Hire purchase obligations repayable:		
Within one year	2,305	1,745
More than one year and less than five years	4,830	3,946
More than five years	233	-
	7,368	5,691
Less: Unexpired finance charges	719	634
	6,649	5,057

Principal amount repayable:

<u>Current</u>		
Within one year	1,972	1,456
<u>Non-current</u>		
More than one year and less than five years	4,450	3,601
More than five years	227	-
	4,677	3,601
	6,649	5,057

## 21. BANK BORROWINGS

	GROUP	
	2015	2014
	RM'000	RM'000
<b><u>Current</u></b>		
Revolving credit (secured)	1,526	-
Term loans (secured)	3,550	2,164
Hire purchase payables	1,972	1,456
	<hr/>	<hr/>
	7,048	3,620
	<hr/>	<hr/>
<b><u>Non-current</u></b>		
Term loans (secured)	55,668	58,977
Hire purchase payables	4,677	3,601
	<hr/>	<hr/>
	60,345	62,578
	<hr/>	<hr/>
<b><u>Total bank borrowings</u></b>		
Revolving credit (secured)	1,526	-
Term loans (secured)	59,218	61,141
Hire purchase payables	6,649	5,057
	<hr/>	<hr/>
	67,393	66,198
	<hr/>	<hr/>
<b><u>Maturity of borrowings</u></b>		
Within one year	5,076	2,164
More than 1 year and less than 2 years	5,110	3,469
More than 2 years and less than 5 years	15,420	15,928
More than 5 years	35,138	39,580
	<hr/>	<hr/>
	60,744	61,141
	<hr/>	<hr/>

The above bank borrowings were secured by way of:

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

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

	GROUP	
	2015	2014
Revolving credit (secured)	8.60%	-
Term loans (secured)	8.60% - 9.35%	8.10% - 9.35%
Hire purchase payables	4.42% - 8.36%	3.77% - 8.36%
	<hr/>	<hr/>

## 22. PROVISIONS

<u>GROUP</u>	Anticipated cost in respect of development projects RM'000	Late delivery interest RM'000	Employee benefits - Short term accumulating compensated absences RM'000	Total RM'000
At 1 January 2014	500	1,345	357	2,202
Addition during the year	-	3,145	50	3,195
Utilisation during the year	-	(5)	-	(5)
At 31 December 2014	500	4,485	407	5,392
Addition during the year	-	571	67	638
Utilisation during the year	-	(682)	-	(682)
At 31 December 2015	500	4,374	474	5,348

## 23. SHARE CAPITAL

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Authorised:</u>				
500,000,000 ordinary shares of RM1.00 each				
At 1 January / 31 December	500,000	500,000	500,000	500,000
<u>Issued and fully paid:</u>				
320,250,000 ordinary shares of RM1.00 each				
At 1 January / 31 December	320,250	320,250	320,250	320,250

## 24. RESERVES

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Non-distributable:</u>				
Share premium				
Exchange translation reserves	16,683	16,683	16,683	16,683
Revaluation reserves	(1,390)	12	-	-
	85	85	-	-
	15,378	16,780	16,683	16,683
<u>Distributable:</u>				
Accumulated losses	(97,425)	(114,718)	(205,084)	(204,738)
	(82,047)	(97,938)	(188,401)	(188,055)

## 25. DEFERRED TAX ASSETS

	GROUP	
	2015	2014
	RM'000	RM'000
At 1 January	(321)	1,798
Amount recognised in profit or loss	(1,203)	(2,119)
<b>At 31 December</b>	<b>(1,524)</b>	<b>(321)</b>

As mentioned in Note 2.17, the effects of temporary differences, which would give rise to net deferred tax assets, are recognised to the extent that it is probable that taxable profits will be available against which unused tax losses can be utilised. As of 31 December 2015, the amount of estimated net deferred tax assets of the Group calculated at applicable tax rate is as follows:

	GROUP	
	2015	2014
	RM'000	RM'000
<b>(i) Recognised in the financial statements</b>		
Deferred tax liabilities:		
- Plant and equipment	654	572
- Property development costs	3,969	3,986
	<hr/>	<hr/>
	4,623	4,558
Deferred tax assets:		
- Unused tax losses	(4,770)	(4,879)
- Other deductible temporary differences	(1,377)	-
	<hr/>	<hr/>
	(6,147)	(4,879)
	<hr/>	<hr/>
	(1,524)	(321)

