



ANNUAL REPORT
2016





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Bukit Residence

CORPORATE INFORMATION

Board of Directors

Lai Fook Hoy
Independent Non-Executive Chairman

Teh Kiak Seng
Managing Director

Teh Theng Theng
Executive Director

Teh Deng Wei
Executive Director

Tsai Chia Ling
Non-Independent Non-Executive Director

Yeoh Chong Keat
Independent Non-Executive Director

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Independent Non-Executive Director

Audit Committee

Yeoh Chong Keat
Chairman / Independent Non-Executive Director

Lai Fook Hoy
Member / Independent Non-Executive Director

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Member / Independent Non-Executive Director

Remuneration Committee

Lai Fook Hoy
Chairman / Independent Non-Executive Director

Teh Kiak Seng
Member / Executive Director

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Member / Independent Non-Executive Director

Yeoh Chong Keat
Member / Independent Non-Executive Director

Nominating Committee

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Chairman / Independent Non-Executive Director

Tsai Chia Ling
Member / Non-Independent Non-Executive Director

Yeoh Chong Keat
Member / Independent Non-Executive Director

Lai Fook Hoy
Member / Independent Non-Executive Director



Up-Coming High Rise Development

CORPORATE INFORMATION (CONT'D)

Company Secretaries

Lee Peng Loon (MACS 01258)
P'ng Chiew Keem (MAICSA 7026443)

Registered Office

51-21-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Tel : 604-210 8833
Fax : 604-210 8831

Business Address

12-01 Penthouse Wisma Pantai
Jalan Wisma Pantai
Kampung Gajah
12200 Butterworth
Penang
Tel: 604-324 0088
Fax: 604-324 0090
Website: www.tambunindah.com

Auditors

BDO (AF 0206)
Chartered Accountants
51-21-F Menara BHL
Jalan Sultan Ahmad Shah
10050 Penang

Principal Bankers

OCBC Bank (Malaysia) Berhad
CIMB Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad

Share Registrar

Tricor Investor & Issuing House Services Sdn. Bhd.
(Company No. 11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. 603-2783 9299
Fax No. 603-2783 9222

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
(Bursa Securities)

CORPORATE STRUCTURE

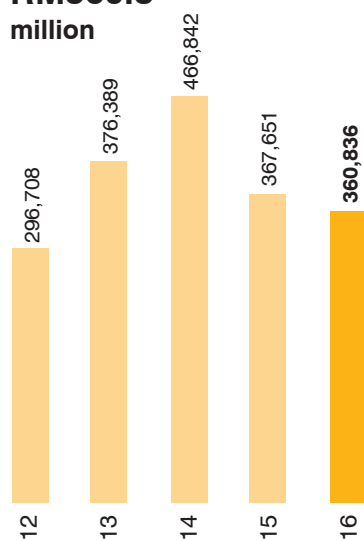


Tambun Indah Land Berhad

100%	❖	Cenderaman Development Sdn. Bhd.	Property Development
100%	❖	Denmas Sdn. Bhd.	Project & Construction Management
100%	❖	Denmas Development Sdn. Bhd.	Property Development
100%	❖	Epiland Properties Sdn. Bhd.	Property Management
100%	❖	Hong Hong Development Sdn. Bhd.	Property Development
100%	❖	Intanasia Development Sdn. Bhd.	Property Development
100%	❖	Jasnia Sdn. Bhd.	Property Development
100%	❖	Juru Heights Sdn. Bhd.	Property Development
100%	❖	Langstone Sdn. Bhd.	Investment Holding & Operation Of Car Park
100%	❖	Palmington Sdn. Bhd.	Property Development & Investment Holding
100%	❖	Novinia Sdn. Bhd.	Dormant
50%	❖	TNC Capital Sdn. Bhd. (Joint venture)	Building & Leasing of Properties
100%	❖	Perquest Sdn. Bhd.	Property Development
100%	❖	Premcourt Development Sdn. Bhd.	Property Development, Investment Holding & Operation Of Car Park
100%	❖	Pridaman Sdn. Bhd.	Property Development
100%	❖	Tambun Indah Development Sdn. Bhd.	Property Development
100%	❖	Tambun Indah Sdn. Bhd.	Property Development
100%	❖	TID Development Sdn. Bhd.	Property Development
100%	❖	TKS Land Sdn. Bhd.	Investment Holding
50%	❖	Ascention Sdn. Bhd.	Property Development
50%	❖	CBD Land Sdn. Bhd.	Property Development
100%	❖	Tokoh Edaran Sdn. Bhd.	Construction Management
50%	❖	Zipac Development Sdn. Bhd.	Property Development
45%	❖	Ikhtiar Bitara Sdn. Bhd. (Associate)	Property Development

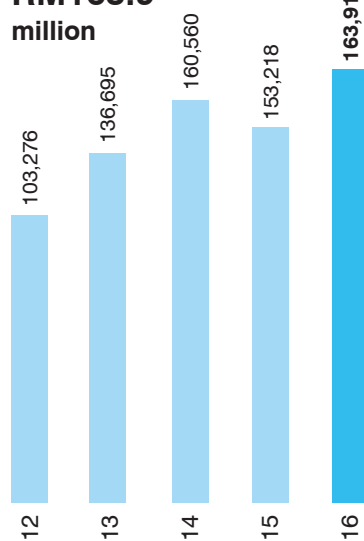
FINANCIAL HIGHLIGHTS

Revenue

RM360.8
million

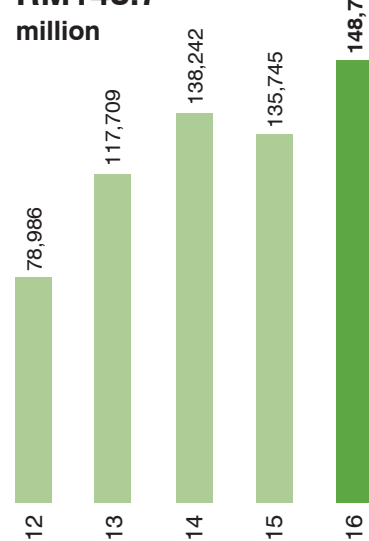
(RM' 000)

Gross Profit

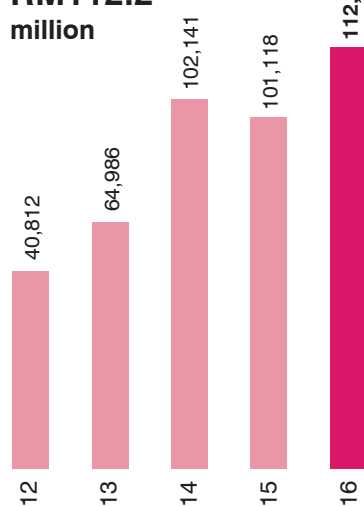
RM163.9
million

(RM' 000)

Profit Before Tax

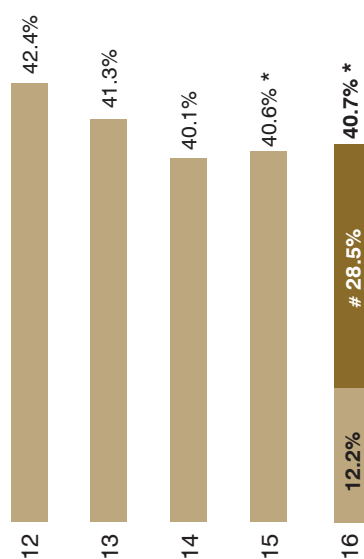
RM148.7
million

(RM' 000)

Net Profit Attributable
to Equity HoldersRM112.2
million

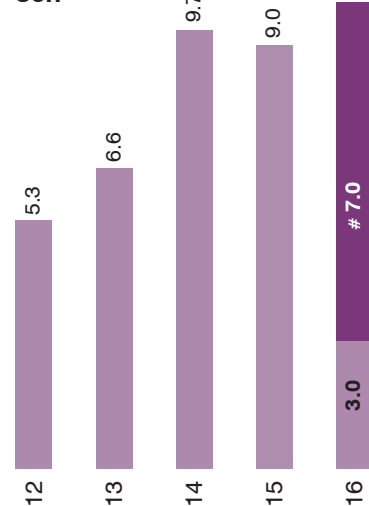
(RM' 000)

Dividend Payout



7 sen of final dividend subject to shareholders' approval

Dividend Per Share

10.0
sen

7 sen of final dividend subject to shareholders' approval

* Dividend policy : 40% to 60% of Group's Net Profit excluding any valuation gain or loss on investment properties for the financial year

FINANCIAL HIGHLIGHTS (CONT'D)

Summarised Group Statement of Profit or Loss and Other Comprehensive Income					
	Financial Year Ended 31 December				
	Audited 2012 RM'000	Audited 2013 RM'000	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Revenue	296,708	376,389	466,842	367,651	360,836
Gross Profit	103,276	136,695	160,560	153,218	163,913
Profit Before Tax	78,986	117,709	138,242	135,745	148,765
Net Profit Attributable to Equity Holders	40,812	64,986	102,141	101,118	112,203

Summarised Group Financial Position					
	Audited 2012 RM'000	Audited 2013 RM'000	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Total non-current assets	136,725	157,130	325,434	363,423	328,985
Total current assets	307,148	339,779	336,346	410,534	420,163
Total assets	443,873	496,909	661,780	773,957	749,148
Share capital	155,422	197,113	210,390	212,074	213,676
Share premium	6,525	63,921	67,396	67,927	69,135
Other reserves	1,133	1,387	975	1,560	1,633
Retained earnings	60,135	47,646	118,231	178,207	251,980
Shareholders' equity	223,215	310,067	396,992	459,768	536,424
Non-controlling interests	38,702	3,515	2,409	2,736	2,562
Total non-current liabilities	78,883	73,819	121,928	140,251	97,365
Total current liabilities	103,073	109,508	140,451	171,202	112,797
	443,873	496,909	661,780	773,957	749,148
Net assets per share (RM)	0.72	0.79	0.94	1.08	1.26

Financial Analysis					
	2012	2013	2014	2015	2016
Gross Profit Margin	34.81%	36.32%	34.39%	41.67%	45.43%
Profit Before Tax Margin	26.62%	31.27%	29.61%	36.92%	41.23%
Net Profit Margin	13.75%	17.27%	21.88%	27.50%	31.10%
Cash and bank balances (RM'000)	95,972	125,939	138,147	183,918	120,836
Total borrowings (RM'000)	83,825	98,169	152,956	188,409	138,155
Net Gearing (net of cash)	Net Cash	Net Cash	3.73%	0.98%	3.23%



CHAIRMAN'S STATEMENT

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Dear Shareholders,

2016 Sector Review

Despite the global headwinds in 2016, the Malaysian economy proved resilient with a Gross Domestic Product growth of 4.2 percent. Bank Negara Malaysia reported that positive contributions from private consumption, net export, and investment activity had offset the decline in public expenditure.

