KIMLUN CORPORATION BERHAD

(Company No. 867077-X)
(Incorporated in Malaysia under the Companies Act, 1965)

Shaping The Future

ANNUAL REPORT 2015

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CORPORATE VALUES

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U Unity

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MISSION

We aim to continuously improve, promote and provide construction activities and services to the society at which we operate. By providing one stop construction design and build services, we aim to add value to our clients that in turn will be beneficial to the society at large. We will treat all partners including suppliers, subcontractors and consultants with trust, honesty and fairness in all business dealings.

Towards our employees, we balance our focus on their personal skills development while taking care of their welfare.

While seeking for the maximization of shareholders' wealth, we strive to maintain harmony with the interest of the society to enhance our corporation's sustainability.

VISION

We aspire to be a reliable, innovative and profitable full range construction services and products provider in the South East Asia region

CORPORATE INFORMATION

BOARD OF DIRECTORS

Pang Tin @ Pang Yon Tin
Executive Chairman

Sim Tian Liang
Chief Executive Officer and Executive Director

Chin Lian Hing
Executive Director

Yam Tai Fong
Executive Director

Pang Khang Hau
Executive Director

Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah
Independent Non-Executive Director

Kek Chin Wu
Independent Non-Executive Director

Chua Kee Yat @ Koo Kee Yat
Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
Kek Chin Wu
Independent Non-Executive Director

Members
Chua Kee Yat @ Koo Kee Yat
Independent Non-Executive Director

Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah
Independent Non-Executive Director

REMUNERATION COMMITTEE

Chairman
Sim Tian Liang
Chief Executive Officer and Executive Director

Members
Chua Kee Yat @ Koo Kee Yat
Independent Non-Executive Director

Kek Chin Wu
Independent Non-Executive Director

NOMINATION COMMITTEE

Chairman
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah
Independent Non-Executive Director

Members
Chua Kee Yat @ Koo Kee Yat
Independent Non-Executive Director

Kek Chin Wu
Independent Non-Executive Director

COMPANY SECRETARIES

Wong Peir Chyun *(MAICSA 7018710)*
Tay Lee Shya *(MIA 16982)*
Yeng Shi Mei *(MAICSA 7059759)*

HEAD OFFICE

Suite 19.06, Level 19,
Johor Bahru City Square
106-108, Jalan Wong Ah Fook
80000 Johor Bahru,
Johor Darul Takzim
Telephone No. : (+607) 222 8080
Facsimile No. : (+607) 223 8282
E-mail : info@kimlun.com
Web-site : www.kimlun.com

REGISTRAR & TRANSFER OFFICE

Tricor Investor & Issuing House Services Sdn. Bhd
Unit 32-01, Level 32,
Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Telephone No. : (+603) 2783 9299
Facsimile No. : (+603) 2783 9222

REGISTERED OFFICE

Unit 30-01, Level 30,
Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
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59200 Kuala Lumpur
Telephone No. : (+603) 2783 9191
Facsimile No. : (+603) 2783 9111

AUDITOR

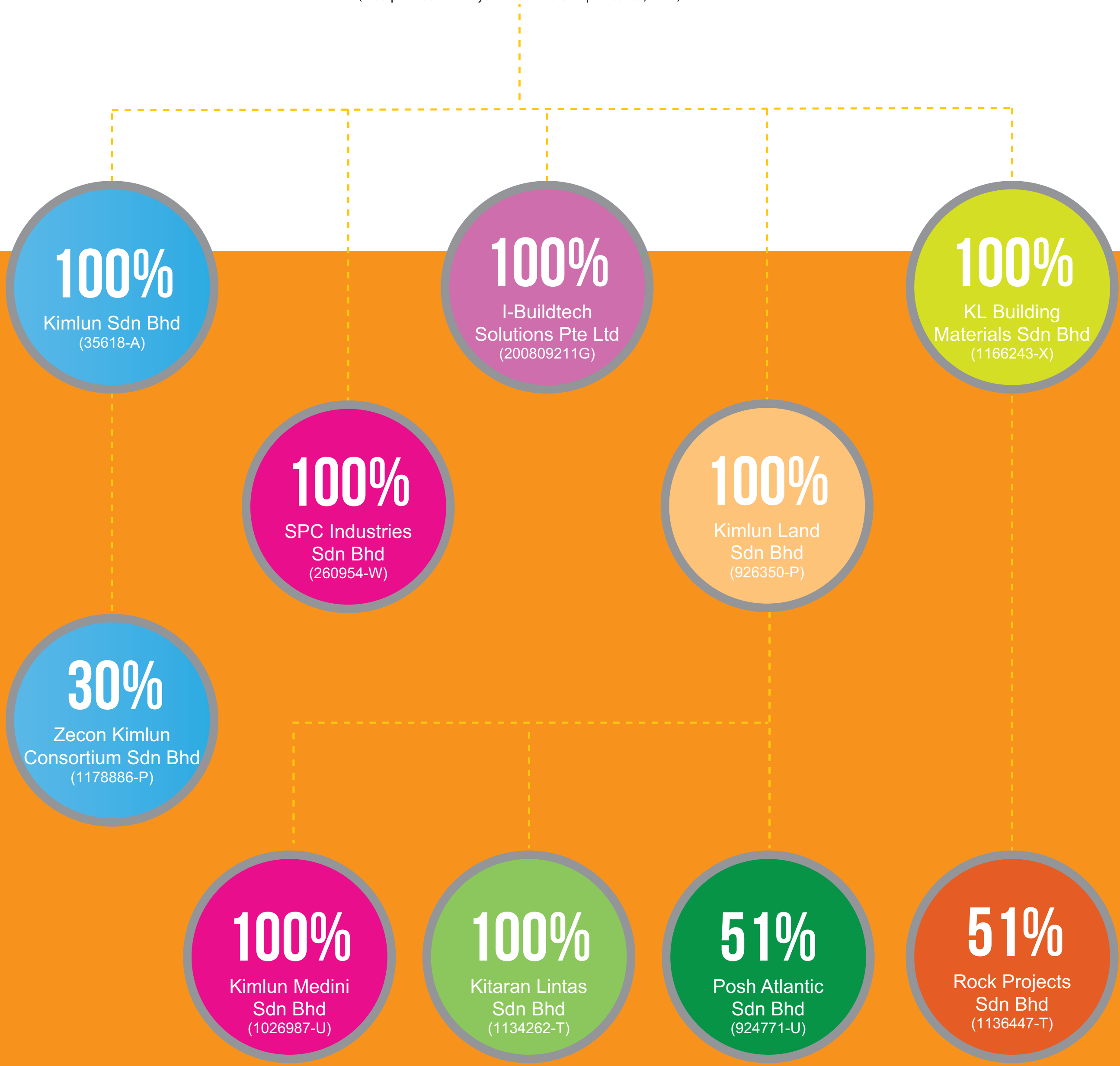
Ernst & Young (AF: 0039)
Suite 11.2, Level 11,
Menara Pelangi 2,
Jalan Kuning, Taman Pelangi
80400 Johor Bahru,
Johor Darul Takzim
Telephone No. : (+607) 334 1740
Facsimile No. : (+607) 334 1749

CORPORATE STRUCTURE

KIMLUN CORPORATION BERHAD

(Company No. 867077-X)

(Incorporated in Malaysia under the Companies Act, 1965)



CORPORATE MILESTONES

1977

Our humble beginnings started when Kimlun Earthworks Sdn Bhd was incorporated

1994

Kimlun Earthworks Sdn Bhd changed its name to Kimlun Sdn Bhd ("KLSB")

1997-2002

KLSB Involved in building construction and infrastructure projects with contract value less than RM20.0 million each in Johor, Malaysia

2002

SPC Industries Sdn Bhd ("SPC") commenced its pre-cast concrete business

2003

KLSB secured its first contract with a value exceeding RM20.0 million for the construction of apartments and townhouses

SPC was accredited with ISO9001:2000 Quality Management

2009

KLSB secured its first IBS building project from Iskandar Regional Development Authority at a contract value of RM142.81 million

Kimlun Corporation Berhad was incorporated as an investment holding company

2010

Kimlun Corporation Berhad acquired KLSB, SPC and IBT in conjuction with its proposed initial public offering exercise

Kimlun Corporation Berhad was successfully listed on the Main Market of Bursa Malaysia Securities Berhad on 29 June 2010

Kimlun Corporation Berhad incorporated a new wholly-owned subsidiary namely, Kimlun Land Sdn Bhd ("KLLSB")

2011

KLLSB subscribed for ordinary shares in Posh Atlantic Sdn Bhd ("PASB"), thereby PASB become 51% owned by KLLSB

Kimlun Group ventured into property development with its first development land in Cyberjaya, Selangor

2012

SPC was appointed by Mass Rapid Transit Corporation Sdn Bhd as the designated supplier for the supply of segmental box girders ("SBG") to certain packages of the Projek Mass Rapid Transit Lembah Kelang: Jajaran Sungai Buloh-Kajang for RM223.18 million

KLSB secured more than RM400 million worth of IBS projects during 2012

KLLSB incorporated a wholly-owned subsidiary, Kimlun Medini Sdn Bhd ("KMSB"). The principal activities of KMSB are property investment and property development

2004

SPC supplied concrete sewerage tunnel segments to Pantai Trunk Sewerage Bored Tunnel project in Kuala Lumpur

2005

KLSB ventured into specialised infrastructure construction by constructing the Tanjung Puteri flyover in Johor Bahru

KLSB ventured into Klang Valley with the construction of 70 units of semi detached houses

SPC secured its first sales contract for the supply of concrete tunnel lining segments to Singapore MRT project

2006

KLSB secured specialised infrastructure construction project for the upgrading works of the Perling Interchange in Johor Bahru

2007

KLSB was accredited the "ISO 9001:2000, Quality Management System" certification

2008

KLSB secured the project for the construction of the elevated interchangealong Johor Bahru Inner Ring Road – Package 3B Jalan Abu Bakar Interchange with a contract value exceeding RM100 million

KLSB formed IBS Department to promote IBS construction methods

I-Buildtech Solutions Pte Ltd ("IBT") was incorporated in Singapore

2013

Kimlun Group launched its first property development project, the Hyve SOHO and Offices in Cyberjaya, Selangor

KLSB secured its first contract with a value exceeding RM290 million for the construction of service apartments and ancillary buildings

SPC set up a new precast concrete products manufacturing plant on a piece of land measuring approximately 130 acres in Negeri Sembilan, and commenced production 2008 during the year

2015

Kimlun Corporation Berhad incorporated a wholly-owned subsidiary, KL Building Materials Sdn Bhd ("KBMSB"). The principal activities of KBMSB are manufacturing and trading of building and construction materials, and provision of quarry services and machinery rental services.

2016

KBMSB purchased and subscribed for ordinary shares in Rock Projects Sdn Bhd ("RPSB"), thereby RPSB become 51% owned by KBMSB. The principal activities of RPSB are general trader and manufacturer.

A joint venture company ("JVC") to be established between KLSB and Zecon Berhad was awarded the contract for the Proposed Development and Upgrading of the Pan Borneo Highway in the State of Sarawak, Malaysia (Phase 1: Serian Round About to Pantu Junction) ("Project") for a contract sum of RM1.46 billion. This signifies the Group's geographical diversification to East Malaysia, and expansion of its construction services to highway project. The Project is the single largest contract which the Group won in its history.

DIRECTORS' PROFILE

EXECUTIVE CHAIRMAN

PANG TIN @ PANG YON TIN

Pang Tin @ Pang Yon Tin, a Malaysian aged 69, was appointed to the Board as Executive Chairman of Kimlun Corporation Berhad on 24 October 2009 and is responsible for overseeing the management of our Group.

He completed Senior Middle Three at Foon Yew High School in Johor Bahru, Johor, in 1966. He commenced his career in the construction industry in 1966 by assisting his late father in his construction business. He, together with Phang Piow @ Pang Choo Ing, incorporated Kimlun Sdn Bhd in 1977 to continue their venture in the construction industry. With the experience gained in the construction industry, he ventured into quarry business in 1970s and into property development in 1980s.

He has more than 30 years of experience in various sectors, encompassing property development, property investment, construction, quarrying, manufacturing and hotel management. He also sits on the Board of several private limited companies.

CHIEF EXECUTIVE OFFICER & EXECUTIVE DIRECTOR

SIM TIAN LIANG

Sim Tian Liang, a Malaysian aged 62, was appointed to the Board as Chief Executive Officer of Kimlun Corporation Berhad on 24 October 2009 and is responsible for strategic planning and for the overall management of the Group. He is the Chairman of the Remuneration Committee.

He graduated from Universiti Teknologi Malaysia in 1978, obtaining a Bachelor Degree (Honours) in Engineering. Currently, he is the Past Chairman of the Institution of Engineers Malaysia Southern Branch and the President of Johor Master Builders Association. He is also a member of the Chartered Institution of Highway and Transportations of the UK.

He is a professional engineer registered with the Board of Engineers, Malaysia, and has been in the construction industry since 1978 where he commenced work as a civil engineer with the Malaysian Government. He joined Pang Hock Constructions Sdn Bhd (now known as Tebrau Bay Constructions Sdn Bhd) towards the end of 1996 and was appointed as its Project Director in 1997 where his responsibilities included overseeing, monitoring and management of building and infrastructure construction projects. In 2003, he left Pang Hock Constructions Sdn Bhd and joined Kimlun Sdn Bhd as Chief Executive Officer. His primary role is to oversee the execution of corporate objectives, as well as to provide the strategic direction of the company.

EXECUTIVE DIRECTOR

CHIN LIAN HING

Chin Lian Hing, a Malaysian aged 52, was appointed to the Board as Executive Director of Kimlun Corporation Berhad on 24 October 2009 and is responsible for the operations and business development activities of our construction business.

He graduated from Tunku Abdul Rahman College, Malaysia, in 1988, obtaining a Diploma in Technology (Building). He holds a Bachelor Degree of Applied Science (Constructions Management and Economics) from Curtin University of Technology, Australia.

He has been in the construction industry since 1988 where he commenced work as an Assistant Quantity Surveyor in Rukumas Sdn Bhd, leaving in 1989 to join AJ Construction Sdn Bhd as a Quantity Surveyor. In 1990, he joined Hoon Lay Kien Construction also as a Quantity Surveyor. Thereafter, he joined Chin Kek Ling Transport in mid-1990 before leaving to join Pang Hock Constructions Sdn Bhd (now known as Tebrau Bay Constructions Sdn Bhd) in January 1992. During his time at Pang Hock Constructions Sdn Bhd, his last held position was General Manager (Operations and Contracts) and he was responsible for overseeing the tendering of building and infrastructure construction projects, and project implementation. He left Pang Hock Constructions Sdn Bhd in 2002 to join Kimlun Sdn Bhd, where he is responsible for the operations and business development activities of the company.

EXECUTIVE DIRECTOR

YAM TAI FONG

Yam Tai Fong, a Malaysian aged 49, was appointed to the Board as Executive Director of Kimlun Corporation Berhad on 24 October 2009 and is responsible for all financial matters concerning our Group.

She graduated from Monash University, Australia, in 1990, obtaining a Bachelor Degree in Economics. Since 1994, she has been a member of the Malaysian Institute of Accountants.

She commenced her career at Ernst & Young, Malaysia, in 1991, with responsibilities for audit, taxation and corporate advisory matters, leaving in 1994 to join Pang Hock Constructions Sdn Bhd (now known as Tebrau Bay Constructions Sdn Bhd). Whilst at Pang Hock Constructions Sdn Bhd, she was responsible for the financial management and management reporting of its affairs. She left Pang Hock Constructions Sdn Bhd in 2003 to join Kimlun Sdn Bhd to assume similar responsibilities.

EXECUTIVE DIRECTOR

PANG KHANG HAU

Pang Khang Hau, a Malaysian aged 35, was appointed to the Board as Executive Director of Kimlun Corporation Berhad on 24 October 2009 and is responsible for the corporate affairs of our Group, including business development activities, public relations activities, human resource, administration and management.

He graduated from the University of Western Australia in 2005, obtaining a Bachelor Degree in Civil Engineering. He completed a Master of Business Administration degree at the University of Liverpool, UK, in 2010. He commenced his career in the construction industry in 2006 with his appointment as a Director of Kimlun Sdn Bhd where he is responsible for business development activities, human resource, administration and management.

DIRECTORS' PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTOR

DATO' PADUKA (DR.) IR. HJ. KEIZRUL BIN ABDULLAH

Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah, a Malaysian aged 65, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 24 October 2009. He is the Chairman of the Nomination Committee and a member of the Audit Committee.

He holds a Bachelor degree (Honours) in Civil Engineering from Universiti Malaya and a Masters degree in Water Resources Engineering from the University of Newcastle Upon Tyne, UK. Upon graduation in 1975, he joined the Department of Irrigation and Drainage (DID) Malaysia, and over an illustrious career, rose to become the Director General in 1997 until his retirement from public service eleven years later. He was the Technical Advisor to the Minister of Natural Resources and Environment on national policies and strategies relating to these areas, and to the Minister of Agriculture and Agro-Based Industries in the fields of irrigation and agricultural drainage. He oversaw the development of a Flood Mitigation Master Plan for Kuala Lumpur and managed the SMART Tunnel Project (a unique and innovative flood mitigation project utilising a tunnel for both flood and traffic use) from conception to commissioning. In 2015, Dato' Paduka Keizrul was one of the recipients of the first ever CIDB Fellowship Awards conferred to individuals who have contributed greatly in building the nation.

He has been very active in professional activities and is a member of the Management Committee of the Board of Engineers, Malaysia (BEM). He is Chairman of the Network of Asian River Basin Organisations (NARBO), a Fellow of the ASEAN Academy of Engineering and Technology, a Past President of the Institution of Engineers, Malaysia (IEM), and a President Honoraire of the International Commission on Irrigation and Drainage (ICID), the international body for irrigation and drainage. In 2013 he was appointed as a member of the High-level Experts and Leaders Panel on Water and Disasters working closely with the United Nations Secretary General's Advisory Board on Water and Sanitation (UNSGAB).

On the corporate side, he is Chairman of Wetlands International Malaysia, a not-for-profit company limited by guarantee; as well as an Independent Non-Executive Director with George Kent (Malaysia) Bhd., an engineering based company listed on the Main Board of Bursa Malaysia. He is an alumni of the Senior Executive Programme at the London Business School (1997), and the Advanced Management Programme at the Harvard Business School (2002).

INDEPENDENT
NON-EXECUTIVE DIRECTOR

KEK CHIN WU

Kek Chin Wu, a Malaysian aged 45, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 24 October 2009. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee.

He graduated from the Association of Chartered Certified Accountants ("ACCA") UK, with a professional degree in accounting and he is currently a Fellow Member of ACCA UK.

He has over 20 years of experience in the fields of auditing, corporate finance and business advisory services. He commenced his career in the field of auditing in BDO Binder Malaysia in 1993 before moving on to join Price Waterhouse in 1995 where he gained experience in auditing various industries. He then joined Bumiputra Merchant Bankers Berhad in 1997 where he provided advisory services to various public listed companies. He later served as the Corporate Finance Manager of Paracorp Berhad, a company listed on the then Main Board of Bursa Securities, from 1998 to 1999 where he was involved in the planning and execution of corporate exercises. He is currently the Managing Director of Paragon Advisory Sdn Bhd, a consulting firm which provides business advisory services, and Insage (MSC) Sdn Bhd which is an information technology company that develops fundamental investment analysis tools and online investor relations websites.

INDEPENDENT
NON-EXECUTIVE DIRECTOR

CHUA KEE YAT @ KOO KEE YAT

Chua Kee Yat @ Koo Kee Yat, a Singaporean aged 62, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 24 October 2009. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

He is a senior member of The Institution of Engineers, Singapore. He graduated from the University of Singapore (now the National University of Singapore) in 1977 with a Bachelor Degree in Engineering (Mechanical).

Upon graduation, he served his national service with Singapore Armed Forces from 1977 to 1979 and continued as Naval Engineering Officer and later as Defence Engineering Scientific Officer in Republic of Singapore Navy until 1989. He joined MTU Asia Pte Ltd in 1989 as Head of Application Engineering in Sales and Application Department overseeing the diesel engines sales and business development in marine sector within the company and providing the operations support to the Agents/Distributors in the Asia region. He was responsible for the operations of MTU Singapore Pte Ltd in 2002 to 2003 before posted to The People's Republic of China as Head of Greater China Operations in 2004 to 2006. During this period, a new factory was constructed while the operations were further developed with the establishment of in-country sales and service network. In 2006, he was engaged by Draka Cableteq Asia Pacific Holding Pte Ltd, as President for Greater China Operations, responsible for setting up a new production factory and growth of sales and operations of Draka China Operations in Suzhou. He joined Luerssen Marine Technology Ltd as Director in July 2014. He is currently a freelance consultant for business management.

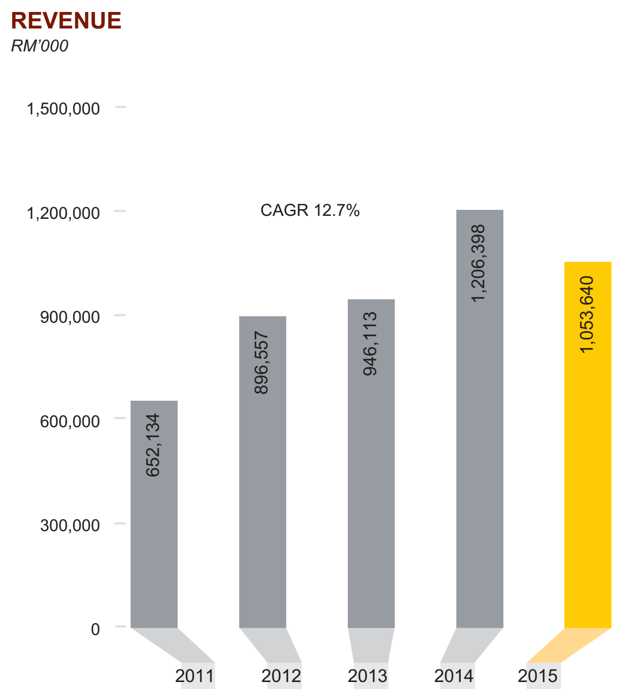
Notes to Directors' Profile :

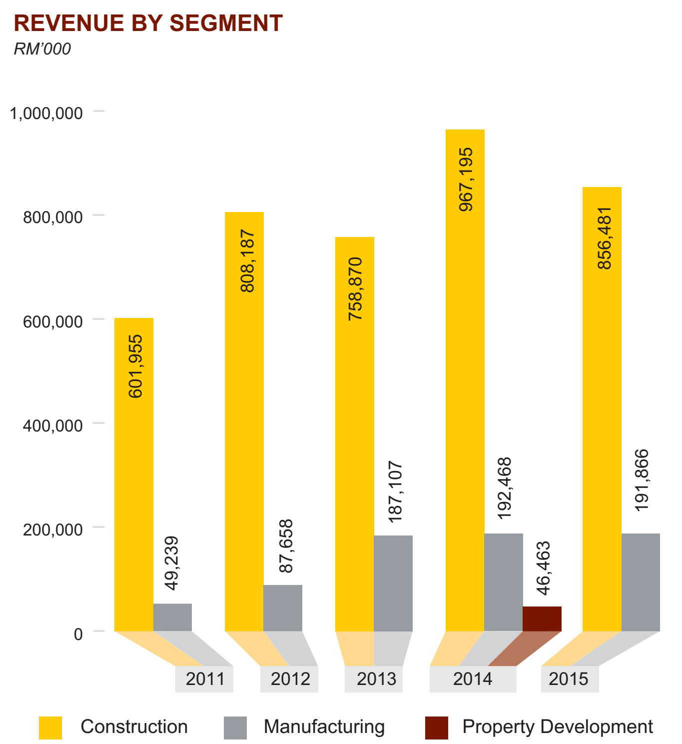
1. *Pang Tin @ Pang Yon Tin is the father of Pang Khang Hau. Save as disclosed, none of the directors have any family relationship with any other director and/or major shareholder of the Company.*

2. *Save for Pang Tin @ Pang Yon Tin and Pang Khang Hau, who have interest in recurrent related party transactions as disclosed under Note 29 to the financial statements contained in this Annual Report, none of the directors have any conflict of interest with the Company.*

3. *None of the directors have been convicted of any offences within the past ten (10) years other than traffic offences, if any.*

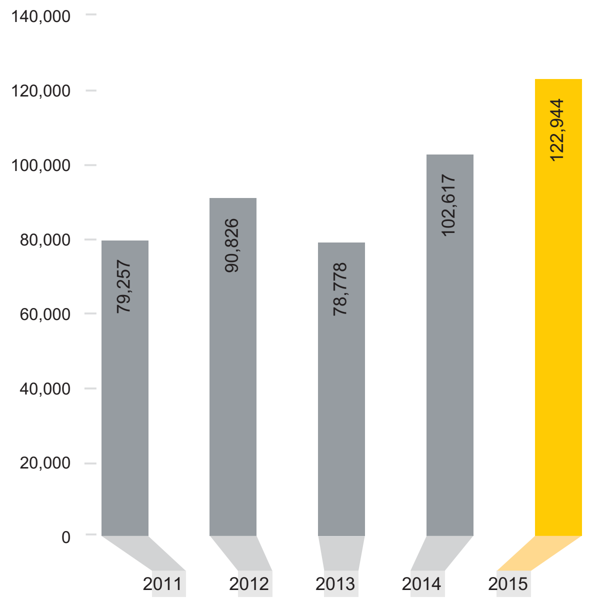
GROUP FINANCIAL HIGHLIGHTS



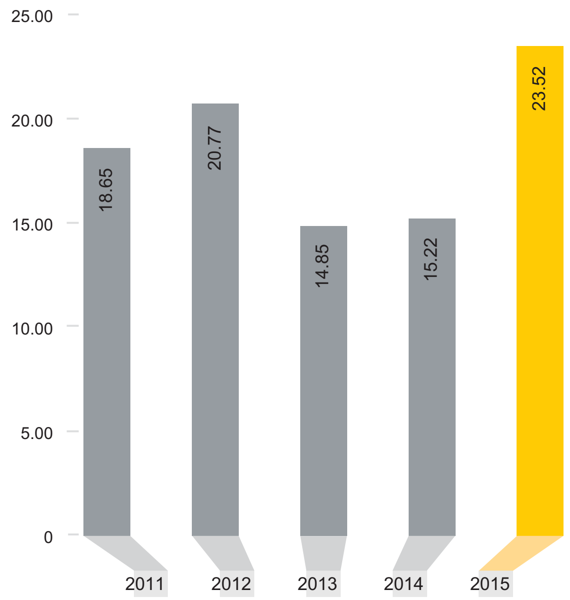


Revenue derived from investment activities in year 2011 to 2015, and property development activities in year 2015 were negligible and could not be shown on chart.