### (ii) Not recognised in the financial statements

Tax assets:

- Plant and equipment	-	(8)
- Unused tax losses and unabsorbed capital allowances	(3,409)	(5,509)
- Other deductible temporary differences	(4,481)	(5,858)
	<hr/>	<hr/>
	(7,890)	(11,375)

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

## 26. REVENUE

	GROUP	
	2015	2014
	RM'000	RM'000
Revenue comprise:		
Contract revenue	248,351	291,859
Consultation and project management fee	7,311	1,200
Property development revenue	1,458	51,715
Joint venture development revenue	3,182	-
Sales of goods and services	61,415	62,609
	<hr/>	<hr/>
	321,717	407,383
	<hr/>	<hr/>

## 27. COST OF SALES

	GROUP	
	2015	2014
	RM'000	RM'000
Cost of sales comprise:		
Contract cost	222,291	261,211
Property development expenses	5,450	45,127
Joint venture development costs	2,410	-
Cost of sales and services	50,389	57,595
	<hr/>	<hr/>
	280,540	363,933
	<hr/>	<hr/>

## 28. PROFIT / (LOSS) BEFORE TAXATION

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit / (Loss) before taxation is arrived at after charging / (crediting):				
Allowance for foreseeable loss	1,637	-	-	-
Allowance for impairment loss on receivables written back	(515)	(2,293)	-	-
Auditors' remuneration				
- current year	240	227	45	43
- prior year	(20)	(9)	(4)	(4)
Bad debts recovered	(26)	(73)	-	-
Bad debts written off	345	56	-	-
Depreciation of property, plant and equipment	2,054	1,081	-	-
Gain on foreign exchange - unrealised	(215)	(355)	-	-
Gain on disposal of held-for-sale property	(141)	-	-	-
Hire of equipment	237	764	-	-
Impairment loss on land held for property development	103	3,449	-	-

**28. PROFIT / (LOSS) BEFORE TAXATION (CONT'D)**

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Impairment loss on property development				
costs reversed	-	(10,918)	-	-
Inventories written down to net realisable value	1,363	-	-	-
Liquidated and ascertained damages	6,596	3,552	-	-
Loss on disposal of plant and equipment	80	-	-	-
Payables written off	(19)	-	-	-
Rental of machineries	(178)	-	-	-
Rental of premises	165	149	-	-
Interest expenses				
- hire purchase	352	286	-	-
- loans	1,241	1,194	-	-
- revolving credit	26	-	-	-
- others	32	9	-	-
Interest income				
- fixed deposits	(270)	(136)	-	-
- receivable from a related party	(2,689)	(2,860)	-	-
- receivable from a trade receivable	(2,383)	(1,964)	-	-
- others	(18)	-	-	-
Staff costs (excluding directors' remuneration):				
- salaries, allowances, wages and bonus	7,466	6,608	-	-
- pension costs - defined contribution plans	611	541	-	-
- social security costs	62	56	-	-
- short term accumulating compensated absences	67	50	-	-
- other staff related expenses	238	365	-	-
Directors' remuneration:				
- <u>Directors of the Company:</u>				
- fees				
- current year	216	198	108	90
- prior year	-	45	-	45
- other emoluments				
- current year	1,413	1,293	15	14
- prior year	-	2	-	2
- pension costs - defined contribution plan	180	164	-	-
- <u>Directors of the subsidiary companies:</u>				
- other emoluments	461	432	-	-
- pension costs - defined contribution plan	75	69	-	-

## 29. TAXATION

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000

Malaysian taxation based on profit for the year:

- Current year	4,754	4,597	-	-
- Prior year	(192)	(899)	(3)	303
	4,562	3,698	(3)	303

Deferred taxation :

- Relating to origination and reversal of temporary differences
- Under provided in respect of prior year