However, the property sector continued the downtrend from 2015, as buyers grappled with high loan rejection rates due to stringent loan financing requirements. This was further compounded by the general increase in cost of living, together with narrower growth in income due to the prevailing economic uncertainty.

Not surprisingly, these negative factors led to property developers adopting a cautious approach in property launches, focusing mainly on landed properties in prime locations, which remained well sought-after by owner-occupiers and long-term investors.

In this regard, mainland Penang, with its vast land space compared to the island, accounted for approximately 90% of new houses constructed in Penang in the year, and constituted 75% of existing landed residences in the state.

On top of incoming supply, industry experts reported that landed property prices in mainland Penang had been firm, and possibly even increased during the year, reflecting the sustained demand from buyers.

The appeal for homes on the mainland was supported by affordable price points compared to the island, the improved commute to the island with the opening of the Penang Second Bridge, and new work opportunities resulting from increased industrial activity on the mainland.



CHAIRMAN'S STATEMENT (CONT'D)

2017 Property Sector Outlook

Entering 2017, the demand for residential property on the mainland is expected to stay firm, benefitting from land scarcity on the island as well as positive progress in planned economic developments on the mainland.

The industrial growth in the Batu Kawan Industrial Park is expected to be strong, with domestic and foreign investors committed to multi-million investments to build and/or expand their operations in the near future. These new industrial sites will translate to job creation and attract homebuyers to the vicinity, thus creating a positive cycle for property developers, retail, and other commercial activities.

On account of its proximity to Batu Kawan, the Pearl City township will benefit from spill over effects of the exciting developments in Batu Kawan, which has been planned to be an integrated hub for leisure and entertainment, medical, education, tourism and technology activities.

In the retail category, the consensus view is that retail centres that are able to provide comprehensive offering to the catchment population will be sought after.

The planned infrastructure developments interlinking major areas in the mainland under the proposed Penang Transport Master Plan, will certainly play a pivotal role in enhancing transport connectivity, and facilitating the movement of large masses to key areas.

Amid this challenging environment, Tambun Indah Land Berhad will endeavour to position itself to meet homebuyers' demands and needs.



CHAIRMAN'S STATEMENT (CONT'D)

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Appreciation

On behalf of the Board, I would like to thank all our business associates, the local authorities, and customers for their cooperation and strong support during this challenging year.

To management and staff, I am grateful for your dedication, effort and contribution during the year. In addition, I am also grateful to the members of the Board for their continued commitment towards achieving sustainable growth and enhancing shareholders' value.

Finally, to our valued shareholders, we thank you for your kind support and confidence in the Group.

Thank you.

Lai Fook Hoy

Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS



Financial Performance

Group revenue for the financial year ended 31 December 2016 (FY2016) was marginally lower at RM360.8 million compared to RM367.7 million previously, a consequence of the muted market conditions.

The property development and property management segments remained the Group's key revenue generators, contributing RM356.6 million or 99% (FY2015 : RM363.9 million or 99%) of the Group's total revenue, in line with new sales and construction progress on ongoing projects. The Group also registered higher revenue of RM4.2 million (FY2015 : RM1.9 million) from the investment holding segment, with GEMS International School contributing its first full year revenue.

The favourable product mix in property development and investment holding, as well as progress billings being on track led to net profit attributable to shareholders increasing 11.0% to RM112.2 million in FY2016 from RM101.1 million in FY2015. A net fair value gain of RM5.2 million on investment properties also contributed to the higher profit.

Correspondingly, basic earnings per share increased to 26.4 sen in FY2016 from 23.9 sen a year ago.

The Group had also maintained a sound balance sheet at year end, with shareholders' equity rising to RM536.4 million from RM459.8 million in the previous year mainly on higher retained earnings. Total borrowings were lower at RM138.2 million from RM188.4 million in the previous year-end, as did cash and bank balances at RM120.8 million from RM183.9 million.

This resulted in the Group maintaining a healthy net gearing of 0.03 times, providing us with the flexibility in funding business expansion strategies in the future.

Dividends

An interim single-tier dividend of 3.0 sen per share in respect of FY2016 was paid on 16 February 2017.

The Board had also proposed a final single-tier dividend of 7.0 sen per share for shareholders' approval at the forthcoming Annual General Meeting.

Together, the total dividend declared in respect of FY2016 amounted to 10.0 sen per share, representing a dividend payout of approximately RM42.8 million which constitutes 40.7% of the Group's net profit, excluding any valuation gain and/or loss on investment properties.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

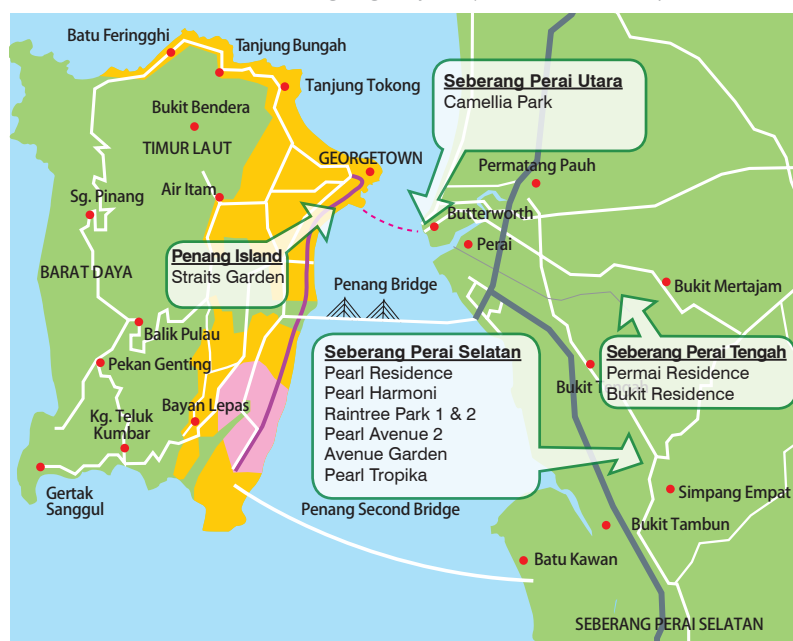
Operations Review

Property Development

Since 1994, Tambun Indah has accumulated extensive experience in property development with a strong track record emphasising on affordable and quality products for over two decades. This is evident in the strong 80.3% take-up across ongoing projects with a total Gross Development Value (GDV) of approximately RM1.4 billion in end-FY2016.

Nonetheless, the tough operating environment resulted in the Group moderating its planned launches in the year under review. During FY2016, the Group recorded RM229.1 million (FY2015 : RM263.4 million) of new property sales. As at end-FY2016, total unbilled sales amounted to RM196.9 million which would be recognised in the next two to three years.

Tambun Indah's Ongoing Projects (31 December 2016)



As at 31 December 2016, the Group's on-going projects were as follow:-

Project	Type of Development	Number of Units	Estimated Gross Development Value (RM' million)
Pearl Residence, Pearl City	2-storey bungalows 2-storey semi-D 2-storey terraces	12 112 361	224.8
Pearl Harmoni, Pearl City	2-storey landed residential	362	151.2
Pearl Avenue Phase 2, Pearl City	2 & 3-storey shop offices	44	40.1
Raintree Park 1, Pearl City (Gated landed residential)	2-storey link semi-D 2-storey terraces Duplex villas	112 170 56	170.7
Raintree Park 2, Pearl City (Gated landed residential)	2-storey bungalows 2-storey semi-D 2-storey link semi-D 2-storey terraces Duplex villas	4 42 68 208 104	224.1
Avenue Garden, Pearl City	Serviced apartment	312	96.8
Pearl Tropika, Pearl City	2-storey landed residential	279	148.7
Straits Garden, Penang Island	Condominiums Apartments Suites Low medium cost apartments	183 36 230 83	246.2
Camellia Park, Butterworth	Apartments	121	45.2
Bukit Residence, Bukit Mertajam	Landed residential (gated and non-gated)	122	72.0
Permai Residence, Bukit Mertajam	2-storey homes	51	25.0
TOTAL		3,072	1,444.8

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

Pearl City



As the flagship project entered its seventh year of development, Tambun Indah unveiled mid-upper range residences in the heart of the township, with the intention to appeal to discerning buyers who value convenience and quality living. These comprise serviced apartments of Avenue Garden, and double-storey homes of Pearl Tropika, both of which report sturdy sales.



Avenue Garden

Located at the heart of Pearl City township, the development is a stone's throw away from the GEMS International School. The 17-storey building has 5 levels of multi-storey carpark and 312 units of serviced apartments with built-up areas ranging from 775 square feet to 1,163 square feet.



Pearl Tropika

Pearl Tropika development comprises 68 units of linked double storey Semi-Detached, 52 units of double storey Semi-Detached and 159 units of double storey terraces.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

Property Investment

The Group's portfolio of Investment Properties comprises mainly of prime assets within its integrated developments.



Pearl City Mall

To further enrich Pearl City's identity as an integrated township, the Group, through its joint venture company, TNC Capital Sdn Bhd, completed the 1st phase of Pearl City Mall, with a gross floor area of approximately 300,000 square feet and was master leased to a mall operator, C-Mart (a popular shopping mall chain in Northern Peninsular targeting the mass market). The mall commenced operations in April 2016.



GEMS International School

GEMS International School (Pearl City) opened its doors to students in September 2015. The first phase of the school has the capacity to cater up to an enrolment of 1,500 students. GEMS International School being the first full fledge private international school in Mainland Penang, together with Pearl City Mall forms part of the Group's investment properties in Pearl City Business Park.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

Operational and Financial Risks

Inherent to the property development sector, the Group's operations are mainly affected by the economic fundamentals, changes in government policies and regulation and timing in obtaining approvals and licenses, in particular the developer's license and advertising permits.

The property development environment for 2017 is expected to be challenging, amidst stringent mortgage lending by the banks as well as weaker consumer sentiment. Factors which have affected local businesses and continue to be of concern.

The Group is vigilant of the current economic condition and takes considerable steps to minimise the risk by having the right product mix, supplemented by a managed cost structure and a sound financial position. The Group also continually enhances brand visibility through strategic marketing and advertising via multitude channels, including proactive engagement in the social media.

The Group sets its strategy and priorities in planning for its development project, prepared for the challenging times ahead and to seize opportunity when it arises.

The Group faces competition from new and existing players entering the market. The Group has taken pro-active measures to mitigate these risks which include reviewing its development and marketing strategies in response to the ever changing market conditions and to adopt different development concepts and innovative designs that will position itself to meet the needs of the target market.