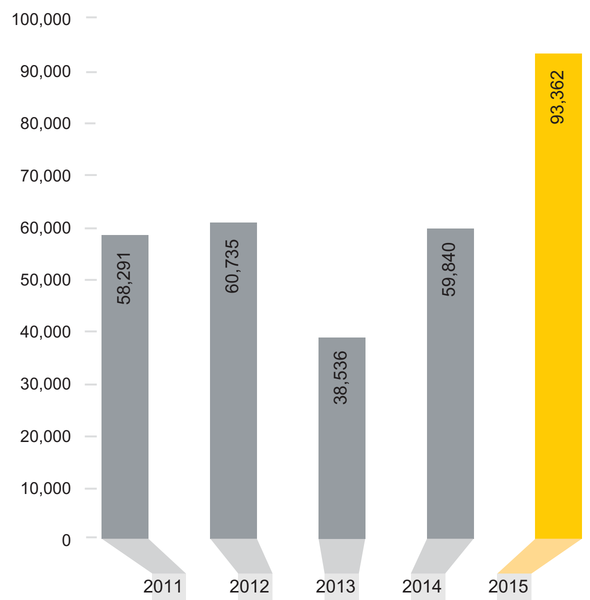
GROSS PROFIT
RM'000



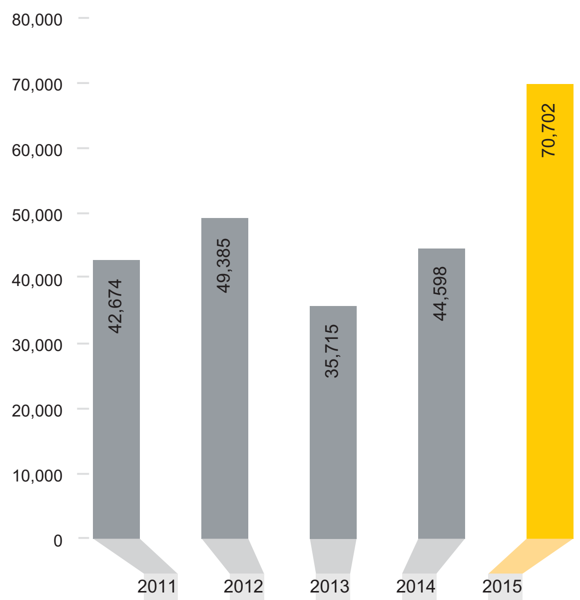
EARNINGS PER SHARE
Sen



PROFIT BEFORE TAX
RM'000



PROFIT AFTER TAX
RM'000



CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS ("THE BOARD"), I AM PLEASED TO PRESENT THE ANNUAL REPORT OF KIMLUN CORPORATION BERHAD ("OUR COMPANY") FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 ("FY2015").

OUR PROFILE

We are a one-stop engineering and construction services provider with the expertise to undertake projects from the conceptual stage to design and build until completion of the projects. We have established ourselves as an integrated Industrial Building System ("IBS") builder since 2009. Our IBS expertise encompasses not only the technical design and implementation of IBS engineering techniques. Our IBS strength also lies in the support of an in-house pre-cast concrete division that is able to deliver the IBS pre-cast concrete products crucial for any IBS project implementation. We have expanded over the past 30 over years with proven track record and project management skills in handling a wide range of construction and infrastructure projects.

We ventured into property development since 2011 and acquired parcels of vacant land in Cyberjaya, Shah Alam, Pontian and Kota Tinggi, and 99-years lease over 2 plots of land in Medini Iskandar Malaysia, Johor, for property development. At this juncture, our property venture focus more towards developing smaller parcels of development land with a quicker turnaround time rather than undertaking massive township development projects with long gestation period.

RECENT CORPORATE DEVELOPMENT

Land Acquisition

We regularly evaluate our land bank portfolio, conduct assessment on the development potential of our land bank and look for small parcel of lands located in strategic locations. We have completed the acquisition of few parcels of land during the year, as detailed in the ensuing parts of this statement.

FINANCIAL REVIEW

Revenue and Profitability

For FY2015, we achieved a lower revenue of RM1,053.64 million, which was 12.7% lower compared to RM1,206.40 million registered in the financial year ended 31 December 2014 ("FY2014"). Our revenue grew commendably over the past few years, from RM652.13 million in the financial year ended 31 December 2011 to RM1,053.64 million in FY2015, registering a compounded annual growth rate of 12.7% per annum.

The lower revenue achieved in FY2015 was attributable to the lower revenue generated by all the active business divisions. Construction and manufacturing divisions collectively contributed approximately 99.5% of our revenue in FY2015, with the remaining balance contributed by property development and investment activities.

We achieved higher gross profit margin of 11.7% in FY2015 compared to 8.5% in FY2014 due to better gross profit margin derived by the construction and manufacturing divisions. On the back of improved gross profit margin, our gross profit increased by 19.8% in FY2015 compared to FY2014.

In FY2015, selling and administrative expenses declined by RM4.26 million compared to FY2014 due to foreign exchange gains of RM6.32 million, as opposed to foreign exchange loss of RM1.10 million in FY2014. The gains from foreign exchange difference was partly offset by higher employee benefits expenses and carriage outward incurred in FY2015 in line with higher delivery of finished goods to customers. Financing costs were lower in FY2015 due to lower utilisation of banking facilities after the proceeds raised from the Rights Issue exercise which was completed in FY2014, was used as working capital.

Our joint venture company which is involved in property development ("JVC") continued to contribute positively in FY2015 with profit contribution increased by RM4.49 million compared to FY2014, on the back of higher cumulative units sold and advancement in construction progress of the SOHO and offices property development project known as Cyber Bistari (Hyve) ("Hyve") in Cyberjaya, Selangor.

On the back of higher gross profit earned and profit contribution from the JVC, and lower operating expenses, we achieved record profit before taxation and profit after taxation of RM93.36 million and RM70.70 million respectively in FY2015, which was 56.0% and 58.5% higher compared to FY2014, respectively.

Construction Division*

The construction division achieved a lower revenue of RM873.91 million in FY2015 compared to a revenue of RM973.99 million in FY2014, which is a decline of 10.3%. The decrease in construction revenue was mainly due to lower amount of balance orders in hand carried forward from FY2014 for execution in FY2015 vis-à-vis the amount of balance order in hand carried forward from FY2013 for execution in FY2014.

Gross profit margin improved from 5.7% in FY2014 to 8.3% in FY2015 mainly due to the execution of better margin projects, lower raw material price and fuel price. Despite the lower revenue earned, gross profit increased by 30.8% to RM72.19 million in FY2015 on the back of improved gross profit margin.

Manufacturing Division*

The concrete product manufacturing division achieved a lower revenue of RM197.43 million in FY2015 compared to a revenue of RM202.30 million in FY2014, which is a decline of 2.4%. The decline in manufacturing revenue was mainly due to the decline in revenue from the sale of segmental box girders ("SBG") to the Klang Valley Mass Rapid Transit system ("KVMRT") by approximately RM74 million during FY2015, consequential upon the completion of the SBG sales orders during the early part of FY2015. However, the decline in SBG sales revenue was partly offset by a higher revenue generated from the sales of tunnel lining segments ("TLS") and jacking pipes to Singapore and Malaysia markets.

Gross profit margin improved from 16.0% in FY2014 to 27.3% in FY2015 as approximately 45% of the revenue of FY2014 was contributed by the lower margin KVMRT SBG sales orders. In addition, the depreciation of Ringgit Malaysia against the Singapore Dollar and a higher proportion of revenue from the better margin TLS and jacking pipes sales orders during FY2015 also contributed to the improvement in gross profit margin.

Property Development Division*

For FY2015, the property development division recorded a revenue and gross profit of RM5.04 million and RM0.65 million respectively, attributable to a new residential development in Johor. Higher revenue was generated in FY2014 due to the revenue from the disposal of few parcels of land which generated a lumpy revenue of RM46.46 million during that year.

Our share of profit from the JVC in FY2015 increased by RM4.49 million compared to FY2014 on the back of higher cumulative units sold, and advancement in construction progress of the Hyve.

Financial Position

Shareholders' funds increased from RM400.52 million as at 31 December 2014 to RM459.74 million as at 31 December 2015. Our Group's net assets per share increased from RM1.33 as at 31 December 2014 to RM1.53 as at 31 December 2015.

The total debt to total equity ratio decreased from 0.40 times as at 31 December 2014 to 0.35 times as at 31 December 2015. The improvement was attributable to the increase in equity on profit generated in FY2015 while the total debts remained relatively unchanged compared to 31 December 2014.

With the cash balance conserved of RM97.15 million against a total debt of RM162.97 million, the net debt to total equity ratio was reduced to 0.14 times as at 31 December 2015 compared to 0.19 times as at 31 December 2014.

CHAIRMAN'S STATEMENT

Cashflow

For FY2015, we registered net cash:

(i) inflow from operating activities of RM62.97 million, mainly due to improved profitability and timely certification of work done by consultants;

(ii) used in investing activities of RM41.48 million mainly due to capital expenditures incurred for the purchase of plant and equipment; and

(iii) used in financing activities of RM16.91 million mainly for repayment of loans and borrowings of RM5.47 million, and payment of dividend of RM11.42 million.

REWARD TO SHAREHOLDERS – DIVIDEND

While we have not adopt a formal dividend policy, our Company has been declaring dividends within a range from 23% to 30% of the profit attributable to owners of the Company for the past 5 financial years. In respect of FY2015, your Board recommends a final single tier dividend of 5.8 sen per share in view of record high profit achieved in FY2015. The recommended final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting, and it represents a pay-out ratio of approximately 25% of FY2015's profit attributable to owners of the Company.

The Company is always mindful to reward our loyal shareholders who have supported our growth over the years while trying to strike a balance with the funding needs at our different development phases.

PROSPECTS AND OUTLOOK

Your Board is consciously optimistic of our performance in 2016 on the back of estimated construction and manufacturing balance order book of approximately RM0.94 billion and RM0.17 billion respectively as at 31 December 2015. The sizable balance order book coupled with the estimated unbilled property sales value of RM11 million from the Hyve on a 80% take up rate, and further projects secured since 31 December 2015 provide a good earnings visibility in 2016.

Your Board is optimistic that the construction sector of Malaysia and Singapore will continue to be vibrant in 2016, thus, order book replenishment prospects remain encouraging.

However, our key challenges and risks include unexpected economic downturn amidst low crude oil price and depreciation of Ringgit against other foreign currencies, sudden spike and unfavourable raw material price movements, shortage and rising costs of foreign labour, unexpected problems or delays in the execution of projects, and softening of property market.

Malaysian Construction Sector

The sector is expected to benefit from the construction projects to be rolled out under the 11th Malaysia Plan ("11MP") covering period from 2016 to 2020 ("Plan Period"). The Malaysian construction sector is estimated to expand by 10.3% per annum during the Plan Period, attributable to continued civil engineering works and a growing residential subsector to fulfil the demand for housing, particularly from the middle-income group.

The Malaysian Government has allocated RM260 billion for development expenditure under the 11MP, up 13% as compared to 10th Malaysia Plan. Amongst the major projects going to roll out under the 11MP, which could benefit us in the medium to long term include:

a) KVMRT Line 2 (KVMRT2) with a total length of about 52.2 km, the Light Rail Transit Line 3 ("LRT3") and the Malaysia-Singapore High Speed Rail

   Our subsidiary, SPC Industries Sdn Bhd ("SPC"), has completed the sales orders for the supply of SBG and TLS to the on-going KVMRT Line 1 in 2015, for a total contract value of RM271.48 million. In March 2016, SPC was appointed as the designated supplier for the supply of SBG to certain packages of KVMRT2 for RM199 million. With the strong track record in supplying SBG and TLS to KVMRT, as well as to Singapore MRT projects, SPC is well positioned to compete for further potential SBG and TLS sales orders from these rail projects;

b) Pan Borneo Highway

   In March 2016, a joint venture company to be established between our wholly owned subsidiary, Kimlun Sdn Bhd ("KLSB") and Zecon Berhad was awarded with the contract for the Proposed Development and Upgrading of the Pan Borneo Highway in the State of Sarawak, Malaysia (Phase 1: Serian Round About to Pantu Junction) ("Project") for a contract sum of RM1.46 billion. The estimated completion date of the Project is end March 2020.

   The equity interest of KLSB and Zecon Berhad in the joint venture company will be 30% and 70% respectively.

   The winning of the Project signifies our geographical diversification to East Malaysia, and expansion of our construction services to highway projects. The Project is the single largest contract which we won in our history.

c) Central Spine Road; and

d) the construction of affordable houses and public amenities such as hospitals and clinics.

The residential sub-sector in Malaysia is expected to remain strong in view of the increased demand for housing, particularly from the middle income group, and the Malaysian Government's continuous support for home ownership. In response to the strong demand for affordable housing, the Malaysian government targets to construct one million units of affordable houses over a period of five years, including 500,000 units by PR1MA, 100,493 units by Syarikat Perumahan Negara Berhad (SPNB), and 100,000 units by 1Malaysia Civil Servant Housing (PPA1M), in addition to low cost housing scheme.

For larger scale of affordable houses development, we believe that most of these projects will be constructed using IBS construction method due to to the Malaysian Government's policy that the content of IBS components in every new government project is to be increased to no less than 70% with effect from 31 October 2008, save for certain exceptions. Being one of the few established contractors with IBS design capabilities backed by pre-cast concrete manufacturing plants, we are in the position to take advantage on the roll out of these projects.

Outlook in Johor

As to the outlook in Johor, our home base, your Board remains positive of order book replenishment prospects despite of the oversupply of mixed-use and higher end high-rise residential properties in Iskandar Malaysia ("IM") which have resulted in some developers scaling back and slowing down on their launches of such properties in IM hotspot areas. This is in view of the followings:

(i) some of these developers started to shift their focus to landed properties, industrial parks or affordable homes developments, or moving out to suburbs such as Kulai and Senai, which continue to see healthy demand;

Since the fourth quarter of 2013, we secured affordable home projects with a total contract sum of RM350 million from the private sector.

(ii) Potential growth arose from the implementation of 11MP which:

(a) has identified strategies to accelerate investment and provide infrastructure for regional economic corridors including IM;

(b) has identified Johor Bahru as one of the four competitive cities for which city competitiveness master plans will be developed under the 11MP, based on the key principles that increase liveability and stimulate economic growth; and

(c) reaffirms that the Government will provide support to construct essential infrastructure such as roads, drainage, and utilities for RAPID development.

In addition, the proposed construction of Rapid Transit System Link connecting Johor Bahru and Singapore, and the High Speed Rail connecting Kuala Lumpur and Singapore which are under planning stages are expected to boost the connectivity of IM upon completion, thus benefitting the region's growth and development greatly.

Our on-going construction projects within IM include the construction of service apartments, affordable apartments, offices, factories, hospital, retail mall and infrastructure for a diversified clientele including UEM Sunrise Bhd Group, SP Setia Bhd Group, United Malayan Land Bhd Group, IGB Corporation Bhd Group and IOI Properties Bhd Group.

The variety of construction jobs that we undertake demonstrates our capability to fulfil various construction requirements of different types and phases of development.

Industrialised Building System

We have witnessed an increase in demand for IBS construction method and pre-cast building components consequential upon the following developments affecting the construction sector:

(a) the Malaysian Government's 70% IBS Content Policy;

(b) the shortage in the supply of foreign labour consequential upon the tightening of foreign labour policy by the Malaysian government from time to time, affecting in particular construction projects which adopts labour intensive conventional construction method; and

(c) the private sector is more receptive to the IBS construction method due to the shorter construction period and lesser reliance on foreign labour.

CHAIRMAN'S STATEMENT

Being one of the pioneer contractors with IBS design capabilities, backed by pre-cast concrete manufacturing plants and proven track record of completed IBS projects, we are well positioned to reap greater opportunities arising from the above stated developments in the construction industry.

Since we began introducing the IBS building construction method in 2009, we have secured building construction contracts with a total cumulative value of approximately RM1.4 billion as at 31 December 2015, from both the public and private sectors for the construction of apartments, shopping malls, schools, and semi-detached houses using the IBS construction method.

Singapore Construction Sector

Singapore's construction demand is projected to be between SGD27 billion to SGD34 billion in 2016, with about 65 per cent driven by public sector demand. The total construction demand in 2015 was approximately SGD27.2 billion, with public sector projects accounted for slightly more than half of the demand. The higher construction demand from the public sector in 2016 is largely due to an increase in civil engineering demand. Key projects in 2016 include Public Utilities Board's ("PUB") water reclamation and sewerage projects, the remaining contracts for the Thomson-East Coast MRT line and JTC's Integrated Logistics Hub.

The average construction demand is expected to be sustained between SGD26 billion to SGD35 billion in 2017 and 2018 per annum. Civil engineering construction demand is expected to remain strong beyond 2016 due to major infrastructure works including the construction of new MRT lines, the North-South Expressway, associated infrastructure works for Changi Airport Terminal 5 and phase 2 of the Deep Tunnel Sewerage System ("DTSS2").

According to the Singapore Land Transport Master Plan, the Singapore government targets to extent its rail network to 360 km by 2030. There will be three new MRT lines with a total route length of 91km, and extension of a total route length of 8 km to existing lines to be built by 2030.

According to PUB, the construction of Phase 2 of Singapore's underground water superhighway for used water management, the DTSS2, which comprises a 30 km long tunnel, 70 km link sewers and 12 km of deep seas outfalls, is expected to begin in 2017 and target to complete by end 2024.

The expansion of the rail network and DTSS2 present business opportunities for us to bid for TLS, sleepers and jacking pipes sales orders till 2030.

SPC is one of the few suppliers of TLS to the Singapore MRT projects since 2006. It secured approximately 40% of the total TLS orders of the recently opened Downtown Line 2, the on-going Downtown Line 3 and Thomson Line. Further, SPC has been a frequent supplier of jacking pipes to various sewerage projects in Singapore. With our strong track record in Singapore, SPC is well positioned to compete for further potential sales orders from future MRT and sewerage projects.

The increase in construction activities will have spill-over effects on the building and construction material industries, where we will bid for the supply of various types pf pre-cast concrete products to MRT and non MRT projects in Singapore and Malaysia.

Property Development Ventures

We launched our first property development project, the Hyve, which comprises 804 units of freehold SOHO and offices within the central business district of Cyberjaya, Selangor, in 2013. The estimated gross development value of the Hyve is RM235 million and the development is expected to be completed by April 2016. As at 31 December 2015, the Hyve achieved a take-up rate of 80% and was 94% completed. The estimated unbilled sales value of RM11 million as at 31 December 2015, coupled with further sales of unsold units thereafter would provide additional earnings to our property development division in 2016 and beyond.

We launched another property development project, Taman Puteri, which comprises 131 units of various types of landed properties in Pekan Nenas, Johor in March 2015. The estimated gross development value of this development is RM48 million and it is expected to be completed by end 2016. The sale of this development is slow due to weak market sentiment.

We have completed the acquisition of the following land in strategic locations for future development:

Location/ Land Area	Acquisition Price (RM)	Type of Land Usage/ Plan Development
Medini Iskandar Malaysia, Johor/ 2.54 acres	14.69 million	99-years leases ("Medini Lease") on a parcels of freehold commercial land ("Plot 15")^ / A combination of SOHO and retails properties
Seksyen U10 Shah Alam/ 8.87 acres	28.98 million	Forty one 99-years leasehold vacant detached lots approved for bungalow development ("U10 Land")
Kota Tinggi, Johor/ 140.836 acres	28.30 million	Twenty nine parcels of freehold agriculture land / township development ("Kota Tinggi Land")

^: *In March 2013, our subsidiary, Kimlun Medini Sdn Bhd, entered into a lease purchase agreement with Medini Land Sdn Bhd to purchase leases over 2 parcels of land, Plot A14 & A15 in Medini North of Medini Iskandar, Johor ("collectively Medini Land") for a total cash consideration of RM31.06 million. The acquisition of the lease over Plot A15 was completed in 2015. The acquisition of the lease over Plot A14 has yet to be completed pending for the payment of the last installment payment due in March 2017.*

We plan to launch a combination of approximately 800 units of SOHO and retails properties for sale on the Medini Land in two phases, namely Opus Medini Phase 1 and Phase 2. We obtained the building plan approval on Opus Medini Phase 1 in the first quarter of 2015. In view of weaker market sentiment and poorer demand towards high rise property amidst the fear of oversupply in IM, we decided to defer the launching of Opus Medini Phase 1.

The U10 Land is located next to Bukit Cherakah Forest Reserve and surrounded by other established housing development projects, such as Bukit Jelutong, Sunway Kayangan and Cahaya SPK. It is approximately 5 km away from the entrance to Guthrie Corridor Expressway that links to major highways. We are currently in the planning stage to build bungalows on the U10 Land for sale, and target to launch the development in 2017.

We are in the preliminary planning stage of Kota Tinggi Land. The launching of the development on Kota Tinggi Land is not expected in the next 2 years.

*: The segmental revenue stated in the commentary in relation to the respective segment was inclusive of inter-segment revenue.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend my heartfelt gratitude to our shareholders, bankers, customers, business partners and regulatory authorities for their continued support, guidance and assistance. Your Board would like to express our appreciation to our management team and employees for their hard work and dedication.