(1,203)	(2,120)	-	-
-	1	-	-
(1,203)	(2,119)	-	-
3,359	1,579	(3)	303

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

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit / (Loss) before taxation	21,811	37,383	(349)	(467)
Tax at Malaysian statutory tax rate of 25%	5,453	9,347	(87)	(117)
Tax effects of:				
- Expenses not deductible for tax purposes	1,772	2,263	87	117
- Income not subject to tax	(175)	(2,748)	-	-
- Recognition of previously unrecognised tax assets	(3,516)	(4,420)	-	-
- Deferred tax assets not recognised during the financial year	44	-	-	-
- Impairment loss on property development	(25)	(862)	-	-
- Utilisation of previously unrecognised tax assets	(4)	(1,104)	-	-
- Current year tax (over) / under provided in respect of prior year	(192)	(899)	(3)	303
- Deferred tax liabilities under provided in respect of prior year	-	1	-	-
- Differences of tax rates in Hong Kong subsidiary	2	1	-	-
Tax expense	3,359	1,579	(3)	303

## 30. EARNINGS PER SHARE

### (i) Basic

The basic earnings per share is calculated by dividing the Group's profit after taxation and non-controlling interests of RM17.293 million (2014: RM34.999 million) by number of ordinary shares in issue of 320.25 million (2014: 320.25 million).

### (ii) Diluted

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

## 31. PURCHASE OF PLANT AND EQUIPMENT

GROUP	
2015	2014
RM'000	RM'000

The Group acquired plant and equipment by way of the following:

- Hire purchase	3,517	3,081
- Term loan	86	5,447
- Cash payments	1,047	1,401
	<hr/>	<hr/>
	4,650	9,929
	<hr/>	<hr/>

## 32. CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR

These represent:	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed and security deposits	4,467	5,525	-	-
Cash and bank balances	5,205	9,720	11	11
	<hr/>	<hr/>	<hr/>	<hr/>
Deposits pledged for bank guarantee facilities	9,672	15,245	11	11
	(3,576)	(3,487)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	6,096	11,758	11	11
	<hr/>	<hr/>	<hr/>	<hr/>

Cash and bank balances include monies placed with licensed banks under Housing Development Accounts amounting to RM994,844 (2014: RM4,875,745) by the subsidiary companies.

### 33. SIGNIFICANT RELATED PARTY DISCLOSURES

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

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Subsidiaries:</u>				
- Loans/Advances from subsidiaries	-	-	(216)	(2,077)

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

(b) Compensation of key management personnel

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

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

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Executive Director:</u>				
- Fee	48	48	-	-
- Salaries and other emoluments	1,398	1,279	-	-
- Defined contribution plan	180	164	-	-
	1,626	1,491	-	-
<u>Non-Executive Director:</u>				
- Fee	168	150	108	90
- current year	-	45	-	45
- under provided in respect of prior year	15	14	15	14
- Other emoluments	-	2	-	2
- current year	183	211	123	151
- under provided in respect of prior year				
<u>Other Senior Personnel:</u>				
- Salaries and other emoluments	461	432	-	-
- Defined contribution plan	75	69	-	-
	536	501	-	-
	2,345	2,203	123	151

## **34. OPERATING SEGMENTS**

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

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

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

### **Segment assets**

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

### **Segment liabilities**

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

#### 34. OPERATING SEGMENTS (CONT'D)

	Construction		Property Development		Manufacturing and Trading		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Segment profit</b>	11,173	17,876	2,185	13,691	6,021	4,277	19,379	35,844
Included in the measure of segment profit are:								
Revenue from external customers	248,351	291,859	11,951	52,915	61,415	62,609	321,717	407,383
Inter-segment revenue	24,241	37,344	-	-	1,290	6,121	25,531	43,465
Allowance for foreseeable loss	-	-	(1,637)	-	-	-	(1,637)	-
Allowance for impairment loss on receivables written back	515	2,293	-	-	-	-	515	2,293
Bad debts recovered	26	73	-	-	-	-	26	73
Bad debts written off	(345)	(56)	-	-	-	-	(345)	(56)
Gain on disposal of held-for-sale property	100	-	41	-	-	-	141	-
Impairment loss on land held for property development	-	-	(103)	(3,449)	-	-	(103)	(3,449)
Impairment loss on property development costs reversed	-	-	-	10,918	-	-	-	10,918
Inventories written down to net realisable value	-	-	(1,363)	-	-	-	(1,363)	-
Liquidated and ascertained damages	(6,000)	(2,700)	(596)	(852)	-	-	(6,596)	(3,552)
Loss on disposal of plant and equipment	(80)	-	-	-	-	-	(80)	-
Short term accumulating compensated absences	(61)	(44)	(6)	(6)	-	-	(67)	(50)