Overall, the Group manages the risks inherent to the property development sector with prudent financial management and an efficient business model. The management's team commitment is evident by the Group's sound financial position, its ability to withstand challenging times and deliver commendable results over the years.

Growth Strategies

Sector headwinds notwithstanding, we at Tambun Indah recognise the on-going demand for affordable residences especially in the landed residential segment, and will strive to fulfill the requirements of our target markets.

To this end, we hope to launch new projects with total GDV of approximately RM170 million in FY2017

Project	Type of Development	Number of Units (Unit)	Estimated Gross Development Value (RM' million)
Pearl 28, Pearl City	Landed residential	30	20.0
Pearl Saujana (Phase 1), Pearl City	Landed residential	219	102.7
Palma Residence, Bukit Mertajam	Gated landed residential	90	48.0



Pearl 28 features 28 units of linked double storey Semi-Detached and 2 units of double storey bungalows; and with the spaciousness and contemporary design, will attract upgraders.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)



Pearl Saujana (Phase 1), Pearl City comprises 199 unit of terraces and 20 units of Semi-Detached, designed with first-time homeowners and young families in mind, strategically located with various amenities and schools (public, private and private international schools) within its vicinity.

Palma Residence, which is located at a prime location in Alma Bukit Mertajam is a landed strata gated and guarded parcel comprising 90 units of terraces.

It must also be noted that the Group has pipeline projects with GDV of RM3.1 billion to be developed over the next seven years.

In addition to this, the Group will continue to be on the lookout for strategic land-banking opportunities to stretch our growth story even farther beyond.

Finally, we would explore new ways to strengthen our investment holdings, chiefly by engaging with potential partners to provide unique services in Pearl City Business Park for the benefit of residents in the township as well as the surrounding vicinity.

These strategies would be undergirded by the Group's prudent capital management policy, as demonstrated in its strong financial position over the years. As an established property developer over the years, Tambun Indah plans to utilise its balance sheet to fund the core business of property development, with an eye on any additional requirements in the event of other opportunities such as land banking activities.

Conclusion

Going forward for FY2017, Tambun Indah plans to concentrate on its core business segment of property development focusing on delivering quality and affordability to aspiring house owners.

Together with the support of our stakeholders and our Management and staff, we shall strive to better our performance.

Ir. Teh Kiak Seng
Managing Director



Fun Ride New Year 2017 event at Bandar Tasek Mutiara

Sponsor for community events



Linear Park for the Community

Community projects



Cycling event at Chung Hwa (Pusat) Butterworth



Public amenities

CORPORATE SOCIAL RESPONSIBILITY

For the past three decades, Tambun Indah has reiterated our ongoing stance to develop and implement various initiatives under the auspices of our corporate social responsibility (CSR), as a means to proactively enhance the larger environment in which we operate.

This approach has resulted in the Group establishing an encompassing programme that engages with and seeks the ultimate benefit of our core stakeholders such as the community, employees, business partners and customers; with a view towards imbuing long-term sustainability.

Enhancing the Community

Tambun Indah has always looked out for the wellbeing of various facets of the community. To this end, we supported about 20 non-profit organizations and charitable bodies across the special needs, cultural and senior citizen groups through various contributions in cash and kind during the year. We hope that such assistance would help the caregivers focus on their primary calling of alleviating the needs of the less fortunate.

We had also contributed for a number of fund-raising events conducted by educational institutions in the surrounding communities during the year.

Nurturing the Environment

Mindful that the actions of today would ultimately impact the health of the future generation, Tambun Indah takes utmost care to preserve the beauty of nature and Mother Earth for the continued enjoyment of the generations after us.

Throughout our flagship township in Pearl City, we have designated green lung areas with community facilities for residents' enjoyment. The Raintree Park 2 project, especially, preserves the centuries-old trees as a showcase of nature's majesty and beauty. Steps have also been taken to transplant and preserve suitable prevailing trees.

Developing The Marketplace

Tambun Indah has been able to build a strong track record over the years, backed by our understanding of marketplace needs, and having a customer-focused approach in delivering projects.

We believe that adopting this standpoint – that of placing customer preferences first – will place us in good stead, and help us attain our objective of introducing high-quality and aesthetically-pleasing homes within the affordable bracket, set in a wholesome and conducive environment for the betterment of our target markets.

Advancing the Workplace

The Group recognizes the importance of establishing a high-caliber workforce with advancement opportunities, towards inducing sustainable growth for the Group. As part of our ongoing efforts to improve our level of service to target markets, Tambun Indah believes in equipping our various business operations with the necessary skillsets and updated expertise through in-house training sessions or courses with external parties. We have continued these efforts in the year under review, to propel our staff even further in their careers.

We also aim to promote a greater degree of diversity in our workforce across three main aspects, namely gender, ethnicity and age group, so as to encourage greater interaction and foster an environment of mutual learning and respect. We are pleased to report that approximately 40% of our workforce comprises millennials, which accord us a plethora of fresh ideas and new approaches for our marketing strategies. Throughout 2016, Tambun Indah kept up the practice of conducting team gatherings, company trips and the annual company dinner to imbue the core values of teamwork and camaraderie. The Group also recognized the contributions of individuals for the year and rewarded them as appropriate.

On a day-to-day basis, we also encourage greater degree of communication within the Group, with a view towards building trust and enhancing collaborations towards achievement of common goals.

DIRECTORS' PROFILE

Lai Fook Hoy

Independent Non-Executive Chairman

Lai Fook Hoy, a Malaysian, aged 66, Male, was appointed to the Board of Tambun Indah on 24 February 2012 and is presently the Independent Non-Executive Director. He is also the Chairman of Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee.

He has extensive experience in the resources industry, starting work in 1974 with Straits Trading Company Limited, and subsequently Malaysia Smelting Corporation Berhad. He held various positions in the group, and prior to retirement in 2010 he was the Group Chief Operating Officer. He had been a director and Chief Executive Officer of Asian Mineral Resources Limited, a nickel-focused mining company listed on Canada's TSX-V. He was also a director of KM Resources Inc., which operated a polymetallic mining project in the Philippines.

Lai Fook Hoy graduated with BSc (Hons) in Metallurgy and the University Medal from the University of New South Wales in 1974, and subsequently a BSc (Econs) (Hons) degree majoring in Accounting and Finance from the University of London in 1980.

He is a member of the Institute of Materials, Minerals and Mining UK, and a registered Chartered Engineer with the Engineering Council UK. He is also a member of the Institution of Engineers, Malaysia, and a Professional Engineer, registered with the Board of Engineers, Malaysia.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He does not have family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company, nor any conflict of interest in any business arrangement involving the company.

Teh Kiak Seng

Managing Director

Teh Kiak Seng, a Malaysian, aged 67, Male, is the founder of our Group. He was appointed to the Board of Tambun Indah on 19 March 2008 and is presently the Managing Director. He is also a member of Remuneration Committee.

Teh Kiak Seng has more than 40 years of experience in the housing industry. His initiation into construction was in Indonesia when he started working in a civil construction firm after completing high school in 1971. Three years later, in 1974, he pursued his education in Canada. He graduated with a Bachelor of Civil Engineering degree from the University of Saskatchewan, Canada on 17 May 1979.

He started his engineering career in Johor Bahru in 1979 and was involved in the design and supervision of the 750 acres township of Taman Ungku Tun Aminah in Skudai and Taman Sentosa in Johor Bahru. After coming back to Penang in 1980 to work as a design engineer, he started his own Civil and Structural Engineering Consultancy firm, GTP Jurutera Perunding Sdn Bhd, in 1985.

Within a short period of 10 years, GTP Jurutera Perunding Sdn Bhd was involved in the design and completion of over 100 factories in Penang, Kedah, Perlis, Perak and Johor.

He was also involved in the design and project management of Dell Asia Pacific Sdn, Xiamen Company Limited as well as Guangzhou Otis Elevator Co. Ltd. in Guangzhou, China.

Following the success of GTP Jurutera Perunding Sdn Bhd, he turned his entrepreneurship skills to focus on property development in 1992.

Teh Kiak Seng is currently a member of the Institute of Engineers, Malaysia and a Registered Professional Engineer with the Board of Engineers Malaysia. He presently sits on the board of several private limited companies.

Teh Kiak Seng and Teh Theng Theng, our Executive Director are siblings and Teh Kiak Seng is the father of Teh Deng Wei, an Executive Director.

Save as disclosed herein, he does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

DIRECTORS' PROFILE (CONT'D)

Teh Theng Theng

Executive Director

Teh Theng Theng, a Malaysian, aged 53, Female, was appointed to the Board of Tambun Indah on 23 November 2010 and is presently the Executive Director.

She graduated from Edith Cowan University in Perth, Australia in 1991 with a Bachelor of Accounting degree. After graduation, she joined IJM Corporation Bhd in 1991 which is also involved in property development where she worked for 3 years.

Teh Theng Theng joined our Tambun Indah Group in 1995, and has been involved in the overall administration, financial control, corporate planning and business development of our Group. With her extensive experience and being involved in planning and marketing strategies, she leads the sales team for our Group's projects and is largely credited with our Group successful sales launches. She presently sits on the board of several private limited companies.

Teh Theng Theng is the sister of Teh Kiak Seng, who is the Managing Director and major shareholder of Tambun Indah. Teh Deng Wei, who is an Executive Director of Tambun Indah, is the nephew of Teh Theng Theng.

Save as disclosed herein, she does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Teh Deng Wei

Executive Director

Teh Deng Wei, a Malaysian, aged 30, Male, was appointed to the Board of Tambun Indah on 18 November 2016 and is presently the Executive Director.

He graduated with first class honours in Electrical and Electronic Engineering (BEng) from Imperial College London, and subsequently obtained a MSc in Management from London Business School.

Prior to joining the Group, he spent three and a half years in investment banking based in London and Singapore. He started his career in London as an analyst in the European mergers and acquisitions team of an international investment bank and subsequently relocated to Singapore to join the Southeast Asia investment banking team of the same bank. He last held the position of associate before joining the Group as General Manager in 2014.

He is the son of Teh Kiak Seng, the Managing Director of the Group and nephew of Teh Theng Theng, the Executive Director of the Group.

Save as disclosed herein, he does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Tsai Chia Ling

Non-Independent Non-Executive Director

Tsai Chia Ling, a Taiwanese, aged 38, Female, was appointed to the Board of Tambun Indah on 27 July 2012 as an alternate director to Mr Tsai Yung Chuan and is presently the Non Independent Non-Executive Director. She is also a member of Nominating Committee.

She graduated from National Cheng Kung University, Taiwan in 2001 with Bachelor of Business Administration and started her career as a management Trainee with Gem-Year Industrial Co. Ltd. before she joined Chin Well Fasteners Co. Sdn. Bhd. as a Marketing Executive in 2003. Currently, she is the Executive Director of Chin Well Holdings Berhad, a company listed on the Main Market of Bursa Securities.