Pang Tin @ Pang Yon Tin
Chairman

主席文告

敬爱的股东，

本人谨代表董事局提呈金轮企业有限公司（“本公司”）截至2015年12月31日财政年（“2015财政年”）的年度报告。

公司简介

我们提供一站式的工程及建筑服务。我们具备提供建设方案，设计，施工直到项目竣工的能力。我们自2009年涉足于工业化建筑系统（“IBS”），在这方面拥有的专业知识范围涵盖IBS的设计与工程技术的执行。此外，我们的预制混泥土产品业务部具备为IBS工程提供主要的预制混凝土产品的能力。我们在过去30多年不断的成长以及累积了处理范围广泛的建筑与基建工程项目的经验与技术。

为多元化业务，我们在2011年进军产业发展领域，相续在赛城，莎亚南，笨珍和哥打丁宜收购空地以及在柔佛州Iskandar Malaysia租赁两片土地为期99年，以供产业发展。我们在现阶段专注于发展周转期较短的小型发展地段。

企业最新进展

收购土地

我们经常评估本身拥有的地库和有关地段的发展潜能。同时，我们也在一些策略性地点物色小型发展地段。我们在现财政年完成购买几个地段，详情可参考本文告。

财务回顾^

营业额和盈利

我们在2015财政年的营业额报十亿五千三百六十四万令吉，比较2014财政年的十二亿零六百四十万令吉，下跌幅度达12.7%。建筑业务与制造业务联合贡献99.5%的集团营业额，其余来自产业发展与投资活动。我们在过去几年的营业额取得显著成长，从2011财政年的六亿五千两百一十三万令吉增长至2015财政年的十亿五千三百六十四万令吉，复合年均增长率达到12.7%。

2015财政年的收益减少，主要是因为所有活跃业务皆贡献较低的营业额。

我们在2015财政年的毛利赚幅达11.7%，高过2014财政年的8.5%，归功于建筑业务与制造业务的较高毛利赚幅。受益于更佳毛利赚幅，我们在2015财政年的毛利按年增长了19.8%。

2015财政年的销售与行政开销共按年减少了四百二十六万令吉，受惠于外汇收益六百三十二万令吉，对比2014财政年的外汇损失一百一十万令吉。无论如何，外汇差别所产生的部分收益，被较高的雇员福利开支以及销货运费所抵销。随著我们把在2014财政年发行附加股所筹得的资金应用为营运资本，而减少使用银行融资设施，2015财政年的融资成本也相应地降低了。

我们涉及房产发展的联营公司(JVC)，继续在2015财政年作出正面贡献。随著其在雪州赛城的SOHO与办公室房产发展计划--Cyber Bistari (Hyve)售出更多单位及工程进展顺利，该JVC的盈利贡献增加了四百四十九万令吉。

基于毛利的增长，联营公司的盈利贡献，以及较低的营运成本，我们在2015财政年的税前盈利与税后盈利各达破纪录的九千三百三十六万令吉以及七千零七十万令吉，按年涨幅各为56%以及58.5%。

建筑业*

建筑业务在2015财政年的营业额下跌至八亿七千三百九十一万令吉，比较2014财政年的九亿七千三百九十九万令吉，下滑幅度为10.3%。

建筑业务在2015财政年取得较低的营业额主要是因为相较于2014财政年，2015财政年进行较少于前个财政年度所承接且未竣工的建筑工程。

2015财政年的毛利赚幅从2014财政年的5.7%，改善至8.3%，主要是因为执行更高赚幅的计划，较低的原料价格和油价。尽管营业额下跌，建筑业务在2015财政年的毛利上升30.8%，至七千两百一十九万令吉，归功于更佳的毛利赚幅。

制造业*

混泥土产品制造业务部在2015财政年的收益下跌2.4%，至一亿九千七百四十三万令吉。

制造业务部的收益减少，主要是因为供应给巴生谷捷运系统（KVMRT）的阶段性箱桥（“SBG”）的营业额在2015财政年减少了大约七千四百万令吉，因SBG销售订单已在2015财政年上旬完成。

无论如何，隧道衬砌（“TLS”）和顶管在新加坡与马来西亚市场的营业额的增长，抵销了SBG销售额的下跌。

2015财政年的毛利赚幅从2014财政年的16%，改善至27.3%，因2014财政年有大约45%的营业额是由较低赚幅的KVMRT SBG销售订单所贡献。

此外，令吉兑新元贬值，以及更佳赚幅的TLS和顶管销售合约在2015财政年所作出更高的营业额贡献，也是毛利赚幅改善的原因。

产业发展业务*

在2015财政年，产业发展业务的营业额与毛利分别达五百零四万令吉以及六十五万令吉，归功于我们在柔佛州的新住宅发展计划。

产业发展业务在2014财政年取得较高的营业额，归功于从脱售土地所带来的四千六百四十六万令吉的营业额。

JVC在2015财政年的盈利贡献，要比2014财政年高出了四百四十九万令吉，因Hyve售出更多单位及工程进展顺利。

财务状况

股东基金从2014年12月31日的四亿零五十二万令吉，增加至2015年12月31日的四亿五千九百七十四万令吉。每股净资产从2014年12月31日的1.33令吉，提高至2015年12月31日的1.53令吉。

总负债对总股本比率从2014年12月31日的0.40倍，减少至2015年12月31日的0.35倍，主要因为期间的累积盈利增长，而总债务大约维持在2014财政年的水平。

对比九千七百一十五万令吉的现金储备，以及一亿六千两百九十七万令吉的总债务，我们截至2015年12月31日的净债务对总股本比率为0.14倍，比2014年12月31日的水平低。

现金流动

我们在2015财政年的:

1) 营运活动的净现金流入为六千两百九十七万令吉，主要归功于盈利有所改善，以及顾问针对我们所完成的工作及时地发出证明。

2) 投资活动共花费了四千一百四十八万令吉，主要为购买器材与机械的资本开销。

3) 融资活动共花费了一千六百九十一万令吉，主要用在偿还五百四十七万令吉的贷款，以及支付一千一百四十二万令吉的股息。

股东回馈—股息

虽然本公司没有实行正规的股息政策，本公司在过去五个财政年的派息率都介于集团净利的23%至30%。

随着我们在2015财政年取得更佳盈利，董事局建议派发每股5.8仙的终期单层股息，惟需在来临的股东常年大会上获得股东批准。该终期单层股息，代表着2015财政年派息率为集团净利的大约25%。一直以来，我们都透过派发股息来回馈我们的股东，同时也为未来发展所需保留资金。

前景及展望

董事局对2016年的业务前景抱着谨慎乐观的态度。截至2015年12月31日，建筑与制造订单额分别为九亿四千万令吉以及一亿七千万令吉。

这庞大的合约订单，加上the Hyve项目80%认购率所带来的大约一千一百万令吉的未入账产业销售，将为我们在2016年提供良好的盈利前景。

董事局对马来西亚和新加坡的建筑领域在2016年的发展维持乐观。因此，我们接下来的合约订单前景仍将令人鼓舞。

我们面对的主要挑战和风险则包括了意想不到的经济衰退，国际原油价格下挫，不利的原料价格走势，劳工供应短缺，工程执行出现延误与不确定性，以及产业市场走势趋软等。

马来西亚建筑领域

马来西亚建筑领域将在2016年至2020年之间受惠于第十一大马计划（11MP）所推出的建筑计划。在这期间，该领域料将以年均10.3%的速度成长，主要是由土木工程以及住宅房产项目持续扶持。

马来西亚政府已经预算两千六百亿令吉供作11MP的发展开销，要比第十大马计划（10MP）多出13%。我们有望在中期至长期内受惠于以下11MP所推出的项目:

(a) 总长度达52.2公里的KVMRT第二条路线，轻快铁(LRT)第三条路线，以及马来西亚-新加坡高速铁路。

 在KVMRT第一条路线，我们的子公司-SPC Industries私人有限公司(SPC) 已经完成了总值二亿七千一百四十八万令吉的SBG和TLS供应合约。SPC也在2016年三月受委任为KVMRT第二条路线的指定供应商为该路线的部份配套供应SBG。该供应期长达44个月的供应合约值一亿九千九百万令吉。

 以SPC在KVMRT路线供应SBG和TLS的良好记录，我们将在竞投以上铁路计划的潜在订单上居于有利的地位。

主席文告

(b) 泛婆罗州大道

在2016年，金轮私人有限公司(KSB)与亿强工程有限公司(Zecon)携手成立联营公司，并获颁总值十四亿六千万令吉的合约，以在砂拉越州承建与提升泛婆罗州大道，该工程预计将在2020年三月杪完工。KSB与Zecon将各占联营公司的30%与70%股权。赢得这项合约，意味着我们将业务拓展至东马，并扩大我们的建筑服务至高速大道计划。该工程也是我们史上最大项的单一合约。

(c) 中枢大道

(d) 建设可负担房屋，以及公众设施，如医院与诊所

鉴于大马政府继续支持房屋拥有计划，以及中等收入群对房屋的需求增加，马来西亚住宅房产领域料维持强稳。

除了廉价房屋计划以外,政府也希望在五年内兴建一百万间的可负担房屋，包括五十万间一个大马房屋单位(PR1MA)以及十万零四百九十三间国家房屋(SPNB)。

我们相信上述大部份计划将使用IBS建筑系统，因为马来西亚政府政策阐明，从2008年10月31日起，每一项新政府计划都必须使用至少70%的IBS组件，某些异案除外(70%IBS含量政策)。

作为一家拥有IBS设计能力以及拥有生产预制混凝土产品工厂的少数建筑商之一，我们已经处在良好位置，从这些计划中受惠。

柔佛州前景

至于我们的大本营柔佛州的前景，董事局对订单补充维持正面，尽管Iskandar Malaysia（“IM”)的综合性与高端高楼住宅房产已出现供多于求的现象，并导致部份发展商放慢在IM热点推出房产计划的步伐。这主要是考量到:

(i) 部份发展商已经把焦点转移至有地房产，工业园或可负担房屋发展，或把发展焦点转移至仍看到健康需求的市郊如士乃和古来。从2013年末季开始，我们已从私人领域获得总值三亿五千万令吉的可负担房屋计划合约。

(ii) 从执行11MP所带来的成长潜能包括:

(a) 11MP已鉴定策略来加快投资，并为区域经济走廊，包括IM提供设施;

(b) 11MP已鉴定新山为竞争城市,并将根据宜居性与刺激经济成长的主要原则为新山制定竞争力总体规划; 及

(c) 重申政府将为RAPID发展所需的必要基建，包括道路，排水系统的建设给予支持。

此外，建议中的衔接新山与新加坡的捷运系统，以及正处于布署阶段的通贯吉隆坡与新加坡的高速铁路，将在竣工后加强IM的对外连系，利惠该区域的成长和发展。

我们目前在IM进行中的建筑计划包括为UEM阳光集团，实达集团，联马置地IGB机构，以及IOI产业集团建设服务式公寓，可负担公寓，办公室，厂房，医院，零售广场以及基建。

我们多元化的建筑服务，显示本集团承接各類型建築工作的能力。

工业化建筑系统（“IBS”)

我们意识到IBS建筑模式以及预制混凝土建筑组件的需求正在提高，主要的导因为:

(a) 马来西亚政府的至少70%IBS含量政策。

(b) 马来西亚政府收紧外劳政策，无可避免地将打击外劳供应量，并影响部份建筑计划，尤其是那些高度依赖外劳以及传统建筑模式的计划。

(c) 有鉴于此建筑模式能缩短建筑时间和减少对外劳的依赖, 私人领域对IBS建筑模式的接受程度有所改善。

我们是少数拥有IBS建筑系统设计能力，预制混凝土制造工厂、及良好工程完成记录的承建商之一。这些优势有利于我们竞标更多的工程计划。

自从我们在2009年开始推出IBS建筑模式后，截至2015年12月31日，我们已经从公共及私人领域赢取大约十四亿令吉的合约，以IBS建筑模式来兴建学校，购物广场，公寓及半独立洋房。

新加坡建筑领域

新加坡在2016年的建筑需求预计达到二百七十亿至三百四十亿新元之间，大约65%是由公共领域需求所驱动。2015年的总建筑需求大约为二百七十二亿新元，公共领域计划占超过一半的需求。

2016年的公共领域计划包括Public Utilities Board（“PUB”)的废水回收利用与排水设备计划，Thomson东海岸捷运路线尚未颁发的剩余工程，以及JTC Corporation的综合物流中心。

至于2017年与2018年，年均建筑需求料将维持在二百六十亿至三百五十亿新元之间。土木工程建筑需求料将持稳，受惠于大型的基建计划，包括建筑新捷运路线, 南北大道，樟宜机场第五候机大楼以及第二阶段的污水处理隧道系统(DTSS 2)。

根据新加坡陆路交通大蓝图，新加坡政府设下在2030年将铁道网络路线增长至360公里的目标。该大蓝图显示，新加坡将新增三条总长度为91公里的铁路，以及延长现有铁路多达8公里。

根据PUB， DTSS 2涉及建筑30公里的隧道, 70公里的下水道，以及12公里的深海流口，预计在2017年开工，2024年竣工。

新加坡铁路网络的扩张以及DTSS 2，为我们制造业务部带来直至2030年的商机。

SPC是少数向新加坡捷运提供TLS的供应商之一。SPC已从最近刚启动的市区路线2，进行中的市区路线3以及Thomson捷运路线，获得大约40%的TLS总订单。此外,SPC也经常为新加坡各项排水设备计划供应顶管。SPC的良好记录，有利于SPC在未来竞标更多有关捷运计划与排水设备计划的订单。

建筑行业的逢勃发展，将为建筑材料领域带来强大的需求。我们将在大马和新加坡竞标更多捷运与非捷运计划的预制混凝土建筑组件订单。

产业发展

我们在2013年推出the Hyve这项结合804个住家办公室（SOHO）与办公室单位的产业项目。这项位于雪州Cyberjaya商业中心的产业项目，毛发展总值估计为二亿三千五百万令吉。截至2015年12月31日止，该项目已获得约80%的认购率，工程进度达94%，预计在2016年四月份完工。基于未入賬銷售總值达一千一百万令吉，再加上未售出單位的潛在銷量，产业发展将为本集团提供良好的盈利前景。

我们在2015年3月推出一项在柔佛州Pekan Nenas的产业发展计划，称Taman Puteri。该发展包括131间的有地房产单位，毛发展总值估计为四千八百万令吉。该发展料在2016年竣工。这项发展计划的销售比较缓慢，主要是市场情绪低迷所致。

我们收购或租赁了下列的策略地段，作为未来发展用途：

地点/面积	收购价格（令吉）	土地用途/发展计划
柔佛州Medini Iskandar Malaysia/2.54英亩	一千四百六十九万	在一片永久地契的商业地段(地段15)^租赁99年/发展SOHO与零售单位
雪州Shah Alam U10区/8.87英亩	两千八百九十八万	41片99年租赁期的空置地段/发展独立式洋房(U10地段)
柔佛州哥打丁宜/140.836英亩	两千八百三十万	29片永久地契的农业地段/城镇发展(哥打丁宜地段)

^ *在2013年三月，我们的子公司--Kimlun Medini私人有限公司，与Medini Land私人有限公司签署一项租赁合约，以三千一百零六万令吉租赁两片地段—即柔佛州Medini Iskandar 北部的Plot A14以及A15(统称Medini Land)。Plot A15的租赁安排已在2015年完成。Plot A14的租赁安排将在2017年三月付清最后分期付款后完成。*

我们将在Medini Land推出约800个结合SOHO与零售单位的产业项目，并分为两个阶段发展，即Opus Medini第一期与第二期。Opus Medini第一期发展计划已在2015年首季获得有关当局的批准。鉴于市场情绪不佳，以及市场对IM高楼产业的需求疲弱，我们已经决定展延推出Opus Medini第一期发展计划。

U10地段与Bukit Cherakah森林保护区毗邻，附近其他已开发产业项目包括Bukit Jelutong，Sunway Kayangan与Cahaya SPK。该地段距离牙直利大道的入口处约5公里。我们目前正处于布署阶段，以在U10地段建造独立式洋房，预计将在2017年推出这项发展计划。

另外，我们在哥打丁宜地段的发展也处于初步布署阶段，预计不会在未来两年内推出。

致谢

我谨代表董事会，衷心感谢我们的股东、来往银行、客户、业务伙伴以及有关监管当局对我们的持续支持，指导以及协助。董事会谨借此机会感谢我们的管理层以及员工的辛勤工作以及奉献精神。

彭廷
主席

*: *有关各分部的评注中所述的分部收入包括分部间的收入。*

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Corporate social responsibility has formed part of the core values that Kimlun Corporation Berhad will always uphold while conducting itself as a responsible business entity. We are always mindful in contributing back to the local community where we derive our economic benefits. We recognise the essential needs to safeguard the welfare of our employees and to contribute to the community where our Group operates in. In line with these core fundamental values, we always strive to seek a balance between our social responsibilities and our obligations to maximise value for our shareholders.

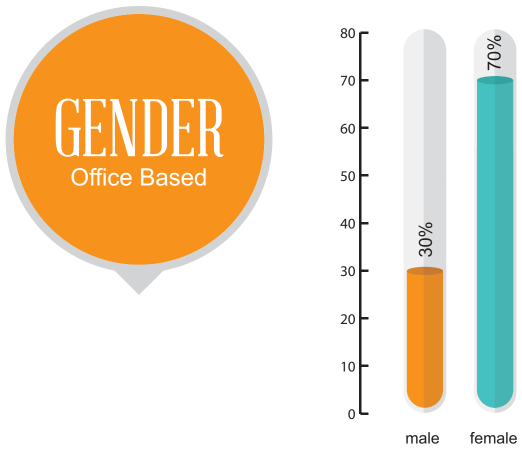
Welfare of Employees

One of the greatest assets in any successful business is its employees and their role in driving the business forward. We practice equal employment opportunity and there are no barriers to employment or development in our Group by reason of an individual's gender, race, religion and age. The recruitment or promotion of a candidate is dependent on our organisational needs, the candidate's skills, experience, core competencies and other qualities.

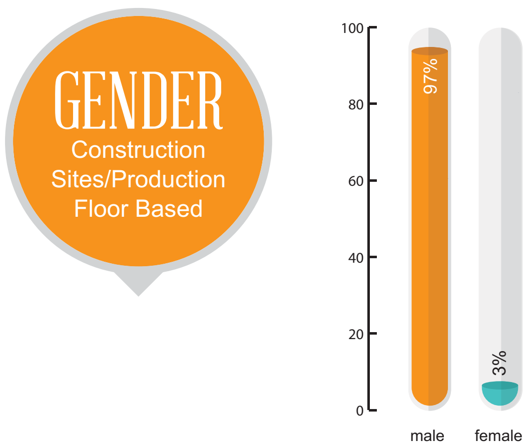
The Group's workforce statistics as at 31 December 2015 are as follows:

41% <30 / **34%** 30 to <40 / **17%** 40 to <50 / **8%** 50 and above

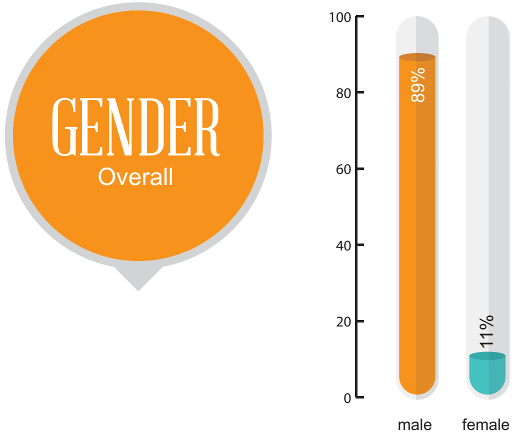
Male **30%** / Female **70%**



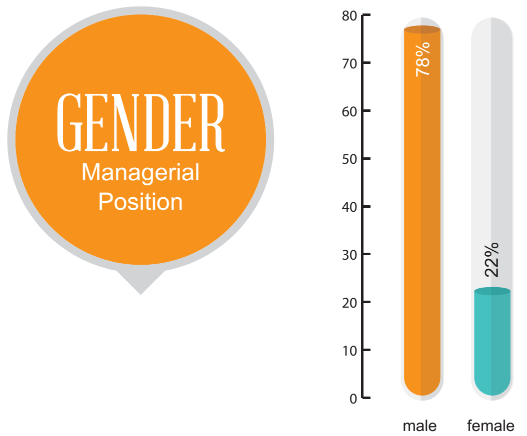
Male **97%** / Female **3%**



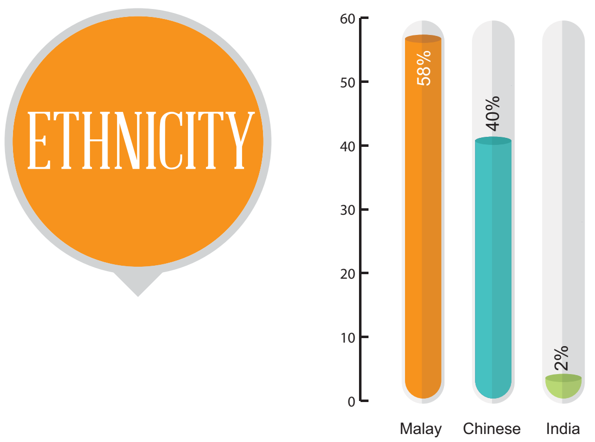
Male **89%** / Female **11%**



Male **78%** / Female **22%**



Malay **58%** / Chinese **40%** / India **2%**



We continuously undertake concerted efforts to groom our employees towards realising their fullest potential. During the year, we arranged numerous customised internal and external training programs in relation to our core businesses in order to improve our employees' technical knowhow.

Safety and quality continues to be a priority in our operations. Occupational health and safety not only contributes to corporate goals but also plays a part in the social and ethical role of the organisation. We inculcate the culture of safety, health and environmental consciousness in all areas of operations, and provide and maintain safe systems of work, make arrangements for ensuring the safe use, handling, storage and transport of equipment and substances, as well as provide necessary information, instruction, training and supervision to all employees.

Various courses in relation to occupational health and safety, and quality management system were conducted during the year to ensure a safe working environment, and that a systematic and efficient construction and production process was upheld.

For the year under review, we spent approximately RM198,000 for staff training and development.

Contribution to Community

We also serve the community to improve the quality of the lives of the less fortunate. During the year, we supported numerous organisations and causes, either directly or in conjunction with other enterprises, mainly via monetary contribution and sponsorship. In terms of charitable contributions to society, we had allocated and spent approximately RM176,000. Amongst the charitable bodies and events that we had supported were Eco World Foundation, SP Setia Foundation, Mah Sing Foundation, Pertubuhan Kebajikan Mental Selangor and Persatuan Cerebal Palsy Johor. We have also supported various education initiatives such as School Building Foundation Fund of SJK(C) Pei Cheng, Construction Fund of New Multi-Purpose Hall of SJK(C) Kuo Kuang.

We participated in various local government agencies' initiatives to build a caring society with united and harmonious living environment. We have supported the Kesatuan Inspektor Kesihatan Semenanjung and Rayuan Hari Pahlawan PBTM Bahagian Negeri Johor during the year.

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors ("the Board") is accountable and responsible for the performance and affairs of Kimlun Corporation Berhad ("the Company"), including practising a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

Set out below is the manner in which the Group has applied the principles of good corporate governance and practice, in accordance to the Principles and Recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

BOARD OF DIRECTORS AND ITS COMMITTEE

The Board adopted a Board Charter which sets out the authority, role, responsibilities, membership and operation of the Board. The Board reviews the Board Charter from time to time and makes any necessary amendments to ensure it complies with relevant laws, regulations and practices, and remain relevant and effective in the light of the Board's objectives. The last review of the Board Charter was on 29 Nov 2012.

The Board Charter is accessible at www.kimlun.com.

Authority

The Board derives its authority to act from the Memorandum and Articles of Association ("AA") of the Company and the law and regulations governing companies in Malaysia.

Board Composition

The AA of the Company provides for a minimum of three (3) directors and a maximum of ten (10) directors. In compliance with the requirement of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), there shall be at least two (2) or one-third (1/3), whichever is higher, of the Board members who are Independent Directors.

The Board consists of eight (8) qualified individuals with diverse set of skills, experience and knowledge necessary to govern the Company. Three of the Directors are Independent Non-Executive Directors. The composition and size of the Board is such that it facilitates the decision making of the Company.

The Independent Non-Executive Directors provide objective and independent views and judgement in decision-making processes of the Board covering issues of strategy, performance and risks. The presence of the Independent Non-Executive Directors fulfills a pivotal role in corporate governance accountability and ensures the interests of all shareholders are indeed taken into account by the Board.

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval. None of the Independent Director has served on the Board for more than nine (9) years.

Although currently the Board does not have a formal policy on boardroom diversity, the Board is committed to ensuring directors of the Company possess diverse sets of skills, knowledge and experience. In addition, the directors of the Company must have the ability to devote sufficient time and attention to the Company, and are independent taking into account the candidate's character, integrity and professionalism. On boardroom diversity, the current composition of the Board is diverse in terms of skills, experiences, gender, age and nationality. The background of each Director can be found on pages 6 to 9 of this Annual Report. The Board is supportive of the gender boardroom diversity recommended by MCCG 2012 as the Board currently has a female member. Underpinning the Company's boardroom gender diversity is the commitment to ensure that all Directors are appointed on merit, in line with the standards as set out in Para 2.20A of the MMLR. The Board through the Nomination Committee ("NC") will review the proportion of the female to male board members during the annual assessment of the Directors' performance taking into consideration the appropriate skills, experience and characteristics required in the context of the needs of the Group. At the subsidiary companies level, 33% of the directors who are not a member of the Board are female.

The Board is satisfied with the level of time committed by its members in discharging their duties and roles as directors of the Company. All the directors have full attendance at the Board meetings or committee meetings (where applicable) and attended training during FY2015, and complied with the MMLR on the limit of five directorships in public listed companies.

The Board does not consider it is necessary to nominate a Senior Independent Non-Executive Director to whom concerns may be conveyed. All members of the Board have demonstrated that they are always available to members and stakeholders. All issues can be openly discussed during Board meetings.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

Appointment

The NC is responsible for making recommendations to the Board for the appointment of new directors. All nomination to the Board shall first be considered by the NC, taking into consideration inter-alia the current and future needs of the Group and the credential of the potential Director.

The NC shall meet with the shortlisted candidates to assess their suitability before formally considering and recommending them for appointment to the Board. In assessing the suitability of candidates, the NC shall consider the candidates' character, experiences, competencies, integrity, time commitment and other qualities, and board diversity including gender diversity and the mix of skills, qualifications, expertise and experience, knowledge, professionalism and integrity which would contribute to the overall desired composition of the Board.

Based on the NC's recommendation, the Board will evaluate and decide on the appointment of the proposed candidates.

Prior to his appointment, the selected candidate will be briefed on the Company's vision and mission, its philosophy and nature of business, the corporate strategy and the expectations of the Company concerning input from Directors.

Election and re-election

Pursuant to Article 93 of the Company's AA, Directors appointed during the year by the Board shall hold office until the next AGM and shall then be eligible for re-election. In accordance with Article 86 of the AA, at least one-third (1/3) of the Directors shall retire from office at every AGM. All Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Pursuant to Section 129 of the Companies Act, 1965 ("the Act"), Directors who are over the age of seventy (70) years are required to retire from office at every AGM and may offer themselves for re-appointment and to hold office until the next AGM.