### 34. OPERATING SEGMENTS (CONT'D)

	Construction		Property Development		Manufacturing and Trading		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Not included in the measure of segment profit but provided to Chief Executive Officer:								
Depreciation and amortisation	(1,667)	(1,047)	(647)	(229)	(735)	(527)	(3,049)	(1,803)
Finance costs	(1,540)	(1,381)	(78)	(2)	(109)	(107)	(1,727)	(1,490)
Interest income	4,650	4,399	430	303	16	15	5,096	4,717
Taxation	119	2,022	(2,155)	(2,515)	(1,331)	(974)	(3,367)	(1,467)
<b>Segment assets</b>	<b>349,457</b>	<b>331,564</b>	<b>223,882</b>	<b>206,521</b>	<b>21,773</b>	<b>25,042</b>	<b>595,112</b>	<b>563,127</b>

Included in the measure of segment assets are:

Additions to non-current assets other than financial instruments	2,168	8,504	2,271	135	314	1,423	4,753	10,062
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Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items:

<u>Profit or loss</u>	2015 RM'000	2014 RM'000
Total profit for reportable segments	19,379	35,844
Other non-reportable segments	(456)	(540)
Adjustments and eliminations	2,304	412
Depreciation of plant and equipment	(3,049)	(1,803)
Finance costs	(1,727)	(1,490)
Interest income	5,360	4,960
Consolidated profit before taxation	21,811	37,383

#### 34. OPERATING SEGMENTS (CONT'D)

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

	Depreciation				Segment assets RM'000	Additions to non-current assets RM'000
	External revenue RM'000	and amortisation RM'000	Finance costs RM'000	Interest income RM'000		
<b><u>2015</u></b>						
Total reportable segments	347,248	(3,049)	(1,727)	5,096	595,112	4,753
Other non-reportable segments	-	-	-	264	7,250	-
Components not monitored by chief executive officer	-	-	-	-	1,585	-
Elimination of inter-segment transactions or balances	(25,531)	-	-	-	(75,722)	-
Consolidated total	321,717	(3,049)	(1,727)	5,360	528,225	4,753
<b><u>2014</u></b>						
Total reportable segments	450,848	(1,803)	(1,490)	4,717	563,127	10,062
Other non-reportable segments	-	-	-	243	6,021	-
Components not monitored by chief executive officer	-	-	-	-	383	-
Elimination of inter-segment transactions or balances	(43,465)	-	-	-	(57,669)	-
Consolidated total	407,383	(1,803)	(1,490)	4,960	511,862	10,062

## 34. OPERATING SEGMENTS (CONT'D)

### Geographical segments

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

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

	2015 RM'000	2014 RM'000
Property, plant and equipment	16,882	15,371
Land held for property development and property development costs	16,221	16,221
	<hr/> <hr/> 33,103	<hr/> <hr/> 31,592

### Major customers

Revenue from major customers of the Group amounted to RM128.284 million (2014: RM175.041 million) arising from revenue by the construction segment.

## 35. COMMITMENT

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

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

## 36. FINANCIAL INSTRUMENTS

### (i) Financial Risk Management Objectives and Policies

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

## 36. FINANCIAL INSTRUMENTS (CONT'D)

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

#### Credit Risk

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

#### *Trade receivables*

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

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

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

GROUP	Gross RM'000	Individual impairment RM'000		Net RM'000
<u>2015</u>				
Not past due (including retention sum)	59,179	-		59,179
Past due 1 to 30 days	5,749	-		5,749
Past due 31 to 60 days	5,700	-		5,700
Past due 61 to 90 days	3,315	-		3,315
Past due 91 to 120 days	7,350	-		7,350
Past due more than 120 days	142,453	(24,066)		118,387
	223,746	(24,066)		199,680
<u>2014</u>				
Not past due (including retention sum)	56,525	-		56,525
Past due 1 to 30 days	12,768	-		12,768
Past due 31 to 60 days	22,572	-		22,572
Past due 61 to 90 days	14,989	-		14,989
Past due 91 to 120 days	39,753	-		39,753
Past due more than 120 days	49,315	(24,581)		24,734
	195,922	(24,581)		171,341

#### *Financial guarantees*

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

## 36. FINANCIAL INSTRUMENTS (CONT'D)

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

#### **Credit Risk (cont'd)**

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

The maximum exposure to credit risk amounted to RM60.427 million (2014: RM60.825 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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