She has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

She does not have family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company, nor any conflict of interest in any business arrangement involving the company.

DIRECTORS' PROFILE (CONT'D)

Yeoh Chong Keat

Independent Non-Executive Director

Yeoh Chong Keat, a Malaysian, aged 58, Male, was appointed to the Board of Tambun Indah on 23 November 2010 and is presently an Independent Non-Executive Director. He is also the Chairman of Audit Committee, a member of the Nominating Committee and a member of the Remuneration Committee.

He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Chartered Tax Institute of Malaysia, a Chartered Accountant of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants.

Yeoh Chong Keat trained and qualified as a Chartered Accountant with Deloitte Haskins & Sells, Birmingham, United Kingdom (now part of PwC network.) and was formerly the head of a leading corporate services firm for over 10 years before founding Archer Corporate Services Sdn. Bhd which provides corporate secretarial and advisory services to private and public listed companies. He is the President/CEO of Archer Corporate Services Sdn. Bhd..

He has accumulated a wealth of experience in audit, tax, financial and management consulting and corporate secretarial work with "Big Four" firms in the United Kingdom and Malaysia. Apart from Tambun Indah Land Berhad, he is a Director of Lien Hoe Corporation Berhad and AbleGroup Berhad, which are both listed on the Main Market of Bursa Securities. He joined the the Board of Axis REIT Managers Berhad (which manages Axis REIT, listed on the Main Market of Bursa Securities) on 1 March 2017 and is also a director of Advancecon Holdings Berhad which is enroute to a listing on the Main Market of Bursa Securities in the second quarter of 2017.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Yeoh Chong Keat does not have family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company, nor any conflict of interest in any business arrangement involving the company.

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali

Independent Non-Executive Director

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali, a Malaysian, aged 68, Male, was appointed to the Board of Tambun Indah on 15 April 2011 and is presently the Independent Non-Executive Director. He is also the Chairman of Nominating Committee, a member of the Audit Committee and a member of Remuneration Committee.

He is a member of the Malaysian Institute of Accountants, a Fellow of the Association of Chartered Certified Accountants (UK), an Associate of the Institute of Chartered Accountants (England and Wales) and a member of the Malaysian Institute of Certified Public Accountants. He holds a Masters in Business Administration (MBA) from the University of Leicester, England, a M.Sc. in International Business Administration from SOAS, University of London. He is currently an Executive Director of Prolexus Berhad.

He was previously attached to an international accounting firm as a partner and has more than 30 years of experience in statutory audits, financial accounting and corporate finance.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He does not have family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company, nor any conflict of interest in any business arrangement involving the company.

SENIOR MANAGERMENTS' PROFILE

Thaw Yeng Cheong

Project Director

Thaw Yeng Cheong, a Malaysian, aged 58, Male, was appointed as an Executive Director on 1 June 2010. He heads the project department of the Company and oversees the planning, design, approvals, costing and implementation of the projects. On 19 November 2013, he resigned as the Executive Director to focus primarily on his duties and responsibilities as Project Director of the Group.

He graduated with a Bachelor of Architecture degree from University of Bombay on 11 February 1984. He is a Certified Member of the Financial Planning Association of Malaysia and has been involved in the property development industry in a senior managerial role with an architectural consultant firm from 1985 to 2010. Throughout his career, he was involved in the design, concept inception, management, budgeting and building processes. His experience ranges across diversified projects comprising of residential, commercial, industrial and institutional development which includes housing, hotels, schools, hospitals, factories, community halls and resorts.

During his tenure with the consultant firm, he had dealt with several established listed and non-listed property development companies. Among his involvement with notable clients are IJM Corporation Bhd, DNP Land Sdn Bhd, Lion Properties Sdn Bhd and Oriental Interest Bhd, among others.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Thaw Yeng Cheong does not hold any directorship in any public companies and listed issuers.

He does not have family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company, nor any conflict of interest in any business arrangement involving the company.

Neoh Sze Tsin

Chief Financial Officer

Neoh Sze Tsin, a Malaysian, aged 34, Male, joined Tambun Indah Group as Finance and Admin Manager on 29 April 2008. 1 May 2011, he was promoted to Group Financial Controller where he was in charge of the Group's accounting, corporate finance, tax and treasury functions. He then appointed as the Chief Financial Officer of the Group on 19 November 2013.

He graduated with a professional accountancy qualification from the Association of Chartered Certified Accountants in 2008. He is a member of the Malaysian Institute of Accountants and fellow member of the Association of Chartered Certified Accountants.

He started his career as an audit assistant in a medium size audit firm in 2002 and held the position of manager before he left in 2007. During his tenure with the audit firm, he was involved in various audit engagements and corporate assignments relating to the initial public offerings (IPO) of public companies on the Malaysian stock exchange. His experiences also include providing assurance and consulting services to public listed and local corporations covering various industry sectors ranging from property development, construction, manufacturing and trading.

In 2007, he joined Tejari Technologies Berhad (now known as 1 Utopia Berhad), a publicly listed company on the ACE Market of Bursa Malaysia Securities Berhad as Internal Audit and Risk Management Manager. Subsequently, he left Tejari Technologies Berhad in 2008 and joined Tambun Indah Group.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Neoh Sze Tsin does not hold any directorship in any public companies and listed issuers.

He does not have family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company, nor any conflict of interest in any business arrangement involving the company.

Roselyn Tan

Deputy General Manager

Roselyn Tan, a Malaysian, aged 40, Female, joined the Group as Deputy General Manager on 1 November 2016.

She graduated with a professional accountancy qualification from the Association of Chartered Certified Accountants in 1999 and is a member of the Malaysian Institute of Accountants and fellow member of the Association of Chartered Certified Accountants.

She has over 17 years of professional and commercial working experience. In 1999, she started her career in auditing with Arthur Andersen and continued on with Ernst & Young following the merger in 2002. Her audit exposure was mainly with listed companies in the property development industry. She left Ernst & Young in 2004 and continued her career in the commercial sector. From 2004 until prior to joining the Group in 2016, she held senior managerial roles in various financial management related functions, mainly in privately owned property development companies. She has wide experience in financial management as well as operational experience in the property development industry. She is currently managing the corporate affairs and general administration of the Group.

She has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Roselyn Tan does not hold any directorship in any public companies and listed issuers.

She does not have family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company, nor any conflict of interest in any business arrangement involving the company.

CORPORATE GOVERNANCE DISCLOSURES

The Board of Directors of Tambun Indah acknowledges the importance of maintaining good corporate governance in the Group and is committed to the principles of good corporate governance which are consistent with prudent management to deliver long term sustainable value to shareholders and other stakeholders.

This statement sets out the Company's corporate governance practices with reference to the Principles and Recommendations in the Malaysian Code of Corporate Governance 2012 ("the Code"). As at the date of this statement, the Company had substantially complied with the Principles and Recommendations of the Code.

This statement is made in compliance with Paragraph 15.25 of the Main Market Listing Requirements of Bursa Securities.

Principle 1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Board

The Group is led and controlled by an effective Board. The Board comprises of individuals who are highly experienced in their respective fields, and whose knowledge, background, ability and judgement are the requisites as expected by the stakeholders.

There is a strong and independent element on the Board too. This is fundamental to good corporate governance as it facilitates the exercise of independent and objective judgement as well as ensuring key issues and strategies are reviewed, constructively challenged, and fully discussed in the long-term interest of the shareholders and stakeholders of the Group.

There are presently 7 Board members comprising 3 executive directors, 1 non-independent non-executive director and 3 independent non-executive directors. The Board annually reviews the composition of the Board and its Committees to ensure that there exists the appropriate mix of experiences, skills and knowledge to effectively discharge their respective responsibilities in spearheading the Group's growth and future direction.

The profile of each director is set out in the Directors' Profile section of this Annual Report.

Even though the Board has representatives of the substantial shareholders, the presence of the independent directors ensures that there is no undue influence or domination in the decision making process of the Board. The independent directors play an important role in the Board's responsibilities, being actively involved in the various Board committees, and contribute to performance monitoring and corporate governance by providing independent assessment and opinion.

The Board is satisfied that its current size and composition is adequate for its purpose.

Board Charter

The Company's Board Charter provides guidance to the Board in fulfillment of its roles, functions, duties and responsibilities. The Board Charter is available on the Company's website, www.tambunindah.com.

The Board reviews the Board Charter annually and from time to time to reflect any changes to the Company's policies and procedures as well as any amended relevant rules and regulations. In February 2017, the Board reviewed and approved certain revisions in the Board Charter to ensure its relevance and compliance with current rules and legislations.

The Whistle-Blowing Policy formulated in the Board Charter provides a formal communication channel, where the employees or any other stakeholders can communicate matters of concern, that are raised in good faith, without any fear of reprisal. The matters of concern will be assessed, independently investigated and where appropriate, actions will be taken to address the issues raised.

Code of Business Conduct

The Board is finalising a Code of Business Conduct, which sets out the business practices, standards and ethical conduct expected from all employees in the course of their employment with the Group. In addition, the Directors, officers and employees are committed to observe and maintain high standards of integrity in carrying out their roles and responsibilities and to comply with the group's policies as well as the relevant applicable laws and regulations.

CORPORATE GOVERNANCE DISCLOSURES (CONT'D)

Clear Roles & Responsibilities

The Board provides entrepreneurial leadership as well as overseeing the overall performance objectives and long term success and sustainability of the Group. The Group has a clearly defined organisational chart and framework of assigning authority and responsibility to its specific requirements. The manual on Limits of Authorities (LOA) approved by the Board sets out clear authority limits to ensure checks and balances through segregation of duties.

The Board, in discharging its leadership's role, essentially covers the following functions:-

Strategic Planning

The strategic planning process begins at the senior management level after assessment and review of the business environment as well as the progress of the previous year's activities. The senior management also takes into consideration feedback from its employees, customers and other stakeholders of the Company with which the Group conducts its business to ensure the best outcome for the ensuing year, and in the best interest of the Company and its stakeholders.

Based on the above, the senior management prepares the business plan and presents the internal profit forecast for the review and approval of the Board.

Conduct of the Group's business

There is a clear division of responsibilities between the Chairman and the Managing Director. The Chairman of the Group has no executive function and is responsible for orderly conduct and proceedings of meetings. In addition, the Chairman is also responsible in promoting a culture of openness and active participation in meetings.

The Managing Director of the Company is responsible for the overall operation and financial performance of the Group. The Managing Director heads a senior management team in the day-to-day operation of the Group. The senior management team consists of senior employees holding the positions of Executive Director, Project Director, Chief Financial Officer and Deputy General Manager.