In FY2015, the NC had reviewed all Directors who are due for retirement by rotation, and standing for re-election at the Company's seventh AGM. The NC found that they met the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors as prescribed by the MMLR.

Independence of Director

The Board only considers Directors to be independent where they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to interfere with the exercise of their unfettered and independent judgement.

The NC reviews the independence of each Independent Non-Executive Director annually or whenever necessary, in light of information relevant to this assessment as disclosed by each Independent Non-Executive Director to the Board.

The NC has assessed the independence of all Independent Non-Executive Directors during FY2015, and has determined that all Independent Non-Executive Directors remain objective and independent.

New Directorship

While the Board allows its Directors to accept appointments to other boards, the Directors are required to discuss with the Chairman and the Chief Executive Officer ("CEO") before accepting the new appointment and to indicate the time expected to be spent on the new appointment.

STATEMENT ON CORPORATE GOVERNANCE

Role of Board

The Board's role is to represent and serve the interests of the shareholders. It is primarily responsible for overseeing and supervising the management of the business affairs of the Group.

The responsibilities of the Board include:

(a) Reviewing and adopting strategic plans for the Group;
(b) Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
(c) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
(d) Succession planning;
(e) Developing and implementing an investor relation programme and shareholder communication policy for the Company; and
(f) Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines

Matters which shall be reserved for decision by the Board, supported by any recommendation as may be made from time to time by the Board Committees (as appropriate) include:

(a) Approval of corporate plans and programmes;
(b) Approval of annual budgets;
(c) Approval of new ventures;
(d) Approval of material acquisitions and disposals of undertakings and properties; and
(e) Approval of the annual financial statements and interim reports

The Board delegates responsibility for the day-to-day operation of the Group's business to the Executive Directors and recognizes its responsibility for ensuring that the Group operates within a framework of prudent and effective control.

Chairman and Chief Executive Officer ("CEO")

The roles and responsibilities of the Chairman and the CEO are clearly defined and segregated to ensure a balance of power and authority such that no one individual has unfettered power of decision. The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role.

The responsibilities of the Chairman include :

(a) leading the Board in its responsibilities for the business and affairs of the Company and its oversight of management;
(b) overseeing the Board in the effective discharge of its supervisory role;
(c) ensuring the integrity and effectiveness of the governance process of the Board;
(d) facilitating the effective contribution of all Directors and ensuring constructive relations be maintained between the Board and management; and
(e) ensuring that there is regular and effective evaluation of the Board's performance

The CEO is responsible for implementing the policies and decisions of the Board, overseeing day-to-day operations as well as development and implementation of business and corporate strategies and plans.

The Board acknowledges the recommendations by the MCCG 2012 that:

(a) the Chairman must be a Non-Executive Director; and
(b) where the Chairman is not an Independent Director, the Board must comprise a majority of Independent Directors

As the Chairman is an Executive Director, the Board will assess the impact of the recommendations on the composition of the Board, and the approaches available to adopt the recommendations of MCCG 2012 taking into consideration the appropriate skills, experience and characteristics required for the position.

The size and composition of the current Board is well balanced with a good and appropriate mix of knowledge, skills, attributes and core competencies. The Board which currently comprises of 3 Independent Non-Executive Directors and 5 Executive Directors has been able to discharge its duties professionally and effectively, uphold good governance standards in their conduct and that of the Board. The Independent Directors are able to exercise strong independent judgement and provide balance to the Board with their unbiased and independent views, advice and judgement to all Board deliberations. The Executive Chairman has demonstrated strong commitment and judgement in overseeing the management function, looking after the best interest of all shareholders and ensuring that contributions by all Directors were forthcoming on matters being deliberated and that no particular Board member dominated in any of the discussions. This ensures the balance of power and authority within the Board.

All the Independent Non-Executive Directors fulfill the criteria of independence as defined in the MMLR and they impartially provide check and balance to the Board.

Board Committees

The Board, in discharging its fiduciary duties, may from time to time establish Committees as it considers necessary to assist it in carrying out its responsibilities.

The Board has established (3) Board Committees, namely Audit Committee ("AC"), NC and Remuneration Committee ("RC"), each entrusted with specific tasks and operates within clearly defined terms of reference approved by the Board. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board papers.

The respective committees' terms of reference are available for reference at the Company's website at http://www.kimlun.com.

a. Audit Committee

The members of the AC as well as the duties and responsibilities as reflected in the terms of reference of the AC are set out on pages 38 to 41 of this Annual Report.

b. Remuneration Committee

The current composition of the RC comprises:

Name	**Designation**	**Directorship**
Sim Tian Liang	Chairman	Chief Executive Officer and Executive Director
Kek Chin Wu	Member	Independent Non-Executive Director
Chua Kee Yat @ Koo Kee Yat	Member	Independent Non-Executive Director

The RC shall review and recommend to the Board the remuneration of the Executive Directors.

The remuneration packages of Non-Executive Directors shall be determined by the Board as a whole. The Director concerned shall abstain from any discussion on his/her individual remuneration.

During FY2015, one meeting was held and attended by all members.

c. Nomination Committee

The current composition of the NC is as follows:

Name	**Designation**	**Directorship**
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	Chairman	Independent Non-Executive Director
Kek Chin Wu	Member	Independent Non-Executive Director
Chua Kee Yat @ Koo Kee Yat	Member	Independent Non-Executive Director

During the FY2015, one meeting was held and attended by all members.

Board Meetings and Attendance

The Board shall meet at least five (5) times a year. In exceptional circumstances, additional meetings may be convened. During Board meetings, the CEO and members of the Management team, will table and present reports for the Board's consideration, deliberation and direction.

Directors are required to inform the Board of conflicts or potential conflicts of interest they may have in relation to particular items of business transacted by the Group or the Company. The interested Directors should abstain themselves from discussion or decisions on matters in which they have a conflicting interest.

The Chairman of the AC, RC and NC would inform the Directors at Board meeting of any salient matters noted by the Committee and which require the Board's notice, direction or approval.

Agenda, board papers and any other documents are made available in advance to the Board to facilitate well-informed Board deliberation and decision-making. In addition, members of the Management are frequently invited to the Board meetings to explain and clarify the items tabled to the Board.

All proceedings of the Board meetings are minuted.

During FY2015, five (5) Board meetings were held. Details of attendance at the Board Meeting are as follows:

Directors	Number of Meetings Held During Director's Tenure In Office	Number of Meetings Attended	Percentage of Attendance
Pang Tin @ Pang Yon Tin	5	5	100%
Sim Tian Liang	5	5	100%
Pang Khang Hau	5	5	100%
Chin Lian Hing	5	5	100%
Yam Tai Fong	5	5	100%
Kek Chin Wu	5	5	100%
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	5	5	100%
Chua Kee Yat @ Koo Kee Yat	5	5	100%

Access to Information and Independent Professional Advice

All Directors, whether as a full Board or in their individual capacity have access to all information of the Group on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities. In exercising their duties, the Directors have access to the advice and services of the Company Secretary and are also entitled to obtain professional opinions or advice from external consultants at the Company's expenses, when the need arises. Any request for professional opinions or advice from external consultants shall be raised for the consideration and consent of the Chairman. Upon his consent of the request, the Chairman shall authorise a Director or a member of the senior management to source for the advice of a suitable professional advisers or external consultants, based on the requirements of the Board.

Directors' Remuneration

The RC recommends to the Board, the remuneration package for the Directors. The Board, as a whole, will determine the level of remuneration paid to its Directors, taking into consideration the recommendation of the RC.

The level and make-up of remuneration should be effective and sufficient enough to:-

- attract and retain the Directors needed to run the Group successfully; and
- motivate and create incentives for Directors to perform at their best;

The remuneration package for Executive Directors comprises of a number of separate elements such as basic salary, allowances, bonuses and other benefit-in-kind. The level of remuneration of the Executive Directors takes into consideration the Directors' contribution and commitment to the Company, the performance of the Group, the compensation levels for comparable positions among other similar Malaysian public listed companies and market condition.

In the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned. Non-Executive Directors will be paid a basic fee as ordinary remuneration and they will also be paid a sum based on their responsibilities in Board committees and for their attendances at the meetings. The fee is subject to the approval of the shareholders.

No Board member, whether executive or non-executive, will be involved in deciding his own remuneration.

The aggregate remuneration of Directors received from the Company and subsidiary companies for FY2015 are as follows:

	Executive Directors RM	**Non-Executive Directors RM**
Fees	-	196,800[∞]
Salaries, Bonuses & EPF	5,870,509[^]	-
Allowances	60,000[^]	15,300[∞]
Estimated monetary value of benefits-in-kind	71,028[^]	-

[^]: The entire amount was received on group basis. None of the amount was received from the Company.
[∞]: The entire amount was received from the Company.

The number of Directors of the Company whose total remuneration falls within the following bands is as follows:-

Range of remuneration	**Executive Directors**	**Non-Executive Directors**
RM50,001 – RM100,000	-	3
RM1,150,001 – RM1,200,000	2	-
RM1,200,001 – RM1,250,000	3	-

During FY2015, the RC had reviewed the remuneration of the Directors taken into consideration the respective Director's experience, level of responsibility, contribution and commitment to the Company, the performance of the Group, the compensation levels for comparable positions among other similar Malaysian public listed companies and market condition. Based on the result of its review, the RC made recommendation to the Board on the remuneration package for the Directors for financial year ending 2016. The Board concurred with the recommendation of the RC, and that shareholders' approval be sought at the 7th AGM on the payment of Directors' fees for the financial year ending 31 December 2016.

Board Evaluation and Performance

The NC evaluates the effectiveness and performance of the Board as a whole, the Board Committees and the individual Directors on an annual basis.

This shall take the form of a questionnaire to be completed by each of the members of the NC. The criteria on which assessment is made is developed, maintained and reviewed by the NC. The assessment criteria includes the mix of skills, experience, competency, time commitment, character, independence, diversity and other qualities required to meet the needs of the Group and to comply with the provisions of the MMLR. The NC, upon discussion of the results, will present the findings to the Board.

Based on the evaluation conducted in FY2015, the NC found that the Board as a whole, the Board Committees and the individual Directors are effective and possess the criteria required to discharge their duties professionally and effectively, and uphold good governance standards in their conduct. The NC presented their findings to the Board, and the Board concurred with the findings of the NC.

STATEMENT ON CORPORATE GOVERNANCE

Directors' Training

All Directors of the Company have attended the Mandatory Accreditation Programme as required by the Bursa Securities, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.

The Board is notified of a series of training programmes or workshop conducted by Bursa Securities for its consideration of participation and the Board receives updates of the MMLR from the Company Secretary from time to time. The external auditors also briefed the Directors on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial year under review. All the Directors after assessing their own training needs, had attended the following training/seminar/conference:-

Director	Training/Seminar/Conference	Date
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	• Workshop for Audit Committees on Risk Management and Internal Control	9 June 2015
	• Future of Auditor Reporting - The Game Changer for Boardroom	21 September 2015
Sim Tian Liang	• Construction Industry Payment and Adjudication Act (CIPAA) Talk	26 March 2015
	• 1st Asean Construction Summit 2015 : "Towards Building A Sustainable Future	10-11 September 2015
Chin Lian Hing	• 2016 Budget Seminar : Summary and Highlights for Corporate Accountants	19 November 2015
Yam Tai Fong	• Property Developer : A complete and critical review on GST implementation issues	18 June 2015
	• Construction Industry Payment and Adjudication Act (CIPAA) 2012 : How Does It Work For You?	26 August 2015
Pang Khang Hau	• Recruitment and Interviewing Strategies	7 August 2015
Kek Chin Wu	• Malaysian Investor Relations Association ("MIRA") Conference 2015 : "Malaysia's Changing Business Landscape. Be Prepared"	27 October 2015
	• BDO Tax Forum Series Seminar	3 November 2015
Pang Tin @ Pang Yon Tin	• 2016 Budget Seminar : Summary and Highlights for Corporate Accountants	19 November 2015
Chua Kee Yat @ Koo Kee Yat	• 2016 Budget Seminar	3 December 2015

COMPANY SECRETARIES

All the Company Secretaries of the Company are qualified to act as Company Secretary under Section 139A of the Companies Act 1965. The Company Secretary plays an important advisory role and is a source of information and advice to the Board and Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group.

The Board shall ensure that the Company Secretaries remain competent to fulfill the function for which they have been appointed. In this respect, the appointment and removal of the Company Secretaries are matters for the Board to consider as a whole.

The specific responsibilities of the Company Secretaries are as follows:-

(a) advise the Board and Management on governance issues;
(b) ensure compliance of listing and related statutory obligations;
(c) attend Board, Committees and general meetings, and ensure the proper recording of minutes;
(d) ensure proper upkeep of statutory registers and records;
(e) assist the Chairman in the preparation for and conduct of meetings; and
(f) assist in the induction of new directors, and continuously update the Board on changes to Listing Requirements, other related legislations and regulations

The Company Secretary's appointments and resignations are subject to Board's approval.

DISCLOSURE POLICY, INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Board shall place great importance in ensuring the high standards of transparency and accountability in its communication to shareholders, analysts and the public. The shareholders shall be informed of all material matters affecting the Company and Group.

The channels of communication, amongst others, are as follows:-

(a) timely announcements made to Bursa Securities, which includes quarterly financial results, material contracts awarded, changes in the composition of the Group and any other material information that may affect investors' decision making;
(b) conducts dialogues with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests;
(c) The Company's website which provides easy access to corporate information pertaining to the Company and its activities and is continuously updated

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. At each AGM, a presentation is given by the CEO to explain the Group's strategy, performance and major developments to shareholders. The Board also encourages shareholders to participate in the question and answer session at the AGM.

The Board is mindful on the importance of maintaining proper corporate disclosure procedures with the aim to provide shareholders and investors with comprehensive, accurate and quality information on a timely basis. Personnel and working team for preparing the disclosure will conduct due diligence and proper verification, as well as coordinate the efficient disclosure of material information to the investing public. The Company also ensures that confidential information is handled properly by Directors, employees and relevant parties to avoid leakage and improper use of such information.

The Board acknowledges the recommendation by the MCCG 2012 that the Board should encourage poll voting for substantive resolutions. However, no poll voting was conducted in the last AGM as the Board was of the view that with the level of shareholders' attendance in the last AGM, voting by way of a show of hands continues to be efficient. The Board will evaluate the feasibility of carrying out electronic polling at its general meetings in future.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Company dispatches its notice of AGM to shareholders more than 21-days before the AGM, in advance of the notice period as required under the Companies Act, 1965 and MMLR. The additional time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

The Company allows a member to appoint a proxy who may be a member of the Company. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia. The Company has also removed the limit on the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for Omnibus account to allow greater participation of beneficial owners of shares at general meetings of the Company. The AA of the Company further accord proxies the same rights as members to speak at the general meeting. Essentially, a corporate representative, proxy or attorney is entitled to attend, speak and vote both on a show of hands and on a poll as if they were a member of the Company.

The AGM will be the principal forum for dialogue with individual shareholders, as it provides shareholders the opportunity to ask questions about the resolutions being proposed or about the Group’s operations in general. The Share Registrar is available to attend to matters relating to shareholders’ interests. The CEO conducts presentation on the performance of the Group during the AGM and encourages the shareholders to enquire about the Group’s performance.

Extraordinary General Meetings (“EGM”) are held as and when required. When an EGM is held to obtain shareholders’ approval on certain business or corporate proposals, comprehensive circulars to shareholders will be sent within prescribed deadlines in accordance with regulatory and statutory provisions.

The Board will put substantive resolutions such as related party transactions if any, to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution. The Chairman also informs shareholders of their right to demand a poll vote at the commencement of the general meeting.

CODE OF CONDUCT

The Directors, officers and employees of the Group are required to observe the Company’s Corporate Code of Conduct. The core areas of conduct under the Code include the following:-

(a) conflict of interest;
(b) confidential information;
(c) fair dealing;
(d) protection of assets;
(e) knowledge and information;
(f) employment practices; and
(g) reporting of illegal and unethical behavior

The Board will review the Code regularly to ensure that it continues to remain relevant and appropriate. The Code is made available for reference in the Company’s website.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Group’s financial position and prospects in presenting the annual financial statements and quarterly reports as well as announcement to Bursa Securities. The Board is assisted by the AC in reviewing the Group’s financial reporting processes and accuracy of its financial results, and scrutinising information for disclosure to ensure compliance with applicable approved accounting standards in Malaysia and the provisions of the Act.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets. However, the Board recognises that such system is structured to manage rather than eliminate the possibility of encountering risk of failure to achieve corporate objectives.

The Statement on Risk Management and Internal Control is set out on page 42 of the Annual Report providing an overview of the state of internal controls, risk management framework and internal audit function within the Group.

Relationship with Auditors

The Company has established a formal, transparent and appropriate relationship with the Company’s auditors, both internal and external. The internal auditor and the external auditors have direct access to the AC at all times. From time to time, the auditors will highlight to the AC and the Board matters that require the Board’s attention.

The AC meets with the external auditors at least twice a year without the presence of Executive Directors and management to discuss their audit plan and audit findings. The AC reviews with the external auditors the annual audited financial statements before recommending them to the Board for its approval.

The AC assesses the effectiveness of both internal and external audit as well as the independence and objectivity of the external auditors. In its assessment, the AC considered several factors, which included adequacy of experience and resources of the firm and the professional staff assigned to the audit. Written assurance shall be obtained from the external auditors yearly, confirming their independence in accordance with the Bylaws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

Being satisfied with the external auditors, Ernst & Young’s (“EY”) performance, technical competency and audit independence, the AC recommended the appointment of EY as external auditors for FY2016. The Board at its meeting held on 30 March 2016 approved the AC’s recommendation for the shareholders’ approval to be sought at the 7th AGM on the appointment of EY as external auditors of the Company for FY2016.

WHISTLEBLOWING POLICY

The Board is committed to achieving and maintaining the highest standards of integrity, openness, probity and accountability in the conduct of its businesses and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner.

Whistle blowing is a specific means by which an individual, whether employee or otherwise, can report or disclose through established channels, concerns about unethical behavior, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place / has taken place / may take place in the future, without fear of reprisal or victimization, in a responsible and effective manner.

The policy addresses the following areas :
- Policy Statement
- Scope of Policy
- Reporting Procedure;
- Investigation Procedure; and
- Protection and Confidentiality

The Policy also provides the contact details of the Chairman of AC, should the reporting individual is in doubt of the Management’s independence and objectivity on the concerns raised.

ADDITIONAL COMPLIANCE INFORMATION PURSUANT TO MAIN MARKET LISTING REQUIREMENTS of BURSA MALAYSIA SECURITIES BERHAD

Share Buy-Backs

The details of shares repurchased during FY2015 are as follows:-

		Purchase Price Per share (RM)			
Month	**No of Shares purchased**	**Highest**	**Lowest**	**Average**	**Total consideration (RM)****
September	10,000	1.15	1.15	1.15	11,584

**: including transaction costs.

No treasury shares was resold or cancelled during FY2015. As at 31 December 2015, the Company held 20,000 treasury shares.

Options, Warrants or Convertible Securities Exercised
There was no exercise of convertible securities during FY2015.

American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”)
The Company did not sponsor any ADR or GDR programme during FY2015.

Sanctions and/or Penalties
The Company and its subsidiaries, Directors and management have not been imposed with any sanctions and/or penalties by any relevant regulatory bodies during FY2015.

Non-Audit Fees
During FY2015, non-audit fees incurred for services rendered to the Company and/or its subsidiaries by the Company’s external auditors, or a firm affiliated to the external auditors were as follows:

	Audit Fee	Non-audit Fee
Company	RM26,000	RM11,000
Group	RM114,149	RM57,150

Variation in Results
There was no material variance between the audited results for FY2015 and the unaudited results previously announced by the Company.

No profit estimates, forecast or projection was announced or published by the Group.

Profit Guarantee
The Company did not receive any profit guarantee during FY2015.

Material Contracts
Save as disclosed under Note 31 to the financial statements contained in this Annual Report , there were no material contracts including contracts relating to any loans entered into by the Company and its subsidiaries involving Directors and major shareholders’ interest, either still subsisting at the end of FY2015 or entered into since the end of the previous financial year.

Recurrent Related Party Transactions of Revenue and Trading Nature ("RRPT")

The Company had at the 6th AGM of the Company held on 22 June 2015 obtained shareholders' mandate for the Group to enter into RRPT, which are necessary for its day-to-day operations and are in the ordinary course of business with related parties. The shareholders' mandate shall lapse at the conclusion of the Company's forthcoming AGM. The Company intends to seek a renewal of the shareholders' mandate for the RRPT at the Company's forthcoming AGM.

The details of the mandated RRPTs transacted during FY2015 are as follows:

Subsidiaries involved	Transacting Parties	Categories of transactions	Value transacted RM'000	Interested Directors and Major Shareholders
Kimlun Sdn Bhd ("KLSB")	Scudai Development Sdn Bhd ("SD")	Provision of construction services by KLSB to SD for construction of buildings and infrastructure	48,980	Pang Tin @ Pang Yon Tin^, his spouse and children collectively hold 90% interest in SD. Pang Khang Hau* holds 7.5% interest in SD. Phang Piow @ Pang Choo Ing# and Pang Chew Ngo# are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin. Phin Sdn Bhd ("Phin") is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 6A of the Act.
KLSB, SPC Industries Sdn Bhd ("SPC"), I-Buildtech Solutions Pte. Ltd ("IBT")	Sri Pulai Granite Quarry Sdn Bhd ("Sri Pulai")	Purchase of quarry products and consumable materials from Sri Pulai	12,736	Pang Tin @ Pang Yon Tin^ and Phang Piow @ Pang Choo Ing# each hold 45% interest in Sri Pulai. Pang Khang Hau* and Pang Chew Ngo# are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin and Phang Piow @ Pang Choo Ing. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 6A of the Act.
KLSB	Sri Pulai	Renting of premises from Sri Pulai	15	- As above -

Subsidiaries involved	Transacting Parties	Categories of transactions	Value transacted RM'000	Interested Directors and Major Shareholders
KLSB, SPC	JB Enterprise Sdn Bhd ("JBE")	Renting of premises from JBE	12	Pang Tin @ Pang Yon Tin^ and his spouse collectively hold 100% interest in JBE. Phang Piow @ Pang Choo Ing#, Pang Khang Hau* and Pang Chew Ngo# are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 6A of the Act.
SPC	Sri Pulai Realty Sdn Bhd ("SPR")	Renting of premises from SPR	315	Phang Piow @ Pang Choo Ing#, his spouse and his children collectively hold 100% interest in SPR. Pang Tin @ Pang Yon Tin^ and Pang Chew Ngo# are deemed interested by virtue of their family relationship with Phang Piow@ Pang Choo Ing. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 6A of the Act.
SPC	Properties Watch Sdn Bhd ("PWSB")	Renting of premises from PWSB	707	Pang Tin @ Pang Yon Tin^ and his spouse collectively hold 100% interest in PWSB. Phang Piow @ Pang Choo Ing#, Pang Khang Hau* and Pang Chew Ngo# are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 6A of the Act.

Subsidiaries involved	Transacting Parties	Categories of transactions	Value transacted RM'000	Interested Directors and Major Shareholders
SPC and Kimlun Land Sdn Bhd ("Kimlun Land")	Mi Lun Woodworks Sdn Bhd ("MLW")	Provision of landscaping & maintenance service by MLW to SPC and Kimlun Land	14	Pang Tin @ Pang Yon Tin^ and his spouse collectively hold 100% interest in MLW. Phang Piow @ Pang Choo Ing#, Pang Khang Hau* and Pang Chew Ngo# are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 6A of the Act.

^ Our Director and Major Shareholder
* Our Director and shareholder
# Our shareholder and a Director of one of our subsidiary companies
∞ Our Major Shareholder

The details of the renewal of the shareholders' mandate to be sought would be furnished in the Circular to Shareholders dated 29 Apr 2016 enclosed together with this Annual Report.

The details of the RRPTs transacted during FY2015 are disclosed in Note 31 to the financial statements contained in this Annual Report.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

The members of the Audit Committee ("AC") comprise of:-

1. **Kek Chin Wu**
   Chairman / Independent Non-Executive Director

2. **Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah**
   Member / Independent Non-Executive Director

3. **Chua Kee Yat @ Koo Kee Yat**
   Member / Independent Non-Executive Director

The members of the AC consist solely of Independent Non-Executive Directors. All members of the AC, including the Chairman, will hold office only so long as they serve as Directors of the Company. The Board must review the term of office and performance of the AC and each of its members at least once every three (3) years to determine whether the AC has carried out its duties in accordance with its terms of reference. All members shall be financially literate and at least one member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and experience as approved by Bursa Malaysia.