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

#### ***Inter company loans***

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

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

#### **Impairment losses**

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

#### **Interest Rate Risk**

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

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

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

## 36. FINANCIAL INSTRUMENTS (CONT'D)

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

#### Interest Rate Risk (cont'd)

##### Exposure to interest rate risk

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

	GROUP	
	2015 RM'000	2014 RM'000
<u>Fixed rate instruments</u>		
Financial assets	64,273	55,580
Financial liabilities	6,649	5,057
	<hr/>	<hr/>
	70,922	60,637
<u>Floating rate instruments</u>		
Financial liabilities	60,744	61,141
	<hr/>	<hr/>

##### Interest rate risk sensitivity analysis

###### *Fair value sensitivity analysis for fixed rate instruments*

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

###### *Cash flow sensitivity analysis for variable rate instruments*

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

#### Market Risk

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

#### Foreign Currency Exchange Risk

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

As at year end, the net unhedged financial liabilities of the Group arising from this foreign entity that is not denominated in its functional currency is approximately RM7.555 million (2014: RM6.125 million).

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

## 36. FINANCIAL INSTRUMENTS (CONT'D)

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

#### Liquidity and Cash Flow Risk

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

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

#### *Maturity analysis:*

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

<b>GROUP</b>	Carrying amount RM'000	Contractual interest rate per annum	Contractual cash flow RM'000	Contractual cash flow			More than 5 years RM'000
				Under 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	
<b>2015</b>							
Revolving loan (secured)	1,526	8.60%	1,526	1,526	-	-	-
Term loans (secured)	59,218	8.60% - 9.35%	92,052	8,452	9,705	26,493	47,402
Hire purchase payables	6,649	4.42% - 8.36%	7,368	2,305	2,103	2,727	233
Trade and other payables	78,991	-	78,991	78,991	-	-	-
Amount due to related parties	452	-	452	452	-	-	-
	<b>146,836</b>		<b>180,389</b>	<b>91,726</b>	<b>11,808</b>	<b>29,220</b>	<b>47,635</b>

## 36. FINANCIAL INSTRUMENTS (CONT'D)

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

#### Liquidity and Cash Flow Risk (cont'd)

##### *Maturity analysis (cont'd):*

<u>GROUP</u>	Carrying amount RM'000	Contractual interest rate per annum	Contractual cash flow RM'000	Under 1 year RM'000			2 to 5 years RM'000	More than 5 years RM'000
				1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000		
<b><u>2014</u></b>								
Term loans (secured)	61,141	8.10% - 9.35%	92,313	3,486	4,099	28,356	56,372	
Hire purchase payables	5,057	3.77% - 8.36%	5,691	1,745	1,539	2,407	-	
Trade and other payables	85,051	-	85,051	85,051	-	-	-	
Amount due to related parties	433	-	433	433	-	-	-	
	<b>151,682</b>		<b>183,488</b>	<b>90,715</b>	<b>5,638</b>	<b>30,763</b>	<b>56,372</b>	
<b><u>COMPANY</u></b>								
<b><u>2015</u></b>								
Other payables	168	-	168	168	-	-	-	-
Amount due to subsidiary companies	31,251	-	31,251	31,251	-	-	-	-
	<b>31,419</b>		<b>31,419</b>	<b>31,419</b>	-	-	-	-
<b><u>2014</u></b>								
Other payables	47	-	47	47	-	-	-	-
Amount due to subsidiary companies	31,035	-	31,035	31,035	-	-	-	-
	<b>31,082</b>		<b>31,082</b>	<b>31,082</b>	-	-	-	-

## 37. FAIR VALUES

### (a) Determination of fair value

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

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

- (i) The fair values of trade receivables and amount due by related parties with maturity period of more than one year are estimated based on present value of future principal and interest cash flows, discounted at the Company's lending rate prevailing at the reporting date.
- (ii) The carrying amounts of cash equivalents, receivables, payables, amounts due by/to inter-companies and related parties with a maturity period of less than one year are reasonable approximation of fair values at the end of the reporting period due to their relatively short term maturity.
- (iii) The carrying amounts of loans and borrowings are reasonable approximation of fair values at the end of the reporting period as they are floating rates instruments that are re-priced to market interest rates on or near reporting date.