The senior management will be invited to attend the Board meetings and to provide the Board with any such relevant information or updates, as and when required by the Board.

The role of independent non-executive directors is particularly important to the Group being fundamental to good corporate governance. The independent non-executive directors' role is to provide unbiased, objective and independent views, advice and judgement, taking into account the long-term interest of shareholders, employees, customers, suppliers and other stakeholders of the Group.

Succession Planning

According to the LOA and the Board Charter, the Managing Director is responsible for the succession planning of key management positions across the Group. Nevertheless, the Board still assumes the responsibility to ensure there is an effective and orderly succession planning in the Group.

The Managing Director reviews candidates for key management positions and determines the remuneration for these appointments. In this respect, the Managing Director will take into consideration the profiles, experiences, personality, professionalism, and personal achievements of the new candidates.

The Managing Director also determines the training needs of the senior management team, and the remuneration of key management based on their performance, contribution, leadership, achievement, and other deliverables in their respective positions.

The Managing Director shall inform the Board of any resignation or termination of key management, and the impact of such to the operations of the Group. The Board shall monitor the progress of the Group's succession planning through periodic updates from the Managing Director.

CORPORATE GOVERNANCE DISCLOSURES (CONT'D)

Risk Assessment and Management

The Board, through the Risk Management Committee oversees the overall risk management framework of the Group. The Audit Committee, through the assistance of the outsourced internal auditors, assists the Board in risk assessment review, and monitoring the effectiveness of the risk management implementation based on risk based audit plan.

The Risk Management Committee reports to the Board on the risks profiles as well as the on-going risk management implementation and actions undertaken to mitigate the risks identified. The Risk Management Committee also updates the Board of their continuous review of the risk profiles and the adequacy of its control procedures throughout the Group.

The Board determines the changes in risk management policies based on the risk assessments and ensures appropriate systems are implemented in managing principal risks identified.

Investor Relations and Shareholders' Communications

The Board believes in building investor confidence through good corporate governance practices. As such, the Company has in place, the Investor Relations team with the objective of creating shareholders' value and enhancing shareholders' confidence of the Group.

The Company has designated the senior management together with the appointed Investor Relation consultants as persons responsible for the handling of discussions and disclosures with investors, fund managers, financial analysts and the public.

The Board reviews and approves all quarterly financial and other important announcements, and is mindful that material information is announced in a timely manner.

Internal Control Systems

The Board is responsible for maintaining an appropriate system of internal control to safeguard the shareholders' value and the assets of the Group.

The activities of the internal audit functions are set out in the Audit Committee Report section of this Annual Report. Further details pertaining to the Company's internal control system and its effectiveness are available in the Risk Management and Internal Control Statement section of this Annual Report.

In addition to the above functions, the Board is also tasked to decide and approve amongst others, the financial statements, quarterly results, material acquisitions and/or disposals of the Group's fixed assets, new investment, divestment, corporate restructuring, establishment of joint ventures, related party transactions and new appointments to the Board.

The Board is also committed towards sustainable development. The Group's sustainability strategy encompasses the community, workplace, marketplace and environment. Details are set out in the Corporate Social Responsibility Statement section of this Annual Report.

Supply of Information

The Board is provided with sufficient and timely information to enable it to discharge its duties effectively. At least 7 days prior to Board meetings, all directors are provided with the agendas and Board papers to enable the directors to participate effectively in the meetings.

The Board and its Committees have full and unrestricted access to all information of the Group. Such information is not only quantitative, but also includes other information which is deemed necessary for them to make an informed decision. Senior Management may be invited to Board meetings to provide insights into matters being discussed and to furnish clarification on issues that may be raised by the Board.

The directors may obtain further information, which they may require in discharging their duties such as seeking independent professional advice, if necessary, at the Company's expense.

CORPORATE GOVERNANCE DISCLOSURES (CONT'D)

Company Secretaries

The Company Secretaries provide guidance to the Board on matters relating to the company law, rules and regulations of the regulatory authorities as well as best practices on governance. The Board has unrestricted access to the advice and services of the Company Secretaries. Every Board member is provided with Tambun Indah Corporate Calendar, which contains details of compliance issues, meeting schedules and events. In addition, the Company Secretaries also update the Board on circulars received from Bursa Malaysia Securities Berhad as well as amendments or changes to the Listing Requirements, which are relevant to the Company.

The Company Secretaries record, prepare and circulate the minutes of meetings of the Board and Board Committees and ensure such minutes are properly kept at the registered office of the Company and produced for inspection, if required.

The Company Secretaries are responsible for proper maintenance of secretarial records and attend to the auditors in annual statutory audits on the Company's statutory records in connection with the audit of the financial statements of the Company.

Both Company Secretaries have tertiary education and are qualified to act as company secretaries under Section 235(2) of the Companies Act, 2016. The Company Secretaries regularly keep themselves abreast of the regulatory changes and developments in corporate governance through attendance at various continuous training programmes.

Principle 2 STRENGTHEN COMPOSITION

Board Committees

The Board delegates certain areas of responsibilities to Board Committees, each with predefined terms of reference and responsibilities; and the Board receives reports of their proceedings and deliberations. Where the Board Committees have no authority to make decisions on matters reserved for the Board, recommendations would be tabled to the Board for its approval. The Chairman of the respective Board Committees shall report the outcome of the Committee meetings to the Board and relevant decisions are incorporated in the minutes of the Board meetings.

Further details of the Board Committees are set out below.

1) Audit Committee

The Board had set up an Audit Committee comprising entirely of independent directors. The Audit Committee is chaired by Mr. Yeoh Chong Keat, a practicing accountant with more than 30 years of audit, tax, and advisory experience.

Further details are set out in the Audit Committee Report section of this Annual Report.

2) Nominating Committee

The Board had set up a Nominating Committee comprising wholly non-executive directors, a majority of whom are independent.

The Nominating Committee consists of :

Name	Designation	Directorate
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Chairman	Independent & Non-Executive
Tsai Chia Ling	Member	Non-Independent & Non-Executive
Yeoh Chong Keat	Member	Independent & Non-Executive
Lai Fook Hoy (appointed on 29.02.2016)	Member	Independent & Non-Executive

CORPORATE GOVERNANCE DISCLOSURES (CONT'D)

The Nominating Committee is guided by a predefined terms of reference and in particular, its duties are to assess :-

- i) the candidates for all directorships;
- ii) the directors who are to fill the seats of Board Committees;
- iii) the directors who are seeking re-election at annual general meeting or who have attained 70 years of age;
- iv) the effectiveness of the Board as a whole, and Board Committees;
- v) the performance of individual directors;
- vi) the independence of independent directors;
- vii) Boardroom diversity, length of service and any other duties as required by the Board; and
- viii) The term of office and performance of Audit Committee and each of its members.

The Nominating Committee met three times during the financial year ended 31 December 2016 to carry out the assessment of the Board, Board Committees, the performance of individual directors, the independence of independent directors, the appointment of a new director, the directors due for retirement by rotation, directors' trainings and boardroom diversity.

Boardroom Diversity

The Board recognises the benefits of having a diverse Board, and believes diversity to be an essential element in maintaining a competitive advantage in achieving its corporate objectives.

The Board believes that a mixed gendered and ethnically diverse Boardroom would offer different ideas and perspectives, which will enable better insights in serving the Group's diverse customers base and enhance the Group's presence in the marketplace.

The Nominating Committee will consider a number of aspects, including but not limited to, gender, age, ethnicity, education background, professionalism, experiences, skills, industry knowledge, length of service and the requirements of the Group's business in determining the optimum composition of the Board.

The Nominating Committee, upon its recent assessment carried out, is satisfied that the current composition of the Board is adequate for its purpose and has the appropriate diverse blend of gender, ethnicity, and age.

The Nominating Committee had recommended that a fixed policy on diversity is not required at this juncture, and the Board supported the recommendation of the Nominating Committee.

The Board does not set any specific target for female directors in the Boardroom as recommended by the Code. However, the current composition of the Board with 2 female directors out of 7 Board members, translates to a 29% female representation on the Board.

Annual Assessment

The Nominating Committee annually assesses the Board as a whole, Board Committees, and the contribution of each individual director by way of customized self-assessment questionnaires. The results of the annual assessment are compiled by the Secretary, and presented to the Nominating Committee for evaluation, and subsequently tabled to the Board for deliberation.

In the annual assessment of the Board for financial year ended 2016, the Board was satisfied with the current composition, the contribution of each board member, as well as the mix of skills of the directors to enable the Board to discharge its responsibilities effectively.

Appointments & Re-elections

Any proposed appointment of new Board members or proposed re-appointment of directors will be assessed by the Nominating Committee. In evaluating the appointment of new directors, in addition to assessment of the candidate's skills and experience, character, integrity, competency, the Nominating Committee also takes into consideration whether the candidate is able to devote time to effectively discharge his role as a director.

The Nominating Committee will, upon its assessment, submit its recommendation to the Board for approval. The Company Secretary is then responsible to ensure relevant procedures relating to the appointment of the new directors are properly executed.

CORPORATE GOVERNANCE DISCLOSURES (CONT'D)

Upon appointment, the new directors will be given a copy of the Board Charter, and provided with an induction programme to familiarize the new directors with the Company's business activities, corporate governance practices, and other policies of the Group. The programme also allows the new directors to get acquainted with the management.

On the assessment of existing directors who are seeking re-election at the annual general meeting of the Company, the Nominating Committee will review their regular and timely attendance of meetings, level of participation in Board matters, and whether they have sufficient time to fulfill their responsibilities on the Board. During deliberations on the performance of a particular director who is a member of the Nominating Committee, that member abstained from the discussions.

3) Remuneration Committee

The Board had set up a Remuneration Committee comprising mainly independent non-executive directors.

The Remuneration Committee consists of :

Name	Designation	Directorate
Lai Fook Hoy	Chairman	Independent & Non-Executive
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Member	Independent & Non-Executive
Teh Kiak Seng	Member	Executive
Yeoh Chong Keat	Member	Independent & Non-Executive

The Remuneration Committee is guided by a predefined terms of reference and in particular, the following duties :-

- to establish and recommend to the Board, the remuneration package of the executive directors.
- to consider other remunerations or rewards as referred to by the Board.

The Remuneration Committee met three times during the financial year ended 31 December 2016 to review and recommend the remunerations of executive directors and their performance incentives and bonuses.

The Remuneration Committee adopts a formal and transparent process in determining the remuneration of the executive directors. The remuneration of the executive directors is structured to link rewards to their respective contributions in supporting the Group's corporate objectives, strategy and culture. The Remuneration Committee's objective is to ensure that there is a competitive remuneration framework in place to reward, motivate, and retain executive directors to manage the Group successfully as well as to drive the Group's businesses to greater growth and maximise long term shareholders' value.