ATTENDANCE OF MEETINGS

During the financial year ended 31 December 2015, the AC met five (5) times. The meeting attendance of the AC members is as follows :

Name of Directors	Number of Meetings Held During Director's Tenure in Office	Attendance	Percentage of Attendance
Kek Chin Wu	5	5	100%
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	5	5	100%
Chua Kee Yat @ Koo Kee Yat	5	5	100%

SUMMARY OF TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The main duties and responsibilities of the AC shall be:-

(1) to consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;

(2) to discuss with the external auditors the nature and scope of the audit before the audit commences;

(3) to review the quarterly and year-end financial statements of the Board, focusing particularly on:-

   (a) any change in accounting policies and practices;
   (b) significant adjustments arising from the audits;
   (c) the going concern assumption; and
   (d) compliance with accounting standards and other legal requirements.

(4) to discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of Management where necessary);

(5) to review the external auditors' management letter and Management's responses;

(6) to assess the suitability and independence of the external auditors;

(7) to do the following, in relation to the internal audit function:-

   (a) review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
   (b) review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
   (c) review any appraisal or assessment of the performance of the internal audit function;
   (d) approve any appointment or termination of senior staff members of the internal audit function if the function is undertaken in-house; and
   (e) take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning if the function is undertaken in-house.

(8) to consider any related-party transactions that may arise within the Group;

(9) to consider the major findings of internal investigations and Management's response;

(10) to review the adequacy and effectiveness of risk management, internal control and governance systems put in place in the Group, and to evaluate the systems with the external auditors; and

(11) to consider other matters as defined by the Board.

In performing of its duties and responsibilities, the AC shall:-

(1) have the authority to investigate any matter within its terms of reference;

(2) have the resources which are required to perform its duties;

(3) have full and unrestricted access to any information pertaining to the Group;

(4) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

(5) be able to obtain independent professional or other advice at the expense of the Company and to invite outsiders with relevant experience and expertise to attend the AC meetings (if required) and to brief the AC; and

(6) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Group, whenever deemed necessary.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the AC met five times. In line with the terms of reference of the AC, the following activities were carried out by the AC during FY2015 in discharging its functions:

(a) Reviewed the external auditors' scope of work and their audit plan;

(b) Reviewed and discussed with the external auditors the results of their audit, the audit report and internal control recommendations in respect of internal control weaknesses noted in the course of their audit;

(c) Reviewed the quarterly unaudited financial results, audited financial statements and Annual Report before recommending for the Board's approval;

(d) Invited the Chief Financial Officer to all AC meetings to facilitate direct communication as well as to provide clarification on the financial results of the Group, the changes in or implementation of major accounting policy changes.

(e) Sought clarification from the Management on the significant financial reporting issues, judgments made by the Management and events highlighted by the external auditors. The AC was satisfied with the clarification from the Management and the actions taken by the Management to address the matters highlighted;

(f) Met with the external auditors three times, and the internal auditors four times during the year without the presence of any executive Board member and employees of the Group;

(g) Reviewed 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;

(h) Reviewed and deliberated on internal audit reports tabled during the year, the audit recommendations made and Management's response to these recommendations. The AC sought clarifications from the Executive Directors on internal control matters and provided its views and recommendations on areas where improvements could be made;

(i) Monitored the implementation of recommendations by Management on outstanding internal audit issues to ensure that all key risks and internal control weaknesses are properly addressed;

(j) Reviewed the related party transactions ("RPTs") on a quarterly basis and also the internal audit report on RPTs to ascertain that the review procedures established to monitor the RPTs have been complied with. The Management presented the RPTs reports detailing the parties to the RPTs, the nature and quantum of the RPTs to the AC quarterly for their review;

(k) Reviewed the Company's compliance with the Listing Requirements of Bursa Securities for the Main Market ("MMLR"), the applicable approved Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board, and other legal requirements. The AC obtained the advices of the company's secretary and external auditors on compliance with MMLR and FRS, and implications of any changes of the MMLR and FRS;

(l) Reviewed the application of corporate governance principles and the extent of the Group's compliance with the best practices set out under the MCCG 2012. In discharging its duty, the AC obtained the advices of the Company Secretary on MCCG, and discussed with the Executive Directors on the application of the best practices set out under the MCCG;

(m) Reviewed the terms of reference of the AC and recommend any amendments, where necessary to the Board for approval; and

(n) Assessed the suitability and independence of the external auditors. In its assessment, the AC considered several factors, which included adequacy of experience and resources of the firm, the professional staff assigned to the audit and the level of non-audit services to be rendered by the external auditors, EY. Written assurance was received from the external auditors confirming their independence in accordance with the Bylaws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. Being satisfied with EY's performance, technical competency and audit independence, the AC recommended the appointment of EY as external auditors for the financial year ended 31 December 2015.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to a professional services firm. The internal audit function has been mandated to continually assess and monitor the Group's system of internal control.

During the financial year, the Internal Auditors carried out internal audit reviews to assess the adequacy and integrity of the system of internal control as established by the Management, so as to provide reasonable assurance that:-

- the system of internal control continues to operate satisfactorily and effectively;
- assets and resources are safeguarded;
- integrity of records and information is protected;
- internal policies, procedures and standards are adhered to; and
- applicable rules and regulations are complied with.

The scope of work, as approved by the AC, was essentially based on the risk profiles of individual business units in the Group, where areas of higher risk were included for internal audit. The internal audit covered key operational, financial and compliance controls, including the risk management process deployed by Management. Audit findings and areas of concern that need improvements were highlighted in the internal audit reports and reviewed at the AC meetings. During the Board meetings, the Chairman of the AC briefed the Board on audit matters and the minutes of the AC meetings were noted by the Board.

This statement is made in accordance with the resolution of the Board of Directors dated 30 March 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintaining a sound system of risk management and internal control in the Group to safeguard shareholders' investments and the Group's assets. The Board is pleased to provide the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of the Group for the FY2015 under review, in accordance with paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). For the purpose of this Statement, the Group comprises the holding company and its subsidiaries.

RESPONSIBILITIES OF THE BOARD

The Board acknowledges the importance of maintaining effective and sound system of risk management and internal control, covering all its financial and operating activities, to safeguard shareholders' investments and the Group's assets. Accordingly, the Board affirms its responsibility for the Group's system of risk management and internal controls and its commitment to review its effectiveness, adequacy and integrity to ensure implementation of an appropriate system to effectively and continuously identify, evaluate and manage principal risks of the Group and to mitigate the effects of the principal risks on achieving the Group's business objectives.

The Board continually reviews the system to ensure that it provides a reasonable but not absolute assurance against material misstatement of financial information and records, or against financial losses or fraud. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

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

The Board has taken the necessary steps to ensure that appropriate systems are in place for the assets of the Group to be adequately safeguarded through the prevention and detection of fraud and other irregularities and material misstatements. The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective.

RISK MANAGEMENT FRAMEWORK

The Board has overall accountability for ensuring that risks are effectively managed across the Group, and on behalf of the Board, the AC reviews the effectiveness of the Group's risk management process.

During the FY2015, the Group operates within an enterprise risk management framework. A Risk Management Committee ("RMC") that comprises Executive Directors of the Company and appointed key management personnel has been established to assume the following functions:

a) To oversee the risk management activities of the Group. The RMC supports the Board in fulfilling its responsibility for identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group; and

b) To review and recommend the Group risk management policies and strategies for the Board's approval.

The main functions and duties of the RMC include, but are not limited to:

(i) Provides oversight, direction and counsel to the Group risk management process which includes:

- Evaluating and identifying new risks;
- Reviewing and updating the Risk Register and ensuring that significant risks are being responded to appropriately; and
- Monitoring the Group risk exposures and ensuring the implementation of management action plans to mitigate significant risks identified

(ii) Evaluates the effectiveness of the risk management processes and support system to identify, assess, monitor and manage the Group's key risks;

(iii) Meets with senior management on a semi-annual basis to discuss and deliberate on the significant risks affecting the Group within the context of the business objectives and strategy;

(iv) Establish Group risk management guidelines and policies and ensure implementation of the objectives outlined therein and compliance thereto;

(v) Recommends for the Board's approval the Group risk management policies, strategies and risk tolerance levels, and any proposed changes thereto;

(vi) Reviews significant investment proposals

A risk management report is to be tabled for AC and Board discussion annually or at shorter interval where necessary. The report identifies principal risks affecting or are likely to affect the Group, and the appropriate systems or actions to manage the risks.

The key risks and some of the control measures are set out below:

Risk Area	**Risk Management Process**
Strategic Risks	• Feasibility studies on new ventures • Engagement of consultant advisory services, where necessary
Operational Risk	• Organization structure outlining the lines of responsibilities and authorities for planning, executing, controlling and monitoring the business operations • Periodic operational review meetings attended by the Executive Directors, heads of department and key management staff to consider financial and operational risks and issues of the Group as well as any management proposal • Monitoring of actual performance against annual budget by the Executive Directors • Formalised whistle blowing policy, code of conduct and written policies and procedures on major processes to ensure compliance with internal control systems and relevant laws and regulations • Appointment of staff based on the required level of qualification, experience and competency
Credit Risk and Liquidity Risk	• Background check of prospective customers prior to accepting any engagement from such parties • Close monitoring of collection by the finance department with weekly update to the senior management as to collection received and incidence of delay • Timely follow up with the customers on overdue payment • Avoid over concentration of sales and credit exposure to any customer to prevent over-dependence on any customer • Actively monitor the Group's banking facilities to ensure the facilities are sufficient to meet the Group's working capital requirement

Risk Area	Risk Management Process
Market Risk	• Established quality control procedures and guidelines to ensure quality services and products to customers • Nurture close relationship with customers, sub-contractors and suppliers • Establish wide range of services and products to diversify product risks and reduce reliance on any particular services or products for revenue • Focus in more technical demanding products and services to create a market niche or speciality • Diversify base of customers, sub-contractors and suppliers
Human Resource	• Succession planning in human resources • Competitive remuneration packages to attract talent • Appropriate training and development to nurture and groom existing staff force • Internship program for university students to identify potential talent that the Group can employ

INTERNAL CONTROL

The Group has established an organisation structure outlining the lines of responsibilities and authorities for planning, executing, controlling and monitoring the business operations aligned to business and operations requirements which supports the maintenance of a strong control environment. It has extended the responsibilities of the AC of the Board to include the assessment of internal controls through the Internal Audit function.

Other key elements of the system of internal control of the Group are as follows:-

- The Board established a hierarchical organisation structure with proper segregation of duties for key functions of the operations of the Group;
- Delegation of authority including authorisation limits at various levels of management and those requiring the Board's approval are clearly defined to ensure accountability and responsibility;
- Formation of committee to evaluate and approve related party project tenders;
- Appointment of staff is based on the required level of qualification, experience and competency to fulfil their responsibilities. Training and development is provided for selected staff to further enhance their skill and capability;
- There is an annual budgeting process. The Board reviews the actual performance against budget;
- Regular and comprehensive information are provided to the Board for monitoring and tracking of performance of the Group;
- Periodic operational review meetings are held and attended by the Executive Directors, heads of department and key management staff to consider financial and operational issues of the Group as well as any management proposal;
- Formalised whistle blowing policy, code of conduct and written policies and procedures on major processes are in place to ensure compliance with internal control systems and relevant laws and regulations;
- ISO 9001:2008 Quality Management System has been implemented for certain subsidiaries of the Company. Annual surveillance audits are conducted by a certification body to provide assurance of compliance with ISO 9001:2008; and
- Adequate insurance coverage and physical safeguarding of major assets are in place to guard against any mishap that may result in material losses to the Group.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to a professional service firm. The internal audit function has been mandated to continually assess and monitor the Group's system of internal control. The total cost paid or payable by the Group to the professional service firm amounted to RM54,000 for FY2015.

The internal audit function adopts a risk-based approach and prepares its audit strategy and plans based on the risk profiles of individual business unit of the Group. These plans are updated periodically and approved by the AC. The monitoring, review and reporting arrangements undertaken by the Internal Auditor gives reasonable assurance that the internal controls embedded within the major business processes of the Group are appropriate to the Group's operations to adequately manage the key risks of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The key elements of the Group's Internal Audit Function are described below:

1. Prepare a detailed Audit Plan based on a risk-based methodology with the scope and frequency of the internal audit activities for the AC's approval.

2. Carry out all activities to conduct the audits in an effective, professional and timely manner.

3. Report to the Management upon completion of each audit on any significant control lapses and/or deficiencies noted from the reviews for their verification and corrective action plan.

4. Report to the AC on all significant non-compliance, internal control weaknesses and agreed actions taken by Management to resolve the audit issues identified.

WEAKNESSES IN INTERNAL CONTROLS WHICH RESULTED IN MATERIAL LOSSES

There were no major weaknesses in internal controls which resulted in material losses during the financial year under review until the date of approval of this Statement.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control and reported to the Board that nothing has come to their attention that causes them to believe the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's internal control system.

This statement is made in accordance with the resolution of the Board dated 30 March 2016.

STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors acknowledged their responsibilities as required by the Act to prepare the financial statements for each financial year so as to give a true and fair view of the state of affairs of the Group and the Company as at end of the financial year and of the results and cash flow of the Group and the Company for the financial year then ended.

In the preparation of the financial statements, the Directors have:

- adopted appropriate accounting policies and apply them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards have been complied with; and
- ensured the financial statement have been prepared on a going concern basis.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Act. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

This statement on Directors' responsibility is made in accordance with the resolution of the Board of Directors dated 30 March 2016.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are as disclosed in Note 15 to the financial statements.

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

Results

	Group RM	Company RM
Profit net of tax, representing profit attributable to owners of Company	70,701,975	15,199,646

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

The amount of dividend paid by the Company since 31 December 2014 was as follows:

	RM
In respect of the financial year ended 31 December 2014 as reported in the directors' report of that year:	
Final (single-tier) dividend of 3.80 sen, on 300,552,500 ordinary shares, declared on 22 June 2015 and paid on 19 August 2015	11,420,995

At the forthcoming Annual General Meeting, a final (single-tier) dividend in respect of the financial year ended 31 December 2015, of 5.80 sen per ordinary share will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are :

Pang Tin @ Pang Yon Tin
Sim Tian Liang
Chin Lian Hing
Yam Tai Fong (f)
Pang Khang Hau
Kek Chin Wu
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat
Chua Kee Yat @ Koo Kee Yat

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

Directors' interests

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

(a) Shares in the Company

	Number of ordinary shares of RM0.50 each			
	1 January 2015	**Bought**	**Sold**	**31 December 2015**
Direct interest :				
Pang Tin @ Pang Yon Tin	15,589,000	-	-	15,589,000
Sim Tian Liang	8,162,500	-	-	8,162,500
Chin Lian Hing	7,910,400	-	-	7,910,400
Yam Tai Fong (f)	8,100,600	-	-	8,100,600
Pang Khang Hau	17,559,700	-	-	17,559,700
Kek Chin Wu	378,500	-	-	378,500
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat	63,000	-	-	63,000
Chua Kee Yat @ Koo Kee Yat	37,800	-	-	37,800
Indirect interest :				
Pang Tin @ Pang Yon Tin	114,502,000	1,367,400	-	115,869,400

By virtue of his interest in the shares of the Company, Pang Tin @ Pang Yon Tin is also deemed interested in the shares of the subsidiaries to the extent that the Company has an interest.

(b) Warrants in the Company

	Number of warrants			
	1 January 2015	**Bought**	**Sold**	**31 December 2015**
Direct interest :				
Pang Tin @ Pang Yon Tin	2,928,100	-	-	2,928,100
Sim Tian Liang	100,000	-	-	100,000
Yam Tai Fong (f)	450,000	-	-	450,000
Pang Khang Hau	3,641,900	-	-	3,641,900
Kek Chin Wu	78,500	-	-	78,500
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat	13,000	-	-	13,000
Chua Kee Yat @ Koo Kee Yat	7,800	-	-	7,800
Indirect interest :				
Pang Tin @ Pang Yon Tin	23,119,900	-	-	23,119,900

Purchase of treasury shares

During the financial year, the Company purchased 10,000 of its issued ordinary shares from the open market at an average price of RM1.15 per share. The total consideration paid for the purchase including the transaction costs was RM11,585. The shares purchased are being held as treasury shares in accordance with Secion 67A of the Companies Act, 1965.

As at 31 December 2015, the Company held 20,000 treasury shares at a carrying amount of RM23,774 with further details disclosed in Note 28(b) to the financial statements.

Other statutory information

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

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that were no known bad debts and that adequate provision has been made for doubtful debts; and

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

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

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

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

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

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

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

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

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

(f) In the opinion of the directors :

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

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

Significant events

Details of significant events are disclosed in Note 38 to the financial statements.

Subsequent events

Details of subsequent events are disclosed in Note 39 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 March 2016.

Pang Tin @ Pang Yon Tin **Sim Tian Liang**

STATEMENT BY DIRECTORS

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

We, Pang Tin @ Pang Yon Tin and Sim Tian Liang, being two of the directors of Kimlun Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 55 to 110 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 information set out in Note 41 to the financial statements 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 Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 March 2016.

Pang Tin @ Pang Yon Tin **Sim Tian Liang**

STATUTORY DECLARATION

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

I, Yam Tai Fong, being the Director primarily responsible for the financial management of Kimlun Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 55 to 111 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed Yam Tai)
Fong at Johor Bahru in the State)
of Johor Darul Ta'zim on 30 March 2016 **Yam Tai Fong**

Before me,

INDEPENDENT AUDITORS' REPORT

to the members of Kimlun Corporation Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Kimlun Corporation 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 notes, as set out on pages 55 to 110.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

Report of other legal and regulatory requirement

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 financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

to the members of Kimlun Corporation Berhad
(Incorporated in Malaysia)

Other matters

The supplementary information set out in Note 41 to the financial statements on page 111 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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.

Ernst & Young
AF 0039
Chartered Accountants

Wun Mow Sang
1821/12/16(J)
Chartered Accountant

Johor Bahru, Malaysia
Date: 30 March 2016

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Revenue	4	1,053,639,742	1,206,398,768	16,551,634	11,184,348
Cost of sales		(930,695,461)	(1,103,781,639)	-	-
Gross profit		122,944,281	102,617,129	16,551,634	11,184,348
Other item of income					
Other operating income	5	10,003,079	8,068,815	-	-
Other items of expenses					
Administration expenses		(39,307,354)	(43,564,649)	(756,590)	(1,130,388)
Share of profit of a joint venture		9,176,176	4,686,320	-	-
Finance costs	6	(9,454,618)	(11,967,949)	-	(17,993)
Profit before tax	7	93,361,564	59,839,666	15,795,044	10,035,967
Income tax expense	10	(22,659,589)	(15,241,529)	(595,398)	(748,106)
Profit net of tax		70,701,975	44,598,137	15,199,646	9,287,861
Other comprehensive loss:					
Foreign currency translation		(45,498)	(8,995)	-	-
Other comprehensive loss for the year, net of tax		(45,498)	(8,995)	-	-
Total comprehensive income for the year		70,656,477	44,589,142	15,199,646	9,287,861
Profit attributable to:					
Owners of the Company		70,701,975	44,598,137	15,199,646	9,287,861
Total comprehensive income attributable to:					
Owners of the Company		70,656,477	44,589,142	15,199,646	9,287,861
Earnings per share attributable to owners of the Company (sen per share)					
Basic	11	23.52	15.22		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2015

	Note	Group 2015 RM	Group 2014 RM
Non-current assets			
Property, plant and equipment	12	151,766,586	160,853,075
Land held for property development	18	29,694,577	-
Investment properties	13	327,445	327,445
Other investments	14	75,000	90,000
Investment in a joint venture	16	10,092,381	3,424,998
Deferred tax assets	27	2,874,123	5,793,233
		194,830,112	170,488,751
Current assets			
Properties held for sale	17	1,829,232	1,829,232
Property development costs	18	73,409,302	14,268,265
Inventories	19	21,455,967	21,118,836
Trade and other receivables	20	444,647,839	349,390,742
Other current assets	21	140,358,033	249,116,362
Cash and bank balances	23	97,153,846	84,671,335
		778,854,219	720,394,772
Total assets		973,684,331	890,883,523
Equity and liabilities			
Current liabilities			
Income tax payable		7,048,868	5,557,519
Loans and borrowings	24	82,379,147	111,236,859
Trade and other payables	25	303,282,053	314,985,508
Other current liability	26	40,641,758	8,805,366
		433,351,826	440,585,252
Net current assets		345,502,393	279,809,520
Non-current liability			
Loans and borrowings	24	80,592,184	49,781,847
Total liabilities		513,944,010	490,367,099
Net assets		459,740,321	400,516,424
Equity attributable to owners of the Company			
Share capital	28	150,281,250	150,281,250
Share premium	28	37,794,538	37,794,538
Treasury shares	28	(23,774)	(12,189)
Retained earnings	29	236,867,853	177,586,873
Other reserves	30	34,820,454	34,865,952
Total equity		459,740,321	400,516,424
Total equity and liabilities		973,684,331	890,883,523

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

	Note	Company 2015 RM	2014 RM
Non-current asset			
Investments in subsidiaries	15	163,159,999	142,159,999
Current assets			
Other receivables	20	63,953,535	51,340,749
Other current assets	21	21,175	13,350
Cash and bank balances	23	876,004	30,356,036
		64,850,714	81,710,135
Total assets		228,010,713	223,870,134
Equity and liabilities			
Current liabilities			
Income tax payable		189,816	276,250
Other payables	25	505,942	45,995
		695,758	322,245
Net current assets		64,154,956	81,387,890
Total liabilities		695,758	322,245
Net assets		227,314,955	223,547,889
Equity attributable to owners of the Company			
Share capital	28	150,281,250	150,281,250
Share premium	28	37,794,538	37,794,538
Treasury shares	28	(23,774)	(12,189)
Retained earnings	29	4,397,691	619,040
Warrant reserve	30	34,865,250	34,865,250
Total equity		227,314,955	223,547,889
Total equity and liabilities		228,010,713	223,870,134

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2015

Group	Note	Equity total RM	Attributable to owners of the Company — Non-Distributable: Share capital (Note 28) RM	Share premium (Note 28) RM	Treasury shares (Note 28) RM	Distributable: Retained earnings (Note 29) RM	Other reserves total RM	Non-Distributable: Warrant reserve (Note 30) RM	Foreign currency translation reserve (Note 30) RM
Opening balance at 1 January 2015		400,516,424	150,281,250	37,794,538	(12,189)	177,586,873	34,865,952	34,865,250	702
Foreign currency translation		(45,498)	-	-	-	-	(45,498)	-	(45,498)
Profit net of tax		70,701,975	-	-	-	70,701,975	-	-	-
Total comprehensive income for the year		70,656,477	-	-	-	70,701,975	(45,498)	-	(45,498)
Transactions with owners									
Purchase of treasury shares		(11,585)	-	-	(11,585)	-	-	-	-
Dividends on ordinary shares	37	(11,420,995)	-	-	-	(11,420,995)	-	-	-
Total transactions with owners		(11,432,580)	-	-	(11,585)	(11,420,995)	-	-	-
Closing balance at 31 December 2015		459,740,321	150,281,250	37,794,538	(23,774)	236,867,853	34,820,454	34,865,250	(44,796)

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2015

		Attributable to owners of the Company							
			Non-Distributable			Distributable	Non-Distributable		
Group	**Note**	**Equity total RM**	**Share capital (Note 28) RM**	**Share premium (Note 28) RM**	**Treasury shares (Note 28) RM**	**Retained earnings (Note 29) RM**	**Other reserves total RM**	**Warrant reserve (Note 30) RM**	**Foreign currency translation reserve (Note 30) RM**
Opening balance at 1 January 2014		300,038,072	120,225,000	37,797,764	-	142,005,611	9,697	-	9,697
Foreign currency translation		(8,995)	-	-	-	-	(8,995)	-	(8,995)
Profit net of tax		44,598,137	-	-	-	44,598,137	-	-	-
Total comprehensive income for the year		44,589,142	-	-	-	44,598,137	(8,995)	-	(8,995)
Transactions with owners									
Issuance of right issue shares		66,123,750	30,056,250	1,202,250	-	-	34,865,250	34,865,250	-
Share issuance expenses		(1,205,476)	-	(1,205,476)	-	-	-	-	-
Purchase of treasury shares		(12,189)	-	-	(12,189)	-	-	-	-
Dividends on ordinary shares	37	(9,016,875)	-	-	-	(9,016,875)	-	-	-
Total transactions with owners		55,889,210	30,056,250	(3,226)	(12,189)	(9,016,875)	34,865,250	34,865,250	-
Closing balance at 31 December 2014		400,516,424	150,281,250	37,794,538	(12,189)	177,586,873	34,865,952	34,865,250	702