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

- (iv) Hire purchase payables

GROUP	2015		2014	
	Carrying amounts RM'000	Fair values RM'000	Carrying amounts RM'000	Fair values RM'000
<u>Non-current</u>				
Hire purchase payables	4,450	3,601	3,601	2,217

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

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

## 37. FAIR VALUES (CONT'D)

### (b) Fair value hierarchy

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

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

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

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

Investment in quoted shares of the Group has been fully impaired as at the end of the reporting period. Otherwise, the Group does not have any financial assets and financial liabilities carried at fair value nor any instruments classified as Level 1, Level 2 and Level 3 as at 31 December 2015.

## 38. CAPITAL MANAGEMENT

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

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

	THE GROUP		THE COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net debts	261,406	253,912	31,582	31,233
Total capital	320,250	320,250	320,250	320,250
Net gearing (times)	0.82	0.79	0.10	0.10

## 39. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 26 April 2016.

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

The breakdown of the accumulated losses of the Group and of the Company as at 31 December 2015 into realised and unrealised losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total accumulated losses the Company and its subsidiaries				
- Realised	(327,853)	(342,997)	(205,084)	(204,738)
- Unrealised	3,234	3,249	-	-
	(324,619)	(339,748)	(205,084)	(204,738)
Consolidation adjustments	227,194	225,030	-	-
	(97,425)	(114,718)	(205,084)	(204,738)

## **ADDITIONAL DISCLOSURE REQUIREMENTS**

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### **Utilization of Proceeds**

There were no proceeds raised by the Company from any corporate proposals during the financial year ended 31 December 2015.

### **Share Buy-Backs**

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

### **Options, Warrants or Convertible Securities**

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

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

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

### **Sanctions or Penalties**

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

### **Non-Audit Fees**

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

### **Variation in Results, Profit Estimates or Projection**

The Company has on 30 April 2015 announced that there is deviation of more than 10% between the profit after tax attributable to owners of the Company stated in the unaudited results announced on 27 February 2015 and the audited financial statements for the financial year ended 31 December 2014.

### **Profit Guarantee**

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

### **Material Contract Involving Directors' and Major Shareholders' Interest**

There was no material contract entered into by the Company and its subsidiaries which involved Directors' and/or major shareholders' interests subsisting at the end of the financial year ended 31 December 2015 or entered into since the end of the previous financial year.

### **Revaluation Policy on Landed Properties**

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

### **Recurrent Related Party Transactions**

There was no recurrent related party transaction during the financial year ended 31 December 2015 other than those disclosed in the financial statement.

### **Corporate Social Responsibility (CSR)**

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

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

## **ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2016**

### **1. TYPE OF SECURITIES – ORDINARY SHARES**

#### **SHARE CAPITAL**

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

#### **DISTRIBUTION OF SHAREHOLDINGS**

<b>Range of Shareholdings</b>	<b>No. of Shareholders</b>	<b>% of Shareholders</b>	<b>No. of Shares</b>	<b>% of Shares</b>
Less than 100	257	7.18	10,563	0.00
100 to 1,000	887	24.77	637,720	0.20
1,001 to 10,000	1,374	38.37	6,478,974	2.02
10,001 to 100,000	907	25.33	31,915,746	9.97
100,001 to less than 5% of issued shares	152	4.24	165,003,712	51.52
5% and above of issued shares	4	0.11	116,202,845	36.29
<b>Total</b>	<b>3,581</b>	<b>100.00</b>	<b>320,249,560</b>	<b>100.00</b>

#### **SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)**

(as shown in the Register of Substantial Shareholders)

	<b>Name of Shareholders</b>	<b>No. of Shares Held or Beneficiary Interested In</b>	<b>Deemed Interest</b>
1.	SYC Holdings Sdn Bhd	*19,732,881 (6.16%)	-
2.	Dato' Seow Yong Chin	**18,826,145 (5.88%)	#34,103,635 (10.65%)
3.	Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	***3,989,913 (1.25%)	##14,370,754 (4.49%)
4.	Fantastic Hallmark Sdn Bhd	@53,364,048 (16.66%)	-
5.	Mohd Wazir Bin Khalid	-	+53,364,048 (16.66%)
6.	Suzanna Binti Mohd Nor	-	+53,364,048 (16.66%)
7.	Westhill Capital Sdn Bhd	@26,682,024 (8.33%)	-
8.	Hew Kok Long	-	++26,682,024 (8.33%)
9.	Teo Kok Keong	-	++26,682,024 (8.33%)

\* Of which 1,402,254 ordinary shares are held through nominee company.