The remuneration framework for executive directors covers all aspects of remuneration including fees, salaries, allowances, bonuses, incentives, options, statutory contributions and benefits-in-kind.

The Board then determines the remuneration package of the executive directors as recommended by the Remuneration Committee and each individual director shall abstain from deliberation on his own remuneration.

Non-executive directors are paid directors' fees and allowance at meetings of the Board and Board Committees. In addition, the chairman of the Board, and chairman of Board Committees also receive an annual fixed fee in recognition for their responsibilities and commitment required. The fees are determined by the Board as recommended by the Remuneration Committee, and are subject to shareholders' approval at the annual general meeting.

All directors are also covered under a Directors and Officers Liability Insurance Policy against any liability incurred by them in discharging their duties while holding the office as directors of the Group.

The aggregate remuneration of the directors for the financial year ended 31 December 2016 are presented under Note 30 of the financial statements.

CORPORATE GOVERNANCE DISCLOSURES (CONT'D)

Principle 3 REINFORCE INDEPENDENCE

Assessment of Independent Directors

The Board values the importance of the role of independent directors to strengthen the Board as a whole. The role of independent directors is to bring independent and objective judgment to the Board. This mitigates risks arising from conflict of interests or undue influence from interested parties. Where any director has an interest in any matter under deliberation, he is required to declare his interest and abstain from participating in the discussions and voting on the matter. None of the current independent directors hold office exceeding a cumulative term of 9 years.

The Nominating Committee assesses the independent directors annually. The Nominating Committee is chaired by Encik Taufiq Ahmad @ Ahmad Mustapha Ghazali, an accountant with more than 30 years of experience in audit and finance including in-depth knowledge of operational strategies in the finance industry.

Questionnaires will be sent to the independent directors to self-evaluate their "independence", in addition to the criteria of independence as set out in the Main Market Listing Requirements. The Nominating Committee will then assess and table its recommendations to the Board.

The Nominating Committee, upon its recent annual assessment carried out, is satisfied that the independent directors have been able to discharge their responsibilities in an independent manner.

Principle 4 FOSTER COMMITMENT

Time Commitment

The Nominating Committee assess whether the directors who hold multiple board representations are able to and have been devoting sufficient time to discharge their responsibilities adequately. Accordingly, the directors of the Company do not hold more than 5 directorships in public listed companies as prescribed by the Main Market Listing Requirements. Directors are required to notify the Managing Director before accepting any new directorships in public listed companies, and of his time commitment in fulfilling his role to make positive contributions to the Board.

The Nominating Committee recognizes that its assessment of each director's ability to discharge his or her duties adequately cannot be confined to the criterion of the number of his or her board representations as time requirements are very subjective. Thus, the Nominating Committee takes into account the contributions by the directors during Board, or Board Committees, meetings and their attendance at such meetings, in addition to their principal duties as non-executive directors of the Company.

The Board has committed to meet at least once every quarter. The quarterly Board meetings are scheduled in advance before the end of each financial year so as to enable the directors to plan accordingly and to fit the year's meetings into their schedules. In addition, Board meetings may be convened as and when need arises to consider urgent proposals or matters that require expeditious decision or deliberation by the Board.

The Board also resolves and approves certain Company's matters vide circular resolutions. The circular resolutions are drawn up with detailed information and must be signed by a majority of directors.

The Board met 5 times during the financial year ended 31 December 2016. The details of attendance are as follows :

Name	No. of Board Meetings Attended
Lai Fook Hoy	5 / 5
Teh Kiak Seng	5 / 5
Teh Theng Theng	5 / 5
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	4 / 5
Yeoh Chong Keat	5 / 5
Tsai Chia Ling	4 / 5
Teh Deng Wei (appointed on 18 November 2016)	0 / 0

The Nominating Committee, upon its recent annual assessment carried out, is satisfied that all directors had committed sufficient time in discharging their responsibilities.

CORPORATE GOVERNANCE DISCLOSURES (CONT'D)

Directors' Trainings

Any director appointed to the Board is required to complete the Mandatory Accreditation Programme (MAP) within 4 months from the date of appointment. In addition to the MAP, Board members are also encouraged to attend training programmes conducted by competent professionals that are relevant to the Group's operations and businesses.

For the financial year ended 31 December 2016, the directors had attended the following trainings :

Name	Trainings Attended
Lai Fook Hoy	-
Teh Kiak Seng	<ul style="list-style-type: none"> • Risk Management Workshop • Traffic Impact Assessment
Teh Theng Theng	-
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	<ul style="list-style-type: none"> • CG Breakfast Series for Directors : Improving Board Risk Oversight Effectiveness • Focus Group Series : Corporate Governance Disclosures "What Makes Good, Bad and Ugly Corporate Governance Reporting" • ESG Seminar for FTSE4Good Bursa Malaysia Index • Directors' Continuing Education Programme (DCEP) • Board Chairman Series Part 2: Leadership Excellence from The Chair • Corporate Directors Onboarding Programme (CDOP) : Updates on Companies Bill 2015 and Its Implication to Directors • Management Discussion & Analysis - What and How to Disclose? • MIA International Accountants Conference 2016
Yeoh Chong Keat	<ul style="list-style-type: none"> • 2017 Budget Seminar • National Tax Conference 2016
Tsai Chia Ling	-
Teh Deng Wei (appointed on 18 November 2016)	-

Lai Fook Hoy, Teh Theng Theng and Tsai Chia Ling did not participate in any structured trainings during the financial year as their business meetings and interactions with various business parties and stakeholder including their other directorships will serve them sufficiently in the discharge of their duties to the Board.

Teh Deng Wei was appointed to the Board on 18 November 2016 and had completed the MAP in February 2017.

The Nominating Committee, upon its recent annual assessment carried out, is satisfied with the directors' own evaluation of their training needs and had attended training to increase their knowledge and understanding of recent developments in laws, regulations and business practices to aid them in the discharge of their duties and responsibilities as directors of the Company.

The Nominating Committee had recommended the current practice be maintained and a directors' training policy is not required at this juncture. The Board supported the recommendation of the Nominating Committee.

Principle 5 UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board aims to present a balanced and understandable assessment of the Group's financial position and prospects to the public in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards. In the preparation of the financial statements, the directors have taken the necessary steps to ensure all applicable accounting policies are applied consistently, and supported by reasonable and prudent judgement.

During the financial year, the Audit Committee assisted the Board to oversee the Group's financial reporting processes by reviewing the financial and statutory compliance aspects of the annual financial statements and quarterly financial results prior to deliberation at Board level. The Board then discussed and approved the annual financial statements and quarterly financial results for release to Bursa Securities and the Securities Commission respectively at the close of trading.

CORPORATE GOVERNANCE DISCLOSURES (CONT'D)

External Auditors

The Audit Committee and the Board place great emphasis on the objectivity and independence of the Company's external auditors in providing relevant and transparent reports to the shareholders.

During the financial year, the Audit Committee reviewed the scope of audit, the reporting obligations, the audit procedures, deliverables and key dates for the year's audit before the external auditors commenced their audits of the Company and of the Group. The Audit Committee also discussed with the external auditors in respect of the accuracy and completeness of the accounting records, the accounting principles, the effectiveness of the Group's internal control and business risk management including any other pertinent matter that should be brought to the attention of the Audit Committee relating to the audit of the Group's financial statements. The Audit Committee met with the external auditors twice without the presence of the executive directors and management of the Group.

The Audit Committee also ensures the management provides a timely response to any request of documents or queries raised by the external auditors.

The Audit Committee assesses the external auditors annually. The Audit Committee will consider a number of aspects such as the adequacy of resources, quality of work, the experience of the staff assigned to the audit of the Group as well as the independency and objectivity of the external auditors.

The existing external auditors, BDO Chartered Accountants had been re-appointed by shareholders of the Company since financial year 2010. In compliance with the Malaysian Institute of Accountants, BDO rotates its audit partner every 5 years to ensure objectivity, independence and integrity of the audit opinions.

BDO had also confirmed to the Audit Committee in writing that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee, upon its recent annual assessment carried out, is satisfied with the suitability of BDO based on their audit approach, quality of work done, sufficiency of resources and independence. The Audit Committee had proposed that the Board recommends the re-appointment of BDO as the external auditors of the Company at the forthcoming annual general meeting.

Principle 6 RECOGNISE AND MANAGE RISKS

Risk Management

The Board had set up a Risk Management Committee comprising of executive directors and senior management.

The Risk Management Committee consists of :

Name	Designation	Position
Teh Kiak Seng	Chairman	Managing Director
Teh Theng Theng	Member	Executive Director
Teh Deng Wei	Member	Executive Director
Thaw Yeng Cheong	Member	Project Director
Neoh Sze Tsin	Member	Chief Financial Officer

The Board through the Risk Management Committee reviews the adequacy of the Group's risk management framework to ensure risk management and internal controls are in place. The Group had adopted a risk management framework to enhance its risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the risk management framework. The Risk Management Committee will update the Audit Committee and the Board periodically on the Group's risk profile including actions undertaken by the management to manage or mitigate the risks identified.

As at 31 December 2016, the Board is of the opinion that the Group had adequately addressed the financial, operational and compliance risks, which are relevant and material to the Group's operations, by ensuring that the systems of internal control and risk management are in place.

CORPORATE GOVERNANCE DISCLOSURES (CONT'D)

Internal Audit Function

The Board acknowledges its responsibilities to maintain an appropriate system of internal control to safeguard shareholders' interests and the assets of the Company. The Board had appointed an independent professional firm, to carry out the internal audit functions to ensure that the Company's internal control systems are properly in place. The internal auditors report directly to the Audit Committee.

During the financial year, the Audit Committee through the assistance of the internal auditors reviewed and reported to the Board on the adequacy of the Group's system of internal controls covering certain business process/functional areas audited by the internal auditors according to the internal audit plans.

Further details are available in the Audit Committee Report section and the Risk Management and Internal Control Statement section of this Annual Report.

Principle 7 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Investors Relations

The Board recognizes the value of corporate transparency and coherent communication, and aims to provide fair, relevant, comprehensive and timely information regarding the Group's performance to the shareholders and the investment community to enable them to make informed decisions. The Group's Investor Relations team is tasked with, and focuses to build long term relationships and trust with the shareholders and investment community.

The Investor Relations team communicates regularly with shareholders and investment community, with timely disclosures of material or other pertinent information through announcements to Bursa Securities. The team also conducts roadshows, analyst presentations and corporate briefings to keep investors apprised of the Group's development and financial performance.

Shareholders and the investment community can also access the Company's official website (www.tambunindah.com) to obtain up-to-date information of the Group such as the financial performance, corporate information, media activities, latest and upcoming product launches etc.