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2015

		Attributable to owners of the Company					
			Non-Distributable			Distributable	Non-Distributable
Company	Note	Equity total RM	Share capital (Note 28) RM	Share premium (Note 28) RM	Treasury shares (Note 28) RM	Retained earnings (Note 29) RM	Warrant reserves (Note 30) RM
Opening balance at 1 January 2015		223,547,889	150,281,250	37,794,538	(12,189)	619,040	34,865,250
Total comprehensive income		15,199,646	-	-	-	15,199,646	-
Transaction with owners							
Purchase of treasury shares		(11,585)	-	-	(11,585)	-	-
Dividends on ordinary shares	37	(11,420,995)	-	-	-	(11,420,995)	-
Total transaction with owners		(11,432,580)	-	-	(11,585)	(11,420,995)	-
Closing balance at 31 December 2015		227,314,955	150,281,250	37,794,538	(23,774)	4,397,691	34,865,250
Opening balance at 1 January 2014		158,370,818	120,225,000	37,797,764	-	348,054	-
Total comprehensive income		9,287,861	-	-	-	9,287,861	-
Transaction with owners							
Issuance of right issue shares		66,123,750	30,056,250	1,202,250	-	-	34,865,250
Share issuance expenses		(1,205,476)	-	(1,205,476)	-	-	-
Purchase of treasury shares		(12,189)	-	-	(12,189)	-	-
Dividends on ordinary shares	37	(9,016,875)	-	-	-	(9,016,875)	-
Total transaction with owners		55,889,210	30,056,250	(3,226)	(12,189)	(9,016,875)	34,865,250
Closing balance at 31 December 2014		223,547,889	150,281,250	37,794,538	(12,189)	619,040	34,865,250

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOW

for the financial year ended 31 December 2015

	Group	
	2015	2014
	RM	RM
Operating activities		
Profit before tax	93,361,564	59,839,666
Adjustments for :		
Interest income	(1,757,280)	(1,258,185)
Finance costs	6,368,811	9,117,345
Allowance for impairment on trade receivables	366,276	1,879,562
Depreciation of property, plant and equipment	20,859,011	24,647,321
Gain on disposal of plant and equipment	(119,639)	(71,000)
Share of profit of a joint venture	(9,176,176)	(4,686,320)
Transfer of plant and equipment at loss	-	1
Plant and equipment written off	43,611	24,756
Unrealised foreign exchange (gain)/loss	(10,053,543)	207,011
Operating cash flows before changes in working capital	99,892,635	89,700,157
Property development costs	(59,141,037)	21,126,247
Inventories	(337,131)	(4,141,649)
Receivables	(93,306,358)	14,845,787
Other current assets	116,534,444	(40,510,640)
Payables	(12,229,576)	11,078,158
Other current liability	31,836,392	187,254
Cash flows generated from operations	83,249,369	92,285,314
Interest received	1,757,280	1,258,185
Income taxes paid	(15,740,337)	(9,117,345)
Interest paid	(6,368,811)	(9,655,941)
Net cash flows generated from operating activities	62,897,501	74,770,213
Investing activities		
Purchase of property, plant and equipment	(11,893,879)	(18,283,222)
Purchase of land held for development and expenditure on expenditure on land held for development	(29,694,577)	-
Proceeds from disposal of plant and equipment	159,415	181,600
Subsequent expenditure of property held for resale	-	(40,294)
Proceeds from disposal of other investment	15,000	-
Net cash flows used in investing activities	(41,414,041)	(18,141,916)
Financing activities		
Dividend paid on ordinary shares	(11,420,995)	(9,016,876)
Repayment of obligation under finance leases	(4,784,925)	(6,264,261)
Proceeds from issuance of shares	-	66,123,750
Share issuance expense	-	(1,205,476)
Purchase of treasury shares	(11,585)	(12,189)
Repayment from loans and borrowings	(687,542)	(19,425,218)
Repayment of advance against progressive claims	-	(17,002,058)
Net cash flows (used in)/generated from financing activities	(16,905,047)	13,197,672
Net increase in cash and cash equivalents	4,578,413	69,825,969
Effect of exchange rate changes on cash and cash equivalents	659,006	192,579
Cash and cash equivalents at 1 January	78,073,764	8,055,216
Cash and cash equivalents at 31 December (Note 23)	83,311,183	78,073,764

STATEMENTS OF CASH FLOW

for the financial year ended 31 December 2015

	Company	
	2015	2014
	RM	RM
Operating activities		
Profit before tax	15,795,044	10,035,967
Adjustments for :		
Allowance for impairment on investment in subsidiary	-	340,000
Finance cost	-	17,993
Operating cash flows before changes in working capital	15,795,044	10,393,960
Receivables	(12,612,786)	(7,676,041)
Payables	459,947	(6,253)
Other current assets	(7,825)	299,556
Cash flows generated from operating activities	3,634,380	3,011,222
Interest paid	-	(17,993)
Income taxes paid	(681,832)	(564,388)
Net cash flows generated from operations	2,952,548	2,428,841
Investing activity		
Subscription of shares in subsidiaries, representing net cash flows used in investing activity	(21,000,000)	(30,000,000)
Financing activities		
Dividend paid on ordinary shares	(11,420,995)	(9,016,876)
Proceeds from issuance of shares	-	66,123,750
Share issuance expense	-	(1,205,476)
Purchase of treasury shares	(11,585)	(12,189)
Net cash flows (used in)/generated from financing activities	(11,432,580)	55,889,209
Net (decrease)/increase in cash and cash equivalents	(29,480,032)	28,318,050
Cash and cash equivalents at 1 January	30,356,036	2,037,986
Cash and cash equivalents at 31 December (Note 23)	876,004	30,356,036

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Suite 19.06, Level 19, Johor Bahru City Square, 106 - 108, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor Darul Ta'zim.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as disclosed in Note 15. There have been no significant changes in the nature of the Group's activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial year beginning on or after 1 January 2015 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis and presented in Ringgit Malaysia (RM).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2015, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 July 2014.

Description	Effective for annual periods beginning on or after
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011–2013 Cycle	1 July 2014

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

2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2012 - 2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiatives	1 January 2016

2. Summary of significant accounting policies (cont'd)

2.3 Standards and interpretations issued but not yet effective (cont'd)

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14 Regulatory Deferral Accounts	1 January 2016
FRS 9 Financial Instruments	1 January 2018
Amendments to FRS 10 and FRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors are of opinion that the Standards, Amendments and Annual Improvements above would not have any material impact on the financial statements in the year of initial adoption.

FRS 9 Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the 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 is in the midst of assessing the impact of adopting the MFRS Framework.

2. Summary of significant accounting policies (cont'd)

2.4 Current versus non-current classification

Assets and liabilities in the statements of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5 Fair value measurement

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:

- In the principal market for the asset or liability; or
- 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.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

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

2. Summary of significant accounting policies (cont'd)

2.5 Fair value measurement (cont'd)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine 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.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.6 Basis of consolidation

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.

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

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

(i) The size of the Group'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 Group, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Group 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 Group obtains control over the subsidiary and ceases when the Group 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.

2. Summary of significant accounting policies (cont'd)

2.6 Basis of consolidation (cont'd)

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.

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 interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Business combinations involving entities under common control are accounted for by applying the merger method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

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.

2. Summary of significant accounting policies (cont'd)

2.7 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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.

2.8 Investment in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the joint venture's profit or loss for the period in which the investment is acquired.

A joint venture is equity accounted for from the date on which the investee becomes a joint venture.

Under the equity method, on initial recognition, the investment in a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition. When the Group's share of losses in a joint venture equal or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies FRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

2. Summary of significant accounting policies (cont'd)

2.9 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

(c) Foreign operation

The assets and liabilities of foreign operation are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

The principal exchange rate used for every unit of foreign currency ruling at the reporting date is as follows:

	2015 **RM**	**2014** **RM**
Singapore Dollar	3.0358	2.6448

2. Summary of significant accounting policies (cont'd)

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land is measured at cost less impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	1.25%
Buildings	3% - 10%
Plant, machinery and motor vehicles	10% - 33.33%
Furniture and equipment	10% - 12.5%

Construction in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.11 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment loss.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2. Summary of significant accounting policies (cont'd)

2.12 Properties held for sale

Properties are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject to terms that are usual and customary.

Immediately before classification as properties held for sale, the measurement of the non-current asset is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current asset is measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

2.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.14 Financial assets

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

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

The Group and the Company determine the classification of its financial assets at initial recognition and categorise its financial assets as loans and receivables and other investments.

2. Summary of significant accounting policies (cont'd)

2.14 Financial assets (cont'd)

(a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(b) Other investments

Other investments are carried at cost less impairment loss. On disposal of other investments, the difference between net disposal proceeds and the carrying amount is recognised in the profit or loss.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2.15 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) 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 Group and 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 Group's and 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.

2. Summary of significant accounting policies (cont'd)

2.15 Impairment of financial assets (cont'd)

(b) Unquoted and other investments carried at cost

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

2.16 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits include short-term deposits pledged to banks, which are subject to an insignificant risk of change in value.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

2.17 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.18 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.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

2. Summary of significant accounting policies (cont'd)

2.18 Land held for property development and property development costs (cont'd)

(b) Property development costs

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 profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

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

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

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

2.19 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.

- Finished goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first- out basis.

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

2.20 Provisions

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

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

2. Summary of significant accounting policies (cont'd)

2.21 Financial liabilities

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

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

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

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

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

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

2.22 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 and the Company incurred in connection with the borrowing of funds.

2. Summary of significant accounting policies (cont'd)

2.23 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.24 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

2.25 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.17.

2. Summary of significant accounting policies (cont'd)

2.25 Revenue (cont'd)

(b) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) Sales of properties

Revenue from sales of development properties is accounted for by the stage of completion method as described in Note 2.18(b).

(d) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

(e) Rental income

Rental income is recognised on accrual basis.

(f) Dividend income

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

2.26 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.26 Income taxes (cont'd)

(b) Deferred tax

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2. Summary of significant accounting policies (cont'd)

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.29 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group and of the Company.

3. Significant accounting judgements and estimates

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

3.1 Judgements made in applying accounting policies

There are no critical judgements made by the management in the process of applying the Group's and the Company's accounting policies that have significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Useful lives of property, plant and equipment

The cost of plant and equipment of the Group is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be between 3 to 30 years. These are common life expectancies applied in the industry. 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. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 12.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(b) Revenue recognition

(i) Construction and property development revenue

The Group recognises construction and property development revenues and expenses in the statements of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that construction and property development cost incurred for work performed to date bear to the estimated total construction and property development costs.

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

(ii) Contract manufacturing revenue

The Group recognises revenues in the statements of comprehensive income based on progress claims to main contractors pursuant to the terms and conditions of the supply agreement.

Significant judgement is required in determining the point of revenue recognition pursuant to the terms of the supply agreements. In making the judgement, the Group evaluates based on the interpretation of the respective terms and conditions of each supply agreement.

(c) Income taxes

Judgement is involved in determining the Group's and the Company's provision for income taxes as there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matter is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Impairment of loans and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factor such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

When there is objective evidence of impairment, the amount and the timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and of the Company's loans and receivable at the reporting date is disclosed in Note 20.

(e) Deferred tax assets

Deferred tax assets are recognised for all unused tax credit to the extent that it is probable that taxable profit will be available against which the investment allowances and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. Revenue

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Sales of goods	191,865,812	192,468,081	-	-
Sales of properties	4,666,265	46,462,348	-	-
Construction revenue	856,855,453	967,195,134	-	-
Dividend income from subsidiaries	-	-	14,136,000	8,100,000
Interest income from subsidiaries	-	-	2,163,422	2,811,143
Interest income from fixed deposits	252,212	273,205	252,212	273,205
	1,053,639,742	1,206,398,768	16,551,634	11,184,348

5. Other operating income

	Group	
	2015 RM	2014 RM
Interest income from loans and receivables	1,757,280	1,258,185
Amortisation of retention sum due from construction contract works	5,952,744	5,247,146
Rental income from machineries	1,029,615	484,697
Rental income from premises	196,094	57,855
Rental income from subletting of office	-	57,600
Rental income from subletting of land	-	600,938
Insurance claim	20,429	-
Gain on disposal of plant and equipment	119,639	71,000
Miscellaneous income	927,278	291,394
	10,003,079	8,068,815

6. Finance costs

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest expense on:				
- bank loan, bank overdrafts, invoice financing and bankers' acceptance	5,632,959	7,783,841	-	-
- obligation under finance leases	1,338,514	1,378,883	-	-
- revolving credits	-	27,857	-	-
- advance from subsidiary	-	-	-	17,993
Unwinding of discount on payables	54,080	10,681	-	-
Amortisation of retention sum due to construction contract work	3,085,807	2,850,604	-	-
	10,111,360	12,051,866	-	17,993
Less : Interest expenses capitalised in property development costs (Note 18)	(656,742)	(83,917)	-	-
	9,454,618	11,967,949	-	17,993

7. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Auditors' remuneration				
- statutory audits	114,149	107,910	26,000	26,000
- other services	5,000	5,000	5,000	5,000
Allowance for impairment on trade receivables (Note 20)	366,276	1,879,562	-	-
Employee benefits expense (Note 8)	52,563,671	50,253,441	-	-
Non-executive directors' remuneration (Note 9)	212,100	254,835	212,100	229,410
Hire of plant and machinery	24,922,822	34,073,810	-	-
Transfer of plant and equipment at loss	-	1	-	-
Depreciation of property, plant and equipment (Note 12)	20,859,011	24,647,321	-	-
Gain on disposal of plant and equipment	(119,639)	(71,000)	-	-
Plant and equipment written off	43,611	24,756	-	-
Operating leases:				
- minimum lease payments on land and building	2,640,935	2,359,431	-	-
- minimum lease payments on machineries	74,359	93,640	-	-
Foreign exchange loss/(gain)				
- realised	3,737,394	894,855	-	-
- unrealised	(10,053,543)	207,011	-	-

8. Employee benefits expenses

	Group	
	2015 RM	2014 RM
Wages, salaries and bonus	47,982,697	45,672,412
Contributions to defined contribution plan	4,276,617	4,260,184
Social security contributions	304,357	320,845
	52,563,671	50,253,441

Included in employee benefits expenses of the Group are executive directors' remuneration amounting to RM5,930,509 (2014 : RM3,726,915).

9. Directors' remuneration

The details of remuneration receivable by directors of the Group and of the Company during the year are as follows:

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Directors of the Company				
Executive:				
Salaries and other emoluments	2,788,200	2,673,600	-	-
Bonus	2,389,310	653,400	-	-
Defined contribution plan	752,999	399,915	-	-
Total executive directors' remuneration (excluding benefits-in-kind) (Note 8)	5,930,509	3,726,915	-	-
Estimated money value of benefits-in-kind	71,028	83,895	-	-
Total executive directors' remuneration (including benefits-in-kind)	6,001,537	3,810,810	-	-
Non-Executive:				
Fees	196,800	212,400	196,800	212,400
Other emoluments	15,300	42,435	15,300	17,010
Total non-executive directors' remuneration (Note 7)	212,100	254,835	212,100	229,410
Total directors' remuneration	6,213,637	4,065,645	212,100	229,410

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2015	**2014**
Executive directors:		
RM700,001 - RM750,000	-	2
RM750,001 - RM800,000	-	3
RM1,150,001 - RM1,200,000	2	-
RM1,200,001 - RM1,250,000	3	-
Non-Executive directors:		
RM50,000 - RM100,000	3	4

10. Income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Statement of comprehensive income:				
Current income tax:				
- Malaysian income tax	17,319,000	15,164,000	595,000	748,000
- Share of tax of a joint venture	2,508,793	1,363,233	-	-
- (Over)/underprovision in respect of previous year	(87,314)	(38,843)	398	106
	19,740,479	16,488,390	595,398	748,106
Deferred tax (Note 27):				
- Origination and reversal of temporary differences	2,355,249	(1,716,813)	-	-
- Effect of reduction in tax rate	217,808	-	-	-
- Underprovision in respect of previous year	346,053	469,952	-	-
	2,919,110	(1,246,861)	-	-
Income tax expense recognised in profit or loss	22,659,589	15,241,529	595,398	748,106

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 are as follows :

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before tax	93,361,564	59,839,666	15,795,044	10,035,967
Taxation at Malaysian statutory tax rate of 25% (2014 : 25%)	23,340,391	14,959,917	3,948,761	2,508,992
Different tax rates in other country	(6,160)	38,330	-	-
Effect of opening deferred tax of reduction in Malaysian income tax rate	217,808	-	-	-
Expenses not deductible for tax purposes	2,032,890	1,203,498	180,239	179,008
Income not subject to tax	(1,748,897)	(225)	(3,534,000)	(2,025,000)
Controlled transfer assets	-	(71,140)	-	-
Deferred tax assets recognised for unabsorbed capital allowances and unutilised tax tax losses	(980,106)	(127,737)	-	-
Deferred tax assets not recognised for unabsorbed capital allowances and unutilised tax losses	193,361	50,030	-	85,000
Utilisation of current year's reinvestment allowances and business loss	(863,186)	(1,433,907)	-	-
(Over)/underprovision of income tax in respect of previous year	(87,314)	(38,843)	398	106
Share of tax of a joint venture	214,749	191,654	-	-
Underprovision of deferred tax in respect of previous year	346,053	469,952	-	-
Income tax expense recognised in profit or loss	22,659,589	15,241,529	595,398	748,106

10. Income tax expense (cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective from year of assessment 2016. The change in corporate tax rate in year of assessment 2016 had been incorporated in the computation of deferred tax as at 31 December 2015.

The corporate tax rate applicable to the Singapore subsidiary of the Group was 17% for the year of assessment 2015 and 2014.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

11. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

The following reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December.

	Group	
	2015	**2014**
Profit net of tax attributable to owners of the Company (RM)	70,701,975	44,598,137
Weighted average number of ordinary shares in issue	300,562,500	293,092,081
Basic earnings per share (sen)	23.52	15.22

The diluted earnings per share is not presented as there were no potential dilutive ordinary shares outstanding at reporting date.

12. Property, plant and equipment

Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant, machinery and motor vehicles RM	Furniture and equipment RM	Construction in progress RM	Total RM
Cost							
At 1 January 2014	5,186,536	16,394,806	60,964,849	123,273,963	5,216,759	-	211,036,913
Additions	-	-	3,710,813	23,525,841	1,412,975	446,144	29,095,773
Disposals	-	-	-	(478,674)	(95,490)	-	(574,164)
Transfer	-	-	-	(166,437)	(110,708)	-	(277,145)
Reclassification	-	-	-	(186,062)	-	-	(186,062)
At 31 December 2014 and 1 January 2015	5,186,536	16,394,806	64,675,662	145,968,631	6,423,536	446,144	239,095,315
Additions	-	-	1,981,283	9,440,493	510,306	141,797	12,073,879
Disposals	-	-	-	(518,042)	(13,792)	-	(531,834)
Write off	-	-	-	(66,100)	(25,509)	-	(91,609)
Adjustment	-	-	(217,970)	-	-	-	(217,970)
Transfer	-	-	587,941	-	-	(587,941)	-
At 31 December 2015	5,186,536	16,394,806	67,026,916	154,824,982	6,894,541	-	250,327,781
Accumulated depreciation							
At 1 January 2014	-	341,566	3,755,981	48,494,931	1,904,455	-	54,496,933
Charge for the year (Note 7)	-	205,138	2,054,423	21,788,118	599,642	-	24,647,321
Disposals	-	-	-	(412,880)	(50,684)	-	(463,564)
Transfer	-	-	-	(164,404)	(87,985)	-	(252,389)
Reclassification	-	-	-	(186,061)	-	-	(186,061)
At 31 December 2014 and 1 January 2015	-	546,704	5,810,404	69,519,704	2,365,428	-	78,242,240
Charge for the year (Note 7)	-	205,139	2,109,352	17,935,477	609,043	-	20,859,011
Disposals	-	-	-	(479,916)	(12,142)	-	(492,058)
Write off	-	-	-	(34,635)	(13,363)	-	(47,998)
At 31 December 2015	-	751,843	7,919,756	86,940,630	2,948,966	-	98,561,195
Net carrying amount							
At 31 December 2014	5,186,536	15,848,102	58,865,258	76,448,927	4,058,108	446,144	160,853,075
At 31 December 2015	5,186,536	15,642,963	59,107,160	67,884,352	3,945,575	-	151,766,586

12. Property, plant and equipment (cont'd)

Assets held under the name of a joint venture company

Included in the carrying amount of motor vehicles is an amount of RM61,667 (2014: RM80,167) held under the name of a joint venture company.

Assets held under finance leases

During the financial year, the Group acquired property plant and equipment with an aggregate cost of RM180,000 (2014 : RM10,812,551) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM11,893,879 (2014 : RM18,283,222).

The carrying amount of property, plant and equipment held under finance leases at the reporting date were as follows:

	Group	
	2015 RM	**2014 RM**
Plant, machinery and motor vehicles	20,966,946	25,548,936

Leased assets are pledged as security for the related finance lease liabilities (Note 24).

Leasehold land is pledged as security for bank loans and borrowing (Note 24).

13. Investment properties

Freehold land and building, at cost

	Group	
	2015 RM	**2014 RM**
At 1 January/31 December	327,445	327,445

Fair value of the investment properties as at 31 December 2015 was RM578,000 (2014 : RM540,000).

14. Other investments

	Group	
	2015 RM	**2014 RM**
Club memberships, at cost		
At 1 January	90,000	90,000
Disposal	(15,000)	-
At 31 December	75,000	90,000

15. Investment in subsidiaries

	Company 2015 RM	Company 2014 RM
Unquoted shares, at cost	163,159,999	142,159,999

Details of the subsidiaries are as follows :

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2015	Proportion (%) of ownership interest 2014
Held by the Company:				
Kimlun Sdn. Bhd.	Malaysia	Building and infrastructure contractors	100	100
SPC Industries Sdn. Bhd.	Malaysia	Ready mix concrete production and manufacturing of pre-cast concrete products	100	100
Kimlun Land Sdn. Bhd.	Malaysia	Investment holding and property investment	100	100
KL Building Materials Sdn. Bhd.	Malaysia	Manufacturing and trading of all kinds of building and construction materials, and provision of quarry services and machinery rental services	100	-
I-Buildtech Solutions Pte Ltd *	Singapore	Provision of industrial building systems and the supply of construction and building materials	100	100
Held through Kimlun Land Sdn Bhd:				
Kimlun Medini Sdn. Bhd.	Malaysia	Property development and property investment	100	100
Kitaran Lintas Sdn. Bhd.	Malaysia	Property development and property investment	100	-

* Audited by a firm other than Ernst & Young

Allotment of shares

(i) During the financial year, the Company was allotted 20,000,000 ordinary shares of RM1 each by its subsidiary, Kimlun Land Sdn. Bhd.. The consideration of the shares allotted amounting to RM20,000,000 was fully satisfied by cash.

(ii) During the financial year, the Company incorporated a wholly-owned subsidiary in Malaysia under the name of KL Building Materials Sdn. Bhd.. A total of 1,000,000 ordinary shares of RM1 each were allotted to the Company. The consideration of the shares allotted amounting to RM1,000,000 was fully satisfied by cash.

16. Investment in a joint venture

	Group 2015 RM	Group 2014 RM
Unquoted shares, at cost	510,000	510,000
Share of post-acquisition reserves	9,582,381	2,914,998
	10,092,381	3,424,998
Represented by:		
Share of net assets	10,092,381	3,424,998

The joint venture company is Posh Atlantic Sdn. Bhd. which is 51% (2014: 51%) owned and incorporated in Malaysia. Its principal activities are property development and property investment. The accounting model applied is equity model.

The summarised financial information of the joint venture is as follows:

(i) Summarised statement of financial position

	2015 RM	2014 RM
Non-current assets	48,254	54,610
Current assets	94,455,383	63,503,275
Total assets	94,503,637	63,557,885
Current liabilities	71,755,735	36,963,761
Non-current liabilities	10,353	18,051,656
Total liabilities	71,766,088	55,015,417
Net assets	22,737,549	8,542,468
Interest in joint venture	51%	51%
Carrying value of Group's interest in a joint venture	11,596,149	4,356,658
Unrealised profit adjustments	(1,503,768)	(931,660)
	10,092,381	3,424,998

(ii) Summarised statement of comprehensive income

	2015 RM	2014 RM
Revenue	100,375,937	52,090,219
Profit before tax	19,114,283	11,015,648
Net profit and total comprehensive income for the year	14,195,081	8,342,641

17. Properties held for sale

	Group 2015 RM	Group 2014 RM
Cost:		
At 1 January	1,829,232	388,938
Additions	-	1,440,294
At 31 December	1,829,232	1,829,232

18. Land held for property development and property development costs

(a) Land held for property development

Group	Freehold land RM	Development costs RM	Total RM
At 1 January 2015	-	-	-
Additions	29,161,267	533,310	29,694,577
At 31 December 2015	29,161,267	533,310	29,694,577

(b) Property development costs

Group	Land and land lease cost RM	Development costs RM	Total RM
At 31 December 2015			
Cumulative property development costs			
At 1 January 2015	4,086,280	10,181,985	14,268,265
Costs incurred during the year	46,153,861	17,426,516	63,580,377
At 31 December 2015	50,240,141	27,608,501	77,848,642
Cumulative costs recognised in profit or loss			
At 1 January 2015	-	-	-
Recognised during the year	(460,516)	(3,978,824)	(4,439,340)
At 31 December 2015	(460,516)	(3,978,824)	(4,439,340)
Property development costs			
At 31 December 2015	49,779,625	23,629,677	73,409,302

18. Land held for property development and property development costs (cont'd)

(b) Property development costs (cont'd)

Group	**Land and land lease cost RM**	**Development costs RM**	**Total RM**
At 31 December 2014			
Cumulative property development costs			
At 1 January 2014	32,341,163	3,053,349	35,394,512
Costs incurred during the year	-	9,944,922	9,944,922
Disposal	(28,254,883)	(2,816,286)	(31,071,169)
At 31 December 2014	4,086,280	10,181,985	14,268,265

Included in land held for property development and property development costs incurred during the financial year are:

	2015 RM	**2014 RM**
Interest expenses (Note 6)	656,742	83,917

Certain of the land and the lease over land of the Group with an estimated aggregate carrying amount of RM78,732,656 (2014: Nil) are charged for bank borrowings as referred to in Note 24.