\*\* Of which 10,000,000 ordinary shares are held through nominee companies.

\*\*\* Of which 3,985,413 ordinary shares are held through nominee companies.

# Deemed interest through his shareholdings exceeding 15% in Cygal Holdings Sdn Bhd and SYC Holdings Sdn Bhd.

## Deemed interest through his shareholdings exceeding 15% in Cygal Holdings Sdn Bhd.

@ All held through nominee company.

+) Deemed interest through their shareholdings exceeding 15% in Fantastic Hallmark Sdn Bhd.

++) Deemed interest through their shareholdings exceeding 15% in Westhill Capital Sdn Bhd.

**ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2016 (cont'd)**

**THIRTY LARGEST SHAREHOLDERS**

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

	<b>Names</b>	<b>Holdings</b>	
		<b>No.</b>	<b>%</b>
1	Kenanga Nominees (Tempatan) Sdn Bhd - Fantastic Hallmark Sdn Bhd	53,364,048	16.66
2	Kenanga Nominees (Tempatan) Sdn Bhd - Westhill Capital Sdn Bhd	26,682,024	8.33
3	SYC Holdings Sdn Bhd	18,330,628	5.72
4.	Kenanga Nominees (Tempatan) Sdn Bhd - A Malik Bin Munadi	15,382,024	4.80
5	Sungai Kasa Sdn Bhd	14,975,475	4.68
6	Waste Environment Services Sdn Bhd	14,967,762	4.67
7	Flora Luxury Sdn Bhd	12,767,996	3.99
8	Kenanga Nominees (Tempatan) Sdn Bhd - Rohizir Bin Abdul Rashid	11,300,000	3.53
9	Kenanga Nominees (Tempatan) Sdn Bhd for GM Aero Support Sdn Bhd	10,704,601	3.34
10	Dato' Seow Yong Chin	7,826,145	2.44
11	Cimsec Nominees (Tempatan) Sdn Bhd Pengurusan Danaharta Nasional Berhad for Seow Yong Chin	6,777,330	2.12
12	Chua Seng Boon	5,794,100	1.81
13	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chua Seng Oun (E-TAI/ATR)	4,652,300	1.45
14	Cheong Sau Wah	4,260,019	1.33
15	UOBM Nominees (Tempatan) Sdn Bhd United Overseas Bank (Malaysia) Bhd	4,226,480	1.32
16	Ng Yeow Yin	3,421,449	1.07
17	Amanah International Finance Sdn Bhd	3,294,574	1.03
18	Kenanga Nominees (Tempatan) Sdn Bhd Syed Zain Al-Kudcy Bin Syed Mahmood (001)	3,256,413	1.02
19	Cimsec Nominees (Tempatan) Sdn Bhd Danaharta Managers Sdn Bhd for Seow Yong Chin	3,222,670	1.01

**ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2016 (cont'd)**

**THIRTY LARGEST SHAREHOLDERS**

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

	Names	Holdings	
		No.	%
20	Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for Chua Seng Oun	2,910,000	0.91
21	HLB Nominees (Tempatan) Sdn Bhd Pledged securities account for Cygal Holdings Sdn Bhd (HLFCHSB/104)	2,599,500	0.81
22	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Seow Yong Chin (MDTS)	2,115,000	0.66
23	Ital-Pacific Development Sdn Bhd	1,785,000	0.56
24	Kenanga Nominees (Tempatan) Sdn Bhd for SYC Holdings Sdn Bhd (001)	1,402,254	0.44
25	Cygal Holdings Sdn Bhd	1,391,250	0.43
26	Visefare Villa Sdn Bhd	1,376,656	0.43
27	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yap Kon Hing	1,309,200	0.41
28	Lim Kang Pow	1,211,800	0.38
29	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Lee Foon	1,199,950	0.37
30	Malaysia Nominees (Tempatan) Sdn Bhd Pledged securities account for Cygal Holdings Sdn Bhd	1,175,250	0.37
		<b>243,681,898</b>	<b>76.09</b>