Principle 8 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Greater Shareholders' Participation

The Board supports and encourages active shareholders' participation at its annual general meetings and any other general meetings. In accordance with the Company's Articles of Association, any shareholder may appoint up to a maximum of 2 proxies to attend and vote on his behalf in any general meeting.

The Company allows the appointment of proxy who is not a member of the Company. As for the exempt authorised nominee with shares in the Company for multiple beneficial owners in one securities account, there is no limit on the number of proxies to be appointed.

The notice of annual general meeting will be sent to shareholders at least 21 days before the time appointed for holding the meeting. Any proposed resolution to be considered under special business will be accompanied by explanatory notes to facilitate understanding and evaluation of the shareholders.

At the commencement of the meeting, the Company's independent non-executive Chairman will share with the shareholders amongst other, the poll voting process on all the resolutions put to the meeting.

During the meeting, the independent non-executive Chairman will invite shareholders to raise questions pertaining to the proposed resolution before putting the motion to vote. Board members and senior management will be present at the meeting to respond to any questions from shareholders. The Company's external auditors are also present to address issues relating to the audits and the auditors' report.

In compliance with the recent amendments on the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of the forthcoming Annual General Meeting shall be voted upon by poll.

This statement was approved by the Board on 13 April 2017.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Securities, the Board of Directors ("the Board") of Tambun Indah Land Berhad ("the Company") is pleased to provide the following statement on risk management and internal control of Tambun Indah Land Berhad and its subsidiaries ("the Group") for financial year ended 31 December 2016. This has been prepared in accordance to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and "Statement on Internal Control and Risk Management: Guidelines for Directors of Listed Issuers".

Responsibility for Risk Management and Internal Control

The Board acknowledges its overall responsibility for the Group's system of risk management and internal control, and for reviewing its adequacy and effectiveness. The risk management system is designed to manage the Group's risks within an acceptable risk profile, rather than to totally avoid or eliminate the risks that are inherent to the Group's activities.

The Board recognises the importance of internal audit to establish and maintain a sound system of internal control. In view of the limitations that are inherent in any system of internal control, it can only provide reasonable but not absolute assurance against material misstatement of financial information, loss or fraud. The Board regularly receives and reviews reports on internal control, and is of the view that the system of internal control is adequate to safeguard shareholders' interests and the Group's assets.

The role of Management is to implement the Board's policies and guidelines on risks and controls, to identify and evaluate the risks faced, and to operate a suitable system of internal controls to manage these risks. The Board has received assurances from Management that the Group's system of Risk Management and Internal Control is operating adequately and effectively throughout the financial year under review.

Risk Management

The Board confirms that there is an on-going process of identifying risks, evaluating and managing the significant risks faced by the Group. This process is in place for the year under review, and up to the date of issuance of the Statement on Risk Management and Internal Control.

As part of the Risk Management process, a Registry of Risk and a Risk Management Handbook had been prepared. The Registry of Risk is maintained to identify principal business risks and updated for changes in the risk profile. The Risk Management Handbook summarizes risk management methodology, approach and processes, roles and responsibilities, and various risk management concept. The respective risk owners are accountable to identify risks and to ensure that adequate control systems are implemented to mitigate risks faced by the Group. The process of identifying, evaluating, monitoring and managing risks is embedded in various work processes and procedures of the respective operational functions and management team.

The key elements of the Group's risk management framework include:

- A Risk Management Working Group is established to support and advise the Group and Audit Committee on the implementation and monitoring of the Group Risk Management Policy and Strategy. The working group comprised of all the Executive Management team that comprises of Executive Directors and Heads of Department. The Internal Auditor also attends the Annual Risk Registry Review meeting.
- The duties of the Risk Management Working Group includes: -
 - Assessment and monitoring of all risks associated with the operations of the Group;
 - Development and implementation of internal compliance and control systems and procedures to manage risk;
 - Assessment and monitoring of the effectiveness of controls instituted;
 - Review and make recommendations to the Board in relation to Risk Management;
 - Consider, and make recommendations to the Board in connection with, the compliance by the Group with its Risk Management Strategy;
 - Report to the Board on any material changes to the risk profile of the Group;
 - Monitor and refer to the Board any instances involving material breaches or potential breaches to the Group's Risk Management Strategy;
 - Report to the Board in connection with the Group's annual reporting responsibilities in relation to matters pertaining to the Group's Risk Management Strategy.
 - Undertake a review on an annual basis, in accordance with the Group's Risk Management framework and to make recommendations to the Board in connection with changes required to be made to the Group's Risk Management Strategy;
- The Risk Management Working Group reviews the Terms of Reference to ensure that it is operating at maximum effectiveness, recommending any changes it considers necessary to the Group. For the financial year under review, the meeting was carried out on 28th September 2016. The meeting was attended by the Managing Director, Project Director, Chief Financial Officer, General Manager, Finance Manager, Heads of Department, Project Managers and Internal Auditors (independent party invited to be present).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

- The Risk Management Working Group had reviewed the Risk Registry in September 2016. Each risk factor identified is discussed, evaluated and ranked based on its likelihood of occurrence and the extent of impact on the Group businesses. Control measures and action plans to manage or mitigate the risks were determined. Current monitoring actions of the risks and its implementation status were also reviewed and updated. These risks were documented and updated in the Risk Registry and reported for review by the Audit Committee and the Board in November 2016.
- The Risk Management Working Group updates the Board on the Group's risk profile and reports any new significant risks once a year.

Internal Audit Functions

The Board in its efforts to provide adequate and effective internal control had appointed an independent consulting firm, Sterling Business Alignment Consulting Sdn Bhd ("Sterling") to review the adequacy and integrity of its system of internal control. Sterling acts as the internal auditor and reports directly to the Audit Committee quarterly during the Audit Committee Meeting. The Audit Committee is chaired by an Independent Non-Executive Director, and its members comprises of Independent Non-Executive Directors.

The internal audit adopts accepted auditing practices in developing its audit plan which addresses the critical business processes, internal control gaps, effectiveness and adequacy of the existing state of internal control and recommend possible improvements to the internal control process.

On a quarterly basis, the internal auditors report to the Audit Committee on areas for possible improvement, and Management's response to such recommendations. Follow-up audits are also carried out and the outcome reported to the Audit Committee to ensure weaknesses identified have been or are being addressed.

During the financial year, the internal audit reviewed the adequacy and the integrity of the Group's internal control system and management information system of the key functions including system for compliance with applicable laws, regulations, rules, directives and guidelines.

For the financial year ended 31st December 2016, one (1) follow up review and three (3) internal audit reviews had been carried out by Sterling:-

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1 st Quarter (Jan 2016 – Mar 2016)	May 2016	<ul style="list-style-type: none"> • Palmington Sdn Bhd and Denmas Development Sdn Bhd • Tambun Indah Development Sdn Bhd and Palmington Sdn Bhd • Premcourt Development Sdn Bhd • Tambun Indah Land Berhad • Tambun Indah Land Berhad 	<p>Follow-up actions on previously reported audited findings:-</p> <ul style="list-style-type: none"> • IA reported in February 2016 on Sales and Marketing and Sales Administration function (Pearl Avenue 2, Raintree Park 1 and Bukit Residence) • IA reported in November 2015 on Project Management and Control of Progress Claims function (Pearl Residence and Pearl Avenue) • IA reported in August 2015 on Project Management and Control of Progress Claims (Straits Garden) • IA reported in November 2014 on Human Resources, Administration and Legal functions. • IA reported in August 2014 on Building Maintenance and Management Information Systems.
2 nd Quarter (Apr 2016 – Jun 2016)	Aug 2016	<p>Ascention Sdn Bhd</p> <ul style="list-style-type: none"> • Permai Residence (Taman Seri Permai) <p>Palmington Sdn Bhd</p> <ul style="list-style-type: none"> • Avenue Garden • Pearl 28 • Pearl Harmoni • Pearl Saujana • Pearl Tropika • Rain Tree Park 1 (Villa Raintree I) • Rain Tree Park 2 (Villa Raintree II) 	<ul style="list-style-type: none"> • Pre-Contract Management • Post-Contract Management

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

3 rd Quarter (Jul 2016 – Sep 2016)	Nov 2016	<ul style="list-style-type: none"> Tambun Indah Land Berhad and Group of companies 	<ul style="list-style-type: none"> Management Information System Administration Legal
4 th Quarter (Oct 2016 – Dec 2016)	Feb 2017	<ul style="list-style-type: none"> Palmington Sdn Bhd Pearl Tropika project Raintree Park 2 project <ul style="list-style-type: none"> Denmas Development Sdn Bhd Bukit Residence project 	<ul style="list-style-type: none"> Project Management Control of Progress Claims (from Main Contractors)

Other Key Elements of Internal Controls

The Group has ensure the following key elements of internal controls are in place during the financial year:

- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, appropriate segregation of duties and levels of delegated authority;
- A set of documented internal policies and procedures, which is subject to regular review and improvement by management;
- Budgets for the financial year are reviewed on a yearly basis and major variances are followed up, if any, and remedial actions are taken where necessary;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Report by the Management to the Board on significant operational matters and other issues that affect the Group;
- Regular visits to operating units and / or project sites by Managing Director, Executive Directors and senior management;
- The internal audit function carries out quarterly risk based internal audits to ascertain the adequacy of and to monitor the effectiveness of operational and financial procedures; and
- During the Audit Committee and Board meetings, quarterly results, annual financial statements, related party transactions and updates on business development are reviewed; and key risks highlighted by the management are deliberated upon.

The Board is of the view that there was no significant breakdown or weaknesses in the system on internal controls of the Group that had resulted in material losses to the Group for the financial year ended 31 December 2016.

Assurance from the Management

The Board had received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Review of Statement by the External Auditors

The external auditors have reviewed this Statement in accordance to Paragraph 15.23 of the MMLR of Bursa Securities. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

Conclusion

The Board remains committed towards maintaining a sound system of internal control and risk management to achieve a balance between the Group's business objectives and operational efficiency. The Board is of the view that there were no material losses incurred during the financial year ended 31 December 2016 as a result of weaknesses in internal control that would require separate disclosure in the Group's Annual Report.

The Board continually evaluates and takes measures to strengthen the internal control systems. This statement is made in accordance with the minutes of the Board Meeting held on 13 April 2017.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee consists of :

Name	Designation	Directorate
Yeoh Chong Keat	Chairman	Independent Non-Executive
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Member	Independent Non-Executive
Lai Fook Hoy	Member	Independent Non-Executive

MEETINGS AND ATTENDANCE

A total of 5 Audit Committee meetings were held during the financial year ended 31 December 2016 and the details of attendance are as follows:-

	No. of Meetings Attended
Yeoh Chong Keat	5/5
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	4/5
Lai Fook Hoy	5/5

The Chief Financial Officer, a representative of the internal audit and a representative of external audit normally attend the meetings. Other members of the Board or Senior Management may attend the meetings upon invitation. The Audit Committee also meets with the external auditors without executive Board members and management present at least twice a year.