19. Inventories

	Group	
	2015 RM	**2014 RM**
Cost		
Raw materials	9,311,064	8,524,887
Finished goods	12,140,951	12,467,818
	21,452,015	20,992,705
Net realisable value		
Finished goods	3,952	126,131
	21,455,967	21,118,836

20 Trade and other receivables

	Group	
	2015	**2014**
	RM	**RM**
Trade receivables		
Third parties	362,555,659	273,895,234
Amount due from a joint venture	51,695,478	23,914,729
Amounts due from a company related to certain directors	12,067,805	25,803,196
	426,318,942	323,613,159
Less: Allowance for impairment		
- Third parties	(2,572,768)	(2,134,065)
Trade receivables, net	423,746,174	321,479,094
Other receivables		
Refundable deposit	6,703,741	15,312,543
Amount due from a joint venture	9,420,750	8,471,670
Sundry receivables	4,777,174	4,127,435
	20,901,665	27,911,648
Total trade and other receivables (current)	444,647,839	349,390,742
Add: Cash and bank balances (Note 23)	97,153,846	84,671,335
Total loans and receivables	541,801,685	434,062,077

	Company	
	2015	**2014**
	RM	**RM**
Other receivables		
Refundable deposit	4,500	4,500
Amount due from subsidiaries	63,949,035	51,336,249
	63,953,535	51,340,749
Total other receivables (current)	63,953,535	51,340,749
Add: Cash and bank balances (Note 23)	876,004	30,356,036
Total loans and receivables	64,829,539	81,696,785

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2014: 30 to 90 days) terms, although in practice, this may extend to 120 days. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original certificated or invoiced amounts which represent their fair values on initial recognition.

20. Trade and other receivables (cont'd)

Trade receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2015 RM	2014 RM
Neither past due nor impaired	354,313,774	268,749,613
1 to 30 days past due not impaired	26,070,753	4,921,339
31 to 60 days past due not impaired	8,996,608	1,943,840
61 to 90 days past due not impaired	9,191,588	1,379,983
91 to 120 days past due not impaired	7,066,752	682,565
More than 120 days past due not impaired	18,106,699	43,801,754
	69,432,400	52,729,481
Impaired	2,572,768	2,134,065
	426,318,942	323,613,159

Receivables that are neither past due nor impaired

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

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM69,432,400 (2014 : RM52,729,481) that are past due at the reporting date but not impaired and are not secured by any collateral or credit enhancements.

The management is confident that the balance of receivables that are past due but not impaired are recoverable as these accounts are still active.

20. Trade and other receivables (cont'd)

Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired	
	2015	**2014**
	RM	**RM**
Trade receivables - nominal amounts	2,572,768	2,134,065
Less: Allowance for impairment	(2,572,768)	(2,134,065)
	-	-

Movement in allowance accounts:		
At 1 January	2,134,065	254,503
Charge for the year (Note 7)	366,276	1,879,562
Translation difference	72,427	-
At 31 December	2,572,768	2,134,065

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Amounts due from a joint venture and subsidiaries (Other receivables)

Amounts due from a joint venture and subsidiaries are unsecured, interest bearing at 3.50% (2014 : 3.50%) per annum and are repayable on demand.

21. Other current assets

	Group	
	2015	**2014**
	RM	**RM**
Prepayments	2,439,661	2,670,057
Accrued billing from customers	53,867,071	61,667,110
Gross amount due from customers for contract work (Note 22)	84,051,301	184,779,195
	140,358,033	249,116,362

	Company	
	2015	**2014**
	RM	**RM**
Prepayments	21,175	13,350

22. Gross amount due from/(to) customers for contract work-in-progress

	Group	
	2015	**2014**
	RM	**RM**
Construction contract costs incurred to date	3,996,113,219	3,499,322,115
Attributable profits	569,093,038	507,841,442
	4,565,206,257	4,007,163,557
Less: Progress billings	(4,521,796,714)	(3,831,189,728)
	43,409,543	175,973,829
Presented as:		
Gross amount due from customers for contract work (Note 21)	84,051,301	184,779,195
Gross amount due to customers for contract work (Note 26)	(40,641,758)	(8,805,366)
	43,409,543	175,973,829
Retention sums on construction contract, included in trade receivables	166,636,470	140,178,344

The cost incurred to date on construction contracts include the following charges made during the financial year:

	Group	
	2015	**2014**
	RM	**RM**
Hire of plant and machinery	24,922,822	34,073,810
Depreciation of plant and equipment	10,396,789	9,515,373
Rental expense for land and building	297,273	269,180

23. Cash and bank balances

	Group	
	2015	**2014**
	RM	**RM**
Cash on hand and at banks	18,036,187	66,242,211
Short term deposits with licensed banks	79,117,659	18,429,124
Cash and bank balances	97,153,846	84,671,335

	Company	
	2015	**2014**
	RM	**RM**
Cash on hand and at banks	876,004	30,356,036

23. Cash and bank balances (cont'd)

Included in cash at banks of the Group are amounts of RM651,948 (2014 : RM493) held pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966 and therefore restricted from use on other operations.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between four days to three months (2014 : one to three months) depending on the immediate cash requirements of the Group and earn interests at respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2015 for the Group was 3.03% (2014 : 2.95%).

Short-term deposits with licensed banks of the Group amounting to RM15,611,292 (2014 : RM18,422,937) are pledged as securities for borrowings (Note 24).

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group	
	2015	**2014**
	RM	**RM**
Cash and bank balances	97,153,846	84,671,335
Less: Bank overdrafts (Note 24)	(13,842,663)	(6,597,571)
Cash and cash equivalents	83,311,183	78,073,764

24. Loans and borrowings

		Group	
	Maturity	**2015**	**2014**
		RM	**RM**
Current			
Secured:			
Bank overdrafts (Note 23)	On demand	13,842,663	6,597,571
Bankers' acceptances	2016	36,273,000	77,044,661
Term loans	2016	20,865,877	20,385,280
Obligations under finance leases (Note 32 (c))	2016	7,994,863	7,209,347
Invoice financing	2016	3,402,744	-
		82,379,147	111,236,859
Non-current			
Secured:			
Term loans	2017 - 2023	69,422,125	33,221,347
Obligations under finance leases (Note 32 (c))	2017 - 2020	11,170,059	16,560,500
		80,592,184	49,781,847
Total loans and borrowings		162,971,331	161,018,706

24. Loans and borrowings (cont'd)

The remaining maturities of the loans and borrowings as at 31 December are as follows:

	Group	
	2015	**2014**
	RM	**RM**
On demand or within one year	82,379,147	111,236,859
More than 1 year and less than 2 years	18,418,082	20,306,494
More than 2 years and less than 5 years	45,116,885	28,613,975
5 years and more	17,057,217	861,378
	162,971,331	161,018,706

Obligations under finance leases

These obligations are secured by a pledge over the leased assets (Note 12). The discount rate implicit in the leases is between 2.32% to 4.50% (2014 : 2.32% to 4.20%) per annum.

Bank overdrafts, bankers' acceptance, term loans and invoice financing

The interest rate at the reporting date were as follows:

	Group	
	2015	**2014**
	%	**%**
Bank overdrafts	5.35 to 8.35	5.35 to 8.35
Bankers' acceptances	4.03 to 4.85	4.20 to 5.22
Term loans	4.85 to 7.60	4.85 to 7.60
Invoice financing	7.85	-

The bank overdrafts, bankers' acceptance, term loans and invoice financing together with bank guarantee facilities are secured by:

(a) First party first legal charge over a parcel of leasehold land as disclosed in Note 12;
(b) First party first legal charge over certain land and lease over land under development as disclosed in Note 18;
(c) Short term deposits pledged as disclosed in Note 23;
(d) Corporate guarantee by the Company.

25. Trade and other payables

	Group	
	2015	2014
	RM	RM
Trade payables		
Third parties	234,880,946	244,901,476
Amount due to company related to certain directors	4,632,104	4,662,079
	239,513,050	249,563,555
Other payables		
Accrued operating expenses	31,084,079	22,714,055
Other payables	17,059,165	21,669,870
Amount due to company related to certain directors	4,700	-
Deposits payable	15,621,059	21,038,028
	63,769,003	65,421,953
Total trade and other payables	303,282,053	314,985,508
Add: Loans and borrowings (Note 24)	162,971,331	161,018,706
Total financial liabilities carried at amortised cost	466,253,384	476,004,214

	Company	
	2015	2014
	RM	RM
Other payables		
Accrued operating expenses	42,004	34,879
Other payables	4,730	5,900
Amount due to subsidiaries	459,208	5,216
Total financial liabilities carried at amortised cost	505,942	45,995

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2014: 30 to 90 days) terms.

(b) Other payables

These amounts are non-interest bearing.

(c) Amount due to subsidiaries and a company related to certain directors

These amounts are unsecured, non-interest bearing and are repayable on demand.

26. Other current liability

	Group 2015 RM	Group 2014 RM
Gross amount due to customers for contract work (Note 22)	40,641,758	8,805,366

27. Deferred tax assets

Deferred tax (assets)/liabilities as at 31 December relates to the following:

Group	As at 1 January 2014 RM	Recognised in profit or loss (Note 10) RM	As at 31 December 2014 RM	Recognised in profit or loss (Note 10) RM	As at 31 December 2015 RM
Deferred tax liabilities of the Group:					
Property, plant and equipment	6,842,989	(800,533)	6,042,456	227,533	6,269,989
Others	493,000	(493,000)	-	1,263,000	1,263,000
	7,335,989	(1,293,533)	6,042,456	1,490,533	7,532,989
Deferred tax assets of the Group:					
Unutilised tax credits	(11,873,832)	234,141	(11,639,691)	1,504,609	(10,135,082)
Others	(8,529)	(187,469)	(195,998)	(76,032)	(272,030)
	(11,882,361)	46,672	(11,835,689)	1,428,577	(10,407,112)
	(4,546,372)	(1,246,861)	(5,793,233)	2,919,110	(2,874,123)

	Group 2015 RM	Group 2014 RM
Deferred tax assets	(10,407,112)	(11,835,689)
Deferred tax liabilities	7,532,989	6,042,456
	(2,874,123)	(5,793,233)

28. Share capital, share premium and treasury shares

Group and Company	Number of ordinary shares of RM0.50 each: Share capital (Issued and fully paid)	Number of ordinary shares of RM0.50 each: Treasury shares	Amount: Share capital (Issued and fully paid) RM	Amount: Share premium RM	Amount: Treasury shares RM	Amount: Total RM
At 1 January 2014	240,450,000	-	120,225,000	37,797,764	-	158,022,764
Issuance of right issue shares	60,112,500	-	30,056,250	1,202,250	-	31,258,500
Share issue expense	-	-	-	(1,205,476)	-	(1,205,476)
Purchase of treasury shares	-	10,000	-	-	(12,189)	(12,189)
At 31 December 2014	300,562,500	10,000	150,281,250	37,794,538	(12,189)	188,063,599
Purchase of treasury shares	-	10,000	-	-	(11,585)	(11,585)
At 31 December 2015	300,562,500	20,000	150,281,250	37,794,538	(23,774)	188,052,014

Authorised share capital	Number of ordinary shares of RM0.50 each 2015	Number of ordinary shares of RM0.50 each 2014	Amount 2015 RM	Amount 2014 RM
At 1 January and 31 December	1,000,000,000	1,000,000,000	500,000,000	500,000,000

(a) Share capital

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares.

The Company acquired 10,000 (2014 : 10,000) shares in the Company through purchase during the financial year. The total amount paid to acquire the shares was RM11,585 (2014 : RM12,189). The shares purchased are being held as treasury shares and this is presented as a component within shareholders' equity.

The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the share purchase plan can be applied in the best interests of the Company and its shareholders.

29. Retained earnings

The entire retained earnings of the Company as at 31 December 2015 and 2014 may be distributed as dividends under single tier system.

30. Other reserves

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Non-distributable				
Foreign currency translation reserve	(44,796)	702	-	-
Warrant reserve	34,865,250	34,865,250	34,865,250	34,865,250
	34,820,454	34,865,952	34,865,250	34,865,250

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from that of the Group's presentation currency.

(b) Warrant reserve

A total of 60,112,500 free warrants was issued by the Company in conjuction with the Right Shares issued on 13 March 2014. Each warrant entitles the holder to subscribe for 1 new share at the exercise price of RM1.68 per share at any time during the exercise period. The warrants have an exercise period of 10 years commencing 13 March 2014 and expiring on 12 March 2024.

31. Related party disclosures

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year :

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Purchase of raw materials from company related to certain directors	12,736,348	9,921,716	-	-
Contract fee receivable from company related to certain directors	48,979,809	76,154,374	-	-
Contract fee receivable from a joint venture	63,355,343	37,665,057	-	-
Rental of land and building paid to companies related to certain directors	1,076,005	968,111	-	-
Interest income received from subsidiaries	-	-	2,163,422	2,811,143
Dividend income received from subsidiaries	-	-	14,136,000	8,100,000

Companies related to certain directors

These entities are subject to the same source of influence as the Company through common directors.

31. Related party disclosures (cont'd)

Compensation of key management personnel

The remuneration of key management personnel during the year are as follow:

	2015 RM	2014 RM
Salaries, bonus and other emoluments	6,023,510	4,080,000
Defined contribution plan	859,904	490,500
Other short term benefits	93,728	106,595
	6,977,142	4,677,095

32. Commitments

(a) Capital commitments

	Group	
	2015 RM	2014 RM
Capital commitments as at the reporting date are as follows:		
Approved and contracted for :		
Property, plant and equipment	1,252,465	1,747,152
Property held for sale	2,430,000	-
	3,682,465	1,747,152

(b) Operating lease commitment - as lessee

Minimum lease payments recognised in profit or loss for the financial year ended 31 December 2015 amounted to RM2,715,294 (2014 : RM2,453,071).

(c) Finance lease commitments

The Group has finance leases for certain items of plant and equipment (Note 12).

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2015 RM	2014 RM
Minimum lease payments:		
Not later than 1 year	8,881,986	8,403,264
Later than 1 year but not later than 2 years	6,696,404	8,171,753
Later than 2 years but not later than 5 years	5,060,597	8,715,850
More than 5 years	59,978	872,860
Total minimum lease payments	20,698,965	26,163,727
Less: Amounts representing finance charges	(1,534,043)	(2,393,880)
Present value of minimum lease payments	19,164,922	23,769,847

32. Commitments (cont'd)

(c) Finance lease commitments (cont'd)

	Group 2015 RM	Group 2014 RM
Present value of payments:		
Not later than 1 year	7,994,863	7,209,347
Later than 1 year but not later than 2 years	6,258,092	7,428,824
Later than 2 years but not later than 5 years	4,852,250	8,270,298
More than 5 years	59,717	861,378
Present value of minimum lease payments	19,164,922	23,769,847
Less: Amount due within 12 months (Note 24)	(7,994,863)	(7,209,347)
Amount due after 12 months (Note 24)	11,170,059	16,560,500

33. Fair value

(a) Fair value of assets that are disclosed at fair value

The following table shows an analysis of asset disclosed at fair value by level of fair value hierarchy:

Group

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2015				
Financial asset:				
Investment properties	-	-	578,000	578,000
2014				
Financial asset:				
Investment properties	-	-	540,000	540,000

The fair value of investment property is determined by the Directors based on estimated current price in an active market.

(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	20
Cash and bank balances (current)	23
Loans and borrowings (current)	24
Loans and borrowings (non-current)	24
Trade and other payables (current)	25

33. Fair value (cont'd)

(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (cont'd)

The carrying amounts of these financial assets and liabilities of the Group and of the Company at the reporting date approximate fair values due to the relatively short term maturity of these financial instruments whilst the carrying value of long term borrowings is estimated to be approximate the fair value estimated based on the current rates available for borrowing with the same maturity profile.

Fair value of retention sums on construction contract are estimated by discounting expected future cash flows at market incremental lending rate at the reporting date.

<u>Guarantees</u>

The fair value of the guarantees provided by the Company in connection with credit facilities, construction contracts and development agreement granted to its subsidiaries is estimated to be minimal as the chances of the financial institutions and third parties to call upon the guarantees are not probable.

34. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors approves and reviews policies and procedures for the management of these risks, which are executed by the Management. The audit committee provides independent oversight to the effectiveness of the risk management process.

The Group and the Company do not undertake any trading of derivative financial instruments.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company minimise and monitor its credit risk by strictly limiting the Group's and Company's associations to business partners with high credit worthiness. Receivable balances are monitored on an ongoing basis.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the statements of financial position.
- an amount of RM511,749,835 (2014 : RM680,267,020) relating to corporate guarantees provided by the Company to several financial institutions for its subsidiaries' credit facilities, and to third parties for the credit facilities granted by suppliers and the subsidiaries' performance in construction contracts.

34. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group and the Company do not have any significant exposure to any individual customers or counterparties nor does it have any major concentration of credit risk related to any financial instruments.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To ensure continuity of funding, the Group's and the Company's policy is to manage the debt maturity profile, operating cash flows and the availability of funding to support the operating cycle of the business.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

31.12.2015 Group	**On demand or within one year RM**	**One to five years RM**	**More than five years RM**	**Total RM**
Financial liabilities:				
Trade and other payables	303,282,053	-	-	303,282,053
Loans and borrowings	83,266,270	64,181,626	17,057,478	164,505,374
Total undiscounted financial liabilities	386,548,323	64,181,626	17,057,478	467,787,427
Company				
Financial liabilities:				
Other payables	505,942	-	-	505,942
Total undiscounted financial liabilities	505,942	-	-	505,942

34. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

31.12.2014 **Group**	**On demand or within one year** **RM**	**One to five years** **RM**	**More than five years** **RM**	**Total** **RM**
Financial liabilities:				
Trade and other payables	314,985,508	-	-	314,985,508
Loans and borrowings	112,430,776	50,108,950	872,860	163,412,586
Total undiscounted financial liabilities	427,416,284	50,108,950	872,860	478,398,094
Company				
Financial liabilities:				
Other payables	45,995	-	-	45,995
Total undiscounted financial liabilities	45,995	-	-	45,995

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company’s financial instruments will fluctuate because of changes in market interest rates.

The Group’s primary interest rate risk relates to interest-bearing borrowings. The investments in financial assets including fixed deposits are mainly short term in nature and they are not held for speculative purposes.

The Group manages its interest rate exposure by using a mix of fixed and floating rate debts and actively reviewing its debt portfolio, taking into account the investment holding period and nature of its assets.

The Group does not expect any material effect on the Group's profit net of tax, asset and equity arising from the effect of reasonably possible changes to interest rates on interest- bearing financial instruments at the end of the reporting period.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group's entities. The foreign currencies in which these transactions are denominated are mainly Singapore Dollar (“SGD”), United States Dollar ("USD") and Euro (“EUR”). The Group did not enter into any forward currency contracts during the financial years ended 31 December 2015 and 2014 respectively.

The Group is also exposed to currency translation risk arising from its investments in foreign operation in Singapore. The Group's net investments in Singapore is not hedged as currency positions in SGD is considered to be long-term in nature.

The Group does not expect any material effect on the Group’s profit net of tax and equity arising from the effect of reasonably possible changes to foreign currency exchange rates at the end of the reporting period.

35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings less cash and bank balances whereas total capital comprises equity attributable to owners of the Company.

The gearing ratios as at 31 December 2015 and 2014 are as follows :

	Note	2015 RM	2014 RM
Group			
Loans and borrowings	24	162,971,331	161,018,706
Less: Cash and bank balances	23	(97,153,846)	(84,671,335)
Net debt		65,817,485	76,347,371
Equity attributable to the owners of the parent, representing total capital		459,740,321	400,516,424
Capital and net debt		525,557,806	476,863,795
Gearing ratio		13%	16%

36. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) Construction

(ii) Manufacturing and trading of construction materials and provision of quarry services

(iii) Investment

(iv) Property development

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

36. Segment Information (cont'd)

At 31 December 2015	Construction RM	Manufacturing RM	Investment RM	Property development RM	Eliminations RM	Consolidation RM
Revenue:						
External customers	856,480,947	191,865,812	252,212	5,040,771	-	1,053,639,742
Inter-segment	17,425,357	5,568,027	16,299,422	-	(39,292,806)	-
Total revenue	873,906,304	197,433,839	16,551,634	5 ,040,771	(39,292,806)	1,053,639,742
Results:						
Segment results	72,191,272	53,814,743	16,551,634	652,023	(20,265,391)	122,944,281
Other operating income						10,003,079
Administration expenses						(39,307,354)
Finance costs						(9,454,618)
Share of profit of a joint venture						9,176,176
						93,361,564
Income tax expense						(22,659,589)
Net profit for the year						70,701,975
Assets:						
Segment assets	589,424,009	264,684,434	228,010,713	137,833,272	(246,268,097)	973,684,331
Liabilities:						
Segment liabilities	3 28,919,791	1 66,224,860	695,758	94,346,674	(76,243,073)	513,944,010
At 31 December 2014						
Revenue:						
External customers	967,195,134	192,468,081	273,205	46,462,348	-	1,206,398,768
Inter-segment	6,798,678	9,833,796	10,911,143	-	(27,543,617)	-
Total revenue	973,993,812	202,301,877	11,184,348	46,462,348	(27,543,617)	1,206,398,768
Results:						
Segment results	55,197,513	32,314,695	11,184,348	15,444,920	(11,524,347)	102,617,129
Other operating income						8,068,815
Administration expenses						(43,564,649)
Finance costs						(11,967,949)
Share of profit of a joint venture						4,686,320
						59,839,666
Income tax expense						(15,241,529)
Net profit for the year						44,598,137
Assets:						
Segment assets	570,862,260	255,537,732	223,870,134	42,550,822	(201,937,425)	890,883,523
Liabilities:						
Segment liabilities	337,852,666	184,390,232	322,245	25,003,660	(57,201,704)	490,367,099

37. Dividends

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Recognised during the financial year:				
Dividends on ordinary shares:				
- Final (single tier) dividend for 2014: 3.80 sen (2013: 3.00 sen) per share	11,420,995	9,016,875	11,420,995	9,016,875

At the forthcoming Annual General Meeting, a final (single-tier) dividend in respect of the financial year ended 31 December 2015, of 5.80 sen per ordinary share will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

38. Significant events during the financial year

(a) Lease Purchase Agreement ("LPA") for acquisition of land

On 28 March 2013, Kimlun Medini Sdn. Bhd., a subsidiary of the Company, entered into a LPA with a third party to acquire a 99-years lease over two contiguous parcels of freehold land for a cash consideration of RM31,056,771. The acqusition of the lease over one of the parcels of land was completed on 25 March 2015, while the acquisition of the lease over the remaining parcel of land has yet to be completed as at the date of this report.

(b) Sale and Purchase Agreement ("SPA") for acquisition of land

On 5 March 2014, Kimlun Land Sdn. Bhd., a subsidiary of the Company, entered into a SPA with a third party to acquire forty one (41) 99-year leasehold vacant detached lots on en bloc basis for a cash consideration of RM28,987,432. The SPA was completed on 4 November 2015.

(c) Sale and Purchase Agreement ("SPA") for acquisition of land

On 13 May 2015, Kitaran Lintas Sdn. Bhd., a subsidiary of the Company, entered into a SPA with a thrid party to acquire twenty nine (29) parcels of freehold land for a cash consideration of RM28,300,000. The SPA was completed on 12 October 2015.

39. Events ocurring after the financial year

(a) On 15 January 2016, KL Building Material Sdn. Bhd., a subsidiary of the Company:

(i) acquired one ordinary share of RM1 each in Rock Projects Sdn. Bhd. (“RPSB Share(s)”) from a third party for a total cash consideration of RM1 (“Acquisition”); and

(ii) subscribed for additional 1,019,999 new RPSB Shares at par for cash (“the Subscription”)

Upon the completion of the Acquisition and the Subscription, RPSB becomes 51% owned by KL Building Materials Sdn. Bhd.. RPSB’s principal activity is general traders and manufacturers.

(b) On 10 March 2016, Lebuhraya Borneo Utara Sdn Bhd (“Awarder”) awarded the contract for the Proposed Development and Upgrading of the Pan Borneo Highway in the State of Sarawak – Serian Round About to Pantu Junction (“Project”) to a joint venture company ("JVC") to be established between Kimlun Sdn Bhd, a subsidiary of the Company, and Zecon Berhad. Upon the due incorporation of the JVC, the JVC will enter into a contract with the Awarder on the Project.

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 30 March 2016.