## **STATEMENT OF DIRECTORS' INTERESTS AS AT 31 MARCH 2016**

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

<b>Name of Directors</b>	<b>No. of Ordinary Shares of RM1.00 each</b>	
	<b>Direct Interest</b>	<b>Deemed Interest</b>
1. Dato' Sri Haji Abd Rahim Bin Haji Abdul	-	-
2. Dato' Seow Yong Chin	*18,826,145 (5.88%)	#34,103,635 (10.65%)
3. Chin Kok Wah	-	-
4. Syed Zain Al-Kudcy Bin Dato' Syed Mahmood	**3,989,913 (1.25%)	@ 14,370,754 (4.49%)
5. Tan Sri Dato' Seri Dr Ting Chew Peh	-	-
6. Dato' Abdul Wahid Bin Ahmad Shuhaimi	-	-
7. Tee Lay Peng	-	-

\* *Of which 10,000,000 ordinary shares are held through nominee companies.*  
 \*\* *Of which 3,985,413 ordinary shares are held through various nominee companies.*  
 # *Deemed interest through his shareholdings exceeding 15% in Cygal Holdings Sdn Bhd and SYC Holdings Sdn Bhd.*  
 @ *Deemed interest through his shareholdings exceeding 15% in Cygal Holdings Sdn Bhd.*

### **(ii) Interest in Related Company**

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

- (a) Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood are deemed to be interested to the extent of the number of shares held by the Company in its subsidiary companies by virtue of their direct and indirect shareholding in the Company. List of subsidiary companies of the Company and effective equity interest held are disclosed in Note 5 of the Notes to the Financial Statements.
- (b) Shareholdings of Dato' Seow Yong Chin and Syed Zain Al-Kudcy Bin Dato' Syed Mahmood in Cygal Holdings Sdn Bhd, a substantial shareholder holding 14,370,754 ordinary shares or 4.49% equity interest in the Company as at 31 March 2016, are as disclosed below:-

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

**LIST OF MAJOR PROPERTIES OF THE GROUP AS AT 31 DECEMBER 2015**

Location	Tenure	Land area	Description	Age of Property	Existing Use	NBV @ 31.12.2015 (RM'000)	Date of Acquisition
<b><u>Federal Territory</u></b>							
Lot 4.21, 4 <sup>th</sup> Floor, Plaza Prima, 4 ½ Mile, Old Klang Road, 58200 Kuala Lumpur	Freehold	6,029 sq ft	Commercial + Office building	20 years	Office	517	12 August 1994
<b><u>Johor</u></b>							
CT 13811, Lot 6019, Mukim of Senai-Kulai District of Johor Bahru	Freehold	5.37 acres	Development land	-	Development	6,312	6 September 1997

# PROXY FORM

**SYCAL VENTURES BERHAD**  
(547651-U)

No. of shares held	
CDS account no.	

I/We, ..... (Company/NRIC/Passport No. ....) of ..... being a member of the abovenamed Company, hereby appoint ..... (NRIC/Passport No. ....) of ..... or failing him, ..... (NRIC/Passport No. ....) of ..... as my/our proxy to vote for me/us on my/our behalf at the 15<sup>th</sup> Annual General Meeting of the Company, to be held at Hotel Pullman Kuala Lumpur Bangsar, Room II, 1<sup>st</sup> Floor, Jalan Pantai Baru, 58000 Kuala Lumpur on 2<sup>nd</sup> June 2016 at 10.00 a.m., and at any adjournment thereof as indicated:-

No.	Resolutions	For	Against
1.	Re-appointment of YBhg Tan Sri Dato' Seri Dr Ting Chew Peh as Independent Non-Executive Director		
2.	Re-election of Dato' Sri Haji Abd Rahim Bin Haji Abdul as Director		
3.	Re-election of Mr Tee Lay Peng as Director		
4.	Approve payment of Directors' fee for financial year ended 31 December 2015		
5.	Re-appointment of Messrs. WHLK as Auditors and to authorise the Directors to fix their remuneration		
6.	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		

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

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

.....  
Signature / Common Seal of Member

**Notes:-**

1. Only depositors whose names appear on the Record of Depositor as at 27<sup>th</sup> May 2016 shall be entitled to attend, speak and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorized.
7. The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 4.03A, 4th Floor, Plaza Prima, 4½ Miles, Jalan Kelang Lama, 58200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.