SUMMARY OF WORK

During the financial year ended 31 December 2016, the summarised works carried out by the Audit Committee are as follows:-

- Reviewed the unaudited quarterly financial results before presentation to the Board for approval and for release to the authorities and public.
- Reviewed and approved the internal and external audit plans.
- Reviewed the draft audited financial statements before presentation to the Board for approval and for release to the authorities and public.
- Reviewed the related party transactions that arise within the Group.
- Reviewed and assessed the risk management activities of the Company and the Group.
- Reviewed and verified the allocation of options to eligible employees of the Group pursuant to Share Option Scheme.
- Reviewed the internal audit reports and the management action plans on recommendations noted in the reports.
- Reviewed the external audit findings with the External Auditors.
- Appraised the performance of the Internal and External Auditors.

INTERNAL AUDIT FUNCTION

The Company engaged the services of an independent professional firm of consultants, Sterling Business Alignment Consulting Sdn. Bhd to carry out the internal audit functions of the Group in order to assist the Audit Committee in discharging its duties and responsibilities. The internal auditors also assists in meeting the business objectives of the Company by establishing and maintaining a systematic, disciplined approach to evaluate and improve the effectiveness of the Company's risk management framework.

AUDIT COMMITTEE REPORT (CONT'D)

The internal auditor adopts a risk-based audit methodology to develop its audit plan and activities. The internal audit functions of the Group are then carried out according to the internal audit plan as approved by the Audit Committee. Greater focus and appropriate review intervals are set for higher risk activities, material internal controls, including compliance with the Company's policies, procedures and regulatory responsibilities.

The findings by the Internal Auditors and recommendations are provided to the Management who would respond to the actions to be taken. Each quarter, the internal auditors would present its report to the Audit Committee. The Audit Committee then monitors the timely and proper implementation of required corrective or preventive or improvement measures undertaken by the Management so as to continuously improve the system of internal controls of the Group.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2016 was RM178,661.

During the financial year ended 31 December 2016, the summarised works carried out by the internal auditors are as follows:-

- 1) Follow up review on the findings reported in the previous financial quarters.
- 2) Reviewed the Pre-Contract Management and Post-Contract Management functions in respect of the Group's on-going projects.
- 3) Reviewed the Management Information System, Administration and Legal functions of the Group.
- 4) Reviewed the Risk Register, Risk Matrix and Risk Management Frameworks of the Group.
- 5) Reviewed the functional areas of project management and controls of progress claims from main contractors in respect of the Group's on-going project.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The details of the ESOS are set out as follows:-

	As at 31 December 2016
Total number of options granted	13,351,000
Total number of options vested	12,875,000
Total number of options exercised	9,194,000
Total number of options lapsed	565,000
Total options outstanding	3,592,000

Granted to Directors	As at 31 December 2016
Total number of options granted	6,200,000
Total number of options vested	5,750,000
Total number of options exercised	4,900,000
Total number of options lapsed	300,000
Total options outstanding	1,000,000

The number of options granted to Directors as at 31 December 2016 includes the options of an Executive Director appointed to the Board during the financial year ended 31 December 2016 which was granted prior to this appointment.

	During the financial year ended 31 December 2016	Since commencement of the ESOS on 05 June 2012
Granted to Directors & Senior Management		
Aggregate Maximum Allocation	-	50.0%
Actual Allocation	-	35.6%

ADDITIONAL COMPLIANCE INFORMATION

1. MATERIAL CONTRACTS

No material contracts entered by the Company or its subsidiaries involving directors' and major shareholders' interests since the previous financial year ended 31 December 2015 and in the financial year ended 31 December 2016.

2. UTILISATION OF PROCEEDS

During the financial year, there were no proceeds raised by the Company from any corporate proposals.

3. AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the external auditor or a firm or corporation affiliated to the auditor firm by the Company and the Group for the financial year ended 31 December 2016 are as follow:

	Group (RM)	Company (RM)
Fees paid or payable to the external auditor		
- Audit Fees	176,900	35,000
- Non-Audit Fees	26,700	15,100
Non-Audit fees paid or payable to an affiliated firm of the external auditor for tax compliance and advisory services	124,100	5,750
Total	327,700	55,850

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

There were no recurrent related party transactions of a revenue or trading nature conducted pursuant to shareholders' mandate during the financial year ended 31 December 2016.

STATEMENTS OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors acknowledge that they are responsible for the Annual Audited Financial Statements so as to give a true and fair view of the state of affairs as at the end of the financial year of the Group and of the Company and of their results and their cash flows.

In preparing the financial statements for the financial year ended 31 December 2016, the Directors had:-

1. applied reasonable and prudent judgement and estimates;
2. followed all applicable approved accounting standards in Malaysia; and
3. prepared financial statements on a going concern basis.

The Directors had ensured the Company maintains appropriate accounting policies that disclose with reasonable accuracy of the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors had also taken steps that are reasonably available to them to maintain an appropriate system of internal control to safeguard the assets of the Group and of the Company, and to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

This statement is made in accordance with the Board Resolution dated 13 April 2017.

LIST OF PROPERTIES HELD BY THE GROUP

Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
DEVELOPMENT PROPERTIES						
1. PT 1801 (Formerly known as Lot 20, Lot 21, Part of Lot 21483 (Formerly known as Part of Lot 8747) & Part of Lot 21484 (Formerly known as Part of Lot 22)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Villa Raintree 1, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Land under development	N/A	23.34	14,328,653	04.05.2011
2. PT 1800 (Formerly known as Lot 116, Part of Lot 21483 (Formerly known as Part of Lot 8747) & Part of Lot 21484 (Formerly known as Part of Lot 22)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Villa Raintree II, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Land under development	N/A	28.59	36,103,080	04.05.2011
3. PT 1802 (Formerly known as Part of Lot 21483 (Formerly known as Part of Lot 8747)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Pearl Tropika, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Land under development	N/A	19.49	33,870,650	04.05.2011
4. Lot 24937 to Lot 24941 (Formerly known as part of Lot 8746 and Part of Lot 21482 (Formerly known as Part of 8747)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Low Cost Flat, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for residential development	N/A	10.79	9,763,559	04.05.2011
5. Lot 24318 (Formerly known as PT 2374 (Formerly known as Part of Lot 23200 (Formerly known as Part of Lot 8753)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Avenue Garden, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Land under development	N/A	2.50	10,201,921	04.05.2011

LIST OF PROPERTIES HELD BY THE GROUP (CONT'D)

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
6.	Lots 11130, 11139, 11141, 11142, 11143, 11144, 11145, 11146, 11147, 11148, 11150, 11151, 11152, 11153, 11156 & 11157, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Pearl 28, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Land under development	N/A	2.16	8,987,654	11.06.2014
7.	Lot 24320 to Lot 24926 (Part of Lot 1345, Part of Lot 21482 (Formerly known as Part of Lot 8747) and Part of Lot 21485 (Formerly known as Part of Lot 22)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Pearl Saujana, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Land under development	N/A	20.94	26,615,865	04.05.2011
8.	PT 3178 (Formerly known as part of Lot 21487 (Formerly known as Lot 8749) and Lot 21192), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Pearl Botanik, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for residential development	N/A	30.26	20,983,593	04.05.2011
9.	PT 3030 to PT 3177 (Formerly known as part of Lot 21487 (Formerly known as Lot 8749)) Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Pearl Impiana, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for residential development	N/A	5.58	6,998,756	04.05.2011
10.	Part of Lot 23201 (Formerly known as Part of Lot 8753), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Central Avenue, Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for commercial development	N/A	8.56	8,109,180	04.05.2011

LIST OF PROPERTIES HELD BY THE GROUP (CONT'D)

Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
11. Part of Lot 13, Part of Lot 14, Lot 24, Part of Lot 24393 (Formerly known as part of Lot 1345), Lot 1383, Lot 1393, Part of Lot 24933, 24935 & 24936 (Formerly known as part of Lot 21483 (Formerly known as part of Lot 8747)) and Part of Lot 21486 (Formerly known as Lot 16), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for residential development	N/A	58.19	33,653,123	04.05.2011
12. Part of Lot 21488 (Formerly known as Part of Lot 8749), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Development land approved for residential development	N/A	19.80	10,958,479	04.05.2011
13. Lot 1708, Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang.	Freehold	Development land approved for residential development	N/A	5.54	11,903,408	02.06.2014
14. Lot 114 & Lot 1067, Mukim 15, Seberang Perai Selatan, Pulau Pinang (Jalan Tasek Mutiara 1, Simpang Ampat).	Freehold	Land held for development	N/A	44.33	27,358,892	30.06.2010
15. PT 1431 (Formerly known as part of Lot 21027 (Formerly known as part of Lot 9758)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	2.60	1,533,202	04.05.2011
16. Part of Lot 13, Part of Lot 14, Lot 8936, Lot 10016, Lot 10017, Lot 10023, Part of Lot 21486 (Formerly known as Lot 16), Part of Lot 24933 & Part of Lot 24936 (Both formerly known as part of Lot 8746 and part of Lot 21482 (Formerly known as part of Lot 8747)), and PT 1432 & PT 1433, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Land held for development	N/A	34.11	31,733,954	04.05.2011

LIST OF PROPERTIES HELD BY THE GROUP (CONT'D)

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
17.	Lot 148, Seksyen 5, Bandar Bukit Mertajam, Seberang Perai Tengah, Penang.	Freehold	Land held for development	N/A	0.47	767,582	14.05.2012
18.	Part of Lot 14, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	0.16	118,740	07.05.2013
19.	Lots 8764, 8768, 8775 & 11159 Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang and PT 1427 & PT 1428 (Formerly known as Lots 8776, 8777, 10019 & 10020), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Amenities Land, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land held for development	N/A	18.62	377,590	04.05.2011
20.	Lot 1368, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	24.09	15,468,656	13.11.2013
21.	Lot 21030 (Formerly Lot 1471), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	15.62	5,786,395	30.06.2010
22.	Lots 4738 & 4741, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	20.88	13,400,405	21.10.2013
23.	Lots 1428, 1433, 1445, 8748 & Lot 21488 (Formerly known as Part of Lot 8749), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	38.32	21,506,776	04.05.2011
24.	Lot 21024 (Formerly known as Lot 1076), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	0.58	226,604	11.06.2014
25.	Lots 159, 1429, 32472 & 32473 (Both formerly known as Lot 1430), 32474 & 32475 (Both formerly known as Lot 1428), 32