41. Supplementary information - Breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 December 2015 and 2014 into realised and unrealised profits 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 Profits 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	**2014 RM**	**2015 RM**	**2014 RM**
Total retained profits				
- Realised	232,129,989	172,336,169	4,397,691	619,040
- Unrealised	11,253,015	7,476,173	-	-
	243,383,004	179,812,342	4,397,691	619,040
Less: Consolidation adjustments	(6,515,151)	(2,225,469)	-	-
Retained earnings as per financial statements	236,867,853	177,586,873	4,397,691	619,040

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2016

Authorised Share Capital	: RM500,000,000.00
Issued and Fully Paid Up Capital	: RM150,281,250.00
Class of shares	: Ordinary shares of RM0.50 each
Voting rights	: One vote per ordinary share

Distribution of Shareholdings (As per Record of Depositors)

Size of Shareholdings	No. of shareholders	% of Shareholders	No. of shares*	% of Issued Capital
1 - 99	48	1.124	1,712	0.000
100 - 1,000	487	11.405	328,904	0.109
1,001 - 10,000	2,597	60.819	13,070,077	4.348
10,001 - 100,000	995	23.302	28,306,320	9.418
100,001 – 15,027,124 **	140	3.278	139,081,087	46.276
15,027,125 and above ***	3	0.070	119,754,400	39.846
Total	4,270	100.000	300,542,500	100.000

* excluding 20,000 shares bought back and retained by the Company as treasury shares
** less than 5% of issued shares
*** 5% and above of issued shares

Substantial Shareholders
(As per Register of Substantial Shareholders)

Name of Shareholders	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
1. Phin Sdn Bhd	108,794,700	36.199	-	-
2. Pang Khang Hau	17,559,700	5.842	-	-
3. Pang Tin @ Pang Yon Tin	15,589,000	5.187	115,869,400	38.553

Directors' Shareholdings (As per Register of Directors' Shareholdings)

Name of Directors	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
1. Pang Khang Hau	17,559,700	5.842	-	-
2. Pang Tin @ Pang Yon Tin	15,589,000^	5.187	115,869,400	38.553
3. Sim Tian Liang	8,162,500@	2.716	-	-
4. Chin Lian Hing	7,910,400+	2.632	-	-
5. Yam Tai Fong	8,100,600#	2.695	-	-
6. Kek Chin Wu	378,500	0.126	-	-
7. Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	63,000	0.021	-	-
8. Chua Kee Yat @ Koo Kee Yat	37,800	0.013	-	-

Note :-
^ Includes 14,300,000 shares held in bare trust by EB Nominees (Tempatan) Sdn. Bhd.
@ Includes 2,375,000, 1,697,500, 1,500,000 and 1,000,000 shares held in bare trust by Amsec Nominees (Tempatan) Sdn Bhd, Alliancegroup Nominees (Tempatan) Sdn Bhd, Tasec Nominees (Tempatan) Sdn Bhd and TA Nominees (Tempatan) Sdn Bhd respectively.
+ Includes 420,000 shares held in bare trust by Alliancegroup Nominees (Tempatan) Sdn Bhd.
# Includes 2,500,000 shares held in bare trust by TA Nominees (Tempatan) Sdn Bhd.

Thirty Largest Shareholders (As per Record of Depositors)

	Name of shareholders	No. of Shares Held	% of Issued Capital
1.	Phin Sdn Bhd	69,774,700	23.216
2.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - AmBank (M) Berhad for Phin Sdn Bhd	32,420,000	10.787
3.	Pang Khang Hau	17,559,700	5.842
4.	Phang Piow @ Pang Choo Ing	14,641,000	4.871
5.	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pang Tin @ Pang Yon Tin (JBU)	14,300,000	4.758
6.	Chin Lian Hing	7,490,400	2.492
7.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Phin Sdn Bhd (PB)	6,600,000	2.196
8.	Yam Tai Fong	5,600,600	1.863
9.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 1)	5,541,968	1.843
10.	Loh Oi Yoke	4,341,300	1.444
11.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 12)	3,565,900	1.186
12.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad – Kenanga Growth Fund	3,561,200	1.184
13.	Leong Choon Thye	3,266,000	1.086
14.	Wang Ah Yu	3,026,700	1.007
15.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	2,640,000	0.878
16.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yam Tai Fong	2,500,000	0.831
17.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sim Tian Liang	2,375,000	0.790
18.	Lew Kim Bock	2,319,100	0.771
19.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	2,173,000	0.723
20.	Jony Raw @ Raw Jony	2,020,000	0.672
21.	Pang Koi Moy	2,002,230	0.666
22.	Sunny Pang Yi Lin	1,902,800	0.633

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2016

Thirty Largest Shareholders (As per Record of Depositors) (cont'd)

	Name of shareholders	No. of Shares Held	% of Issued Capital
23.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 14)	1,776,100	0.590
24.	Pang Chew Ngo	1,742,200	0.579
25.	Pang Yili	1,703,500	0.566
26.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sim Tian Liang (8122016)	1,697,500	0.564
27.	Sim Tian Liang	1,590,000	0.529
28.	Tasec Nominees (Tempatan) Sdn Bhd TA Capital Sdn Bhd for Sim Tian Liang	1,500,000	0.499
29.	Pang Tin @ Pang Yon Tin	1,289,000	0.428
30.	Citigroup Nominees (Asing) Sdn Bhd CEP for Manulife Global Fund-Asian Small Cap Equity Fund	1,212,800	0.403
	Total	222,132,698	73.910

The thirty largest shareholders refer to the thirty securities account holders having the largest number of securities according to the Record of Depositors (without aggregating the shares from different securities accounts belonging to the same depositor).

ANALYSIS OF WARRANT HOLDINGS

as at 31 March 2016

No. of Warrants in issue	: 60,112,500
No. of Warrant Holders	: 1,784
Exercise Price per Warrant	: RM1.68
Exercise Period	: 13 March 2014 to 12 March 2024
Exercise Rights	: Each warrant entitles the holder to subscribe for one new ordinary share of RM0.50 each
Voting rights at Meetings of Warrant Holders	: One vote per warrant

Distribution of Warrant Holdings (As per Record of Depositors)

Size of Holdings	No. of Holders	% of holders	No. of Warrants	% of Warrants
1 - 99	39	2.186	1,873	0.003
100 - 1,000	538	30.156	306,702	0.510
1,001 - 10,000	858	48.094	3,430,985	5.707
10,001 - 100,000	301	16.872	10,044,555	16.709
100,001 – 3,005,624 *	45	2.522	17,711,685	29.464
3,005,625 and above **	3	0.168	28,616,700	47.605
Total	1,784	100.000	60,112,500	100.000

* less than 5% of issued warrants
** 5% and above of issued warrants

Directors' Warrant Holdings (As per Register of Directors' Warrant Holdings)

	Direct Interest		Indirect Interest	
Name of Directors	**No. of Warrants**	**%**	**No. of Warrants**	**%**
1. Pang Khang Hau	3,641,900	6.058	-	-
2. Pang Tin @ Pang Yon Tin	2,928,100	4.871	23,119,900	38.461
3. Sim Tian Liang	100,000[@]	0.166	-	-
4. Chin Lian Hing	-	-	-	-
5. Yam Tai Fong	450,000[#]	0.748	-	-
6. Kek Chin Wu	78,500	0.131	-	-
7. Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	13,000	0.022	-	-
8. Chua Kee Yat @ Koo Kee Yat	7,800	0.013	-	-

Note :-

[@] Held in bare trust by Alliancegroup Nominees (Tempatan) Sdn Bhd.
[#] Held in bare trust by TA Nominees (Tempatan) Sdn Bhd.

ANALYSIS OF WARRANT HOLDINGS

as at 31 March 2016

Thirty Largest Warrant holders (As per Record of Depositors)

	Name of warrant holders	No. of Warrants Held	% of Issued Warrants
1.	Phin Sdn Bhd	21,652,100	36.019
2.	Pang Khang Hau	3,641,900	6.058
3.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	3,322,700	5.527
4.	Pang Tin @ Pang Yon Tin	2,928,100	4.871
5.	Phang Piow @ Pang Choo Ing	2,579,200	4.290
6.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Lian Hock (E-SPI)	817,200	1.359
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Kim Bock (8122057)	704,775	1.172
8.	Wang Ah Yu	627,800	1.044
9.	Ter Leong Swee	539,500	0.897
10.	Liew Nyuk Ngo	512,300	0.852
11.	MayBank Nominees (Tempatan) Sdn Bhd Pledged Securties Account for Tam Kian Kwang	498,200	0.828
12.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 1)	454,250	0.755
13.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yam Tai Fong	450,000	0.748
14.	Sunny Pang Yi Lin	394,800	0.656
15.	Chua Sui Keng	384,100	0.638
16.	Lim Sai Choo	381,300	0.634
17.	Pang Yili	353,500	0.588
18.	Chin Ah Fee @ Chan Yok Ying	350,000	0.582
19.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Seng Lee	350,000	0.582
20.	Yeo Eng Chong @ Yeo Yong Chong	350,000	0.582
21.	MayBank Nominees (Tempatan) Sdn Bhd Ng Chee Wai	285,100	0.474
22.	Ng Boon Seong	260,000	0.432
23.	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Yee Ping (Greentown-CL)	250,000	0.415

Thirty Largest Warrant holders (As per Record of Depositors) (cont'd)

	Name of warrant holders	No. of Warrants Held	% of Issued Warrants
24.	Boo Nyuk Lien	226,000	0.375
25.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Chong Chon Shung (MQ0321)	224,700	0.373
26.	RHB Nominees (Asing) Sdn Bhd Pledged Securities Account for Tan Lee Gek	205,500	0.341
27.	Pang Koi Moy	200,030	0.332
28.	Chan Hing	200,000	0.332
29.	Leong Nyu Kuan	200,000	0.332
30.	MayBank Nominees (Tempatan) Sdn Bhd Pledged Securties Account for Yeap Soon Aik	200,000	0.332
	Total	43,543,055	72.435

The thirty largest warrant holders refer to the thirty securities account holders having the largest number of securities according to the Record of Depositors (without aggregating the warrants from different securities accounts belonging to the same depositor).

LIST OF PROPERTIES

held by the group as at 31 December 2015

No	Address/Location	Description and existing use	Date of Acquisition[e]	Tenure of Land (years)	Land area (sq. ft.)	Built-up area (sq. ft.)	Age of Building	Net book value (RM)
1.	#G-02, Pangsapuri Lagenda Tasik, Jalan Padi Makmur, Taman Suria Muafakat, 81200 Johor Bahru	Service Apartment Unit	12/04/2012	Leasehold (99 years expiring on 23/5/2105)	Not applicable [a]	1,501	6	388,938
2.	PTD 90544, HS(M) 1203, Mukim Kulai, District of Kulai Jaya, Johor	Factory and office buildings	02/09/2002 [b]	Freehold	605,457	349,268	14	23,207,697
3.	Lot 2689, Mukim Kulai, District of Kulai Jaya, Johor	Factory building	29/11/ 2010	Not applicable [c]	274,689	113,168	5	6,204,594 [d]
4.	PN45839 Lot No.2, Pekan Sungai Gadut, District of Seremban , Sembilan	Factory and office buildings	26/01/2012	Leasehold (99 years expiring on 08/12/2091)	5,665,041	242,175	3	51,206,834
5.	Geran 169505, Lot 33072 (previously HSD 7107 PT 12132), Mukim Dengkil, Daerah Sepang, Negeri Selangor	Development land currently under development	28/1/2011	Freehold	215,622	Not Applicable	Not Applicable	162,547,222
6.	HS(M) 6581 to HS(M)6711, PTD13047 to PTD 13177, Mukim Jeram Batu, District of Pontian, Johor	Development land currently under development	22/9/2011	Freehold	222,346	Not Applicable	Not Applicable	28,868,914
7.	No.6, Jalan Sentral 1, Taman Nusa Sentral, 79100 Nusajaya	Triple storey shop office	25/6/2014	Freehold	1,650	3,299	2	1,440,294
8.	HS(D)478917, PTD170709, Mukim Pulai, Daerah Johor Baharu, Negeri Johor	Lease over vacant commercial land	28/3/2013	Land lease over freehold commercial land expiring 31 July 2113	110,642	Not Applicable	Not Applicable	21,263,553

No	Address/Location	Description and existing use	Date of Acquisition[(e)]	Tenure of Land (years)	Land area (sq. ft.)	Built-up area (sq. ft.)	Age of Building	Net book value (RM)
9.	HS(M)3416 to HS(M)3423 (PT7109 to PT7116) and HS(M)3539 to HS(M)3571 (PT7232 to PT7264), Seksyen U10 Shah Alam, Mukim Bukit Raja, Daerah Petaling, Negeri Selangor	Vacant bungalow land	5/3/2014	Leasehold (99 years expiring on 27 January 2103)	386,499	Not Applicable	Not Applicable	29,892,229
10.	Lot 3766 to Lot 3775, Lot 3787 to Lot 3795, Lot 3807 to Lot 3814, Lot 4393 and Lot 3833, Mukim Kota Tinggi, Daerah Kota Tinggi, Negeri Johor	Agriculture land	13/5/2015	Freehold	6,134,816	Not Applicable	Not Applicable	29,762,932

Notes :

(a) Based on strata title, thus no land area available.
(b) This being the acquisition date of the factory building. The acquisition of the freehold land on which the buildings were erected thereon was completed on 27 October 2010.
(c) Tenure of land is not applicable as the building is sited on rented land.
(d) The Net Book Value is in relation to the building only.
(e) Date of acquisition stated herein refers to the date of the respective sale & purchase agreement.

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 7th Annual General Meeting ("AGM") of the Company will be held at Rafflesia 1 & 2, Lower Ground Floor 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 24 June 2016 at 3.00 p.m. to transact the following business:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 2)**

2. To re-elect the following Directors who retire pursuant to Article 86 of the Company's Articles of Association:-

   i) Sim Tian Liang **(Resolution 1)**
   ii) Pang Khang Hau **(Resolution 2)**
   iii) Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat **(Resolution 3)**

3. To declare a final single tier dividend of 5.8 sen per ordinary share for the financial year ended 31 December 2015. **(Resolution 4)**

4. To approve the payment of Directors' fees for the financial year ending 31 December 2016. **(Resolution 5)**

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

Special Business

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary/Special Resolutions of the Company:-

6. **ORDINARY RESOLUTION I** **(Resolution 7)**
   AUTHORITY TO ISSUE SHARES

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next AGM of the Company unless revoked or varied by the Company at a general meeting."

7. **ORDINARY RESOLUTION II** **(Resolution 8)**
   PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR THE COMPANY AND/OR ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH RELATED PARTIES ("RRPT MANDATE")

   "THAT pursuant to Paragraph 10.09 Part E of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements"), the Company and its subsidiaries ("KLCB Group") be and are hereby authorised to enter into any of the recurrent transactions of a revenue or trading nature as set out in Section 2.2 of the Circular to Shareholders of the Company dated 29 April 2016 with the related parties mentioned therein which are necessary for the KLCB Group's day-to-day operations, provided that the transactions are in the ordinary course of business, on normal commercial terms and on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company;

AND THAT such approval shall continue to be in force until:-

(i) the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever is earlier;

AND THAT the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things as they may deemed fit and expedient in the interest of the Company to give full effect to the RRPT Mandate."

8. **ORDINARY RESOLUTION III** **(Resolution 9)**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR THE AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PER CENT (10%) OF THE ISSUED AND PAID-UP SHARE CAPITAL ("SBB MANDATE")

"THAT subject to compliance with the Act, the Memorandum and Articles of Association of the Company, the Listing Requirements and all other applicable laws, regulations and guidelines, the Company be and is hereby authorised to allocate an amount not exceeding the total of audited share premium reserve and retained profit of the Company for the purpose of purchasing such amount of ordinary shares of RM0.50 each ("KLCB Shares") in the Company ("SBB Mandate") as may be determined by the Directors of the Company provided that the aggregate number of KLCB Shares purchased pursuant to this resolution does not exceed ten per cent (10%) of the total issued and paid-up capital of the Company at any point of time;

THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to deal with the KLCB Shares in the following manner:-

i) to cancel the KLCB Shares so purchased; or
ii) to retain the KLCB Shares so purchased as treasury shares for distribution as dividends to shareholders and/or resell through Bursa Securities in accordance with the relevant rules of Bursa Securities; or
iii) combination of (i) and (ii) above;

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

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

i) the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever is earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things as they may deemed fit and expedient in the interest of the Company to give full effect to the SBB Mandate."

9. **SPECIAL RESOLUTION** **(Resolution 10)**
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

"THAT the amendments to the Company's Articles of Association as set out in Appendix I be and is hereby approved and adopted.

AND THAT the Directors of the Company be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities."

10. To consider any other business of which due notice shall be given in accordance with the Companies Act, 1965.

By Order of the Board

TAY LEE SHYA (MIA 16982)
WONG PEIR CHYUN (MAICSA 7018710)
YENG SHI MEI (MAICSA 7059759)

Company Secretaries
Kuala Lumpur

29 April 2016

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Seventh AGM of the Company, a final single tier dividend of 5.8 sen per ordinary share in respect of the financial year ended 31 December 2015 will be payable to shareholders of the Company on 18 August 2016. The entitlement date for the said dividend shall be 19 July 2016.

A depositor shall qualify for entitlement to the dividend only in respect of:

a) shares transferred to the depositor's securities account before 4.00 p.m. on 19 July 2016 in respect of transfers; and

b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TAY LEE SHYA (MIA 16982)
WONG PEIR CHYUN (MAICSA 7018710)
YENG SHI MEI (MAICSA 7059759)

Company Secretaries
Kuala Lumpur

29 April 2016

NOTES:-

1. **Appointment of Proxy**

   (a) A member entitled to attend and vote at the Meeting is entitled to appoint proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

   (b) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's Seal or under the hand of an officer or attorney duly authorised.

   (c) A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meetings, and that appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

   (d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), 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 said securities account.

   (e) Where a member of the company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the company for multiple beneficial owners in one 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.

   (f) Where the authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

   (g) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the share registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

   (h) Only the members whose names appear on the Record of Depositors as at 17 June 2016 shall be entitled to attend and vote at this meeting or appoint proxy (proxies) to attend and vote on their behalf.

2. **Audited Financial Statements for the financial year ended 31 December 2015**

   The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of the shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders.

3. **Resolution 3 – Re-election of Director**

   The Board had carried out assessment on the independence of Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat, the Independent Director who is standing for re-election and satisfied that he met the criteria of independence as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

4. **Explanatory Notes on Special Business**

(i) Resolution 7 – Authority to Issue Shares

The Proposed Resolution 7 is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors to issue shares in the Company up to an amount not exceeding in total ten per cent (10%) of the Issued Share Capital of the Company for such purposes as the Directors consider would be in the interest of the Company.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The renewed General Mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this renewed General Mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investments projects, working capital, repayment of bank borrowings and acquisition.

As at the date of this notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Sixth Annual General Meeting because there were no investment(s), acquisition(s) or working capital that require fund raising activity.

(ii) Resolution 8 – RRPT Mandate

This resolution, if passed, will authorise the Company and each of its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business. For further information on the recurrent related party transactions, please refer to the Circular to Shareholders dated 29 April 2016 enclosed together with the Company's Annual Report 2015.

(iii) Resolution 9 – SBB Mandate

This resolution, if passed, will give the Company the authority to purchase its own ordinary shares of up to ten per cent (10%) of the issued and paid-up share capital of the Company.

(iv) Resolution 10 – Proposed Amendments to the Articles of Association

The proposed amendments to the Articles of Association of the Company are mainly to comply with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and for facilitating some administration issues.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Authority For Directors To Issue Shares Pursuant To Section 132D of The Companies Act, 1965.

Kindly refer to item (i) of Explanatory Notes On Special Business at page 124.

APPENDIX I

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF KIMLUN CORPORATION BERHAD

The existing Articles of Association ("Articles") of the Company is proposed to be amended as set out in the third column below:-

Article No.	Existing Provision	Amended Provision
85	The first Directors shall be Yeap Kok Leong and Wong Wai Foong (f). Until otherwise determined by general meeting, the number of Directors shall not be less than <u>three (3)</u> or more than ten (10).	The first Directors shall be Yeap Kok Leong and Wong Wai Foong (f). Until otherwise determined by general meeting, the number of Directors shall not be less than <u>two (2)</u> or more than ten (10).
129	Subject to any rules and regulations made pursuant to <u>Article 127</u>, a committee may meet and adjourn as it thinks proper and questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of any equality of votes, the Chairman shall have second or casting vote. Where at the meeting only two (2) members form a quorum or are competent to vote on the question at issue, the Chairman shall not have a second or casting vote.	Subject to any rules and regulations made pursuant to <u>Article 128</u>, a committee may meet and adjourn as it thinks proper and questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of any equality of votes, the Chairman shall have second or casting vote. Where at the meeting only two (2) members form a quorum or are competent to vote on the question at issue, the Chairman shall not have a second or casting vote.
142	The Directors shall from time to time in accordance with Section 169 of the Act, cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in that section. The interval between the close of a financial year of the Company and the issuance of the annual audited accounts, the directors' and auditors' reports shall not exceed four (4) months. <u>The company must within six (6) months from its financial year end, issue an annual reports to its members.</u> A copy of each such documents in printed form or in CD-ROM form or in such other form of electronic media, shall not less than twenty-one (21) days before the date of the meeting, be sent to every member of the Company under the provision of the Act or of these Articles. The requisite number of copies of each such documents as may be required by the stock exchange upon which the Company is listed, shall likewise be sent to the <u>stock exchange</u>. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or outside Malaysia but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office of the Company.	The Directors shall from time to time in accordance with Section 169 of the Act, cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in that section. The interval between the close of a financial year of the Company and the issuance of the annual audited accounts, the directors' and auditors' reports shall not exceed four (4) months. A copy of each such documents in printed form or in CD-ROM form or in such other form of electronic media, shall not less than twenty-one (21) days before the date of the meeting, be sent to every member of the Company under the provision of the Act or of these Articles, subject always that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or outside Malaysia but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office of the Company. The requisite number of copies of each such documents as may be required by the Exchange upon which the Company is listed, shall likewise be sent to the <u>Exchange</u>. <u>In the event that the annual report is sent in CD-ROM form or such form of electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) market days from the date of receipt of the Member's request or such period as may be prescribed by the Exchange.</u>

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PROXY FORM

KIMLUN

KIMLUN CORPORATION BERHAD

(Company No. 867077-X)
(Incorporated in Malaysia under the Companies Act, 1965)

CDS Account No.	
No. of Shares held:	

I/ We ________________________________ NRIC No. (old and new)/Passport No./Company No. ________________
(FULL NAME IN BLOCK CAPITALS)
of ____
(FULL ADDRESS)
____

being a member / members of **KIMLUN CORPORATION BERHAD (867077-X)** hereby appoint ______________________

____ NRIC No. (old and new)/Passport No. ______________________
(FULL NAME IN BLOCK CAPITALS)
of ____
(FULL ADDRESS)
____

or failing *him/ her ___________________________________ NRIC No. (old and new)/Passport No. _______________
(FULL NAME IN BLOCK CAPITALS)
of ____
(FULL ADDRESS)
____

or failing *him/her, *the Chairman of the Meeting as *my/ our proxy to vote for *me/us and on *my/our behalf at the 7th Annual General Meeting of the Company, to be held at Rafflesia 1 & 2, Lower Ground Floor 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 24 June 2016 at 3.00 p.m. and at every adjournment thereof *for/against the resolution(s) to be proposed thereat.

Item	AGENDA	Resolution	For	Against
1.	**Ordinary Business** Receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.			
2.	Re-election of Sim Tian Liang as Director of the Company pursuant to Article 86 of the Company's Articles of Association	1		
3.	Re-election of Pang Khang Hau as Director of the Company pursuant to Article 86 of the Company's Articles of Association	2		
4.	Re-election of Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat as Director of the Company pursuant to Article 86 of the Company's Articles of Association	3		
5.	Declaration of final single tier dividend of 5.8 sen per Ordinary Share for the financial year ended 31 December 2015.	4		
6.	Approval of Directors' fees for the financial year ending 31 December 2016.	5		
7.	Re-appointment of Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.	6		
8.	**Special Business** Authority to the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.	7		
9.	Proposed Renewal of RRPT Mandate.	8		
10.	Proposed Renewal of SBB Mandate.	9		
11.	Proposed Amendments to the Articles of Association.	10		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fits.

As witness my hand, this…………….day of………………………..

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

** Strike out whichever is not desired.*

Notes:
(a) A member entitled to attend and vote at the Meeting is entitled to appoint proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
(b) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's Seal or under the hand of an officer or attorney duly authorised.
(c) A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meetings, and that appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
(d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), 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 said securities account.
(e) Where a member of the company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the company for multiple beneficial owners in one 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.
(f) Where the authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
(g) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the share registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
(h) Only the members whose names appear on the Record of Depositors as at 17 June 2016 shall be entitled to attend and vote at this meeting or appoint proxy (proxies) to attend and vote on their behalf.

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AFFIX
STAMP
HERE

The Share Registrar
Kimlun Corporation Berhad (867077 X)
Unit 32-01, Level 32,
Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Wilayah Persekutuan, Malaysia.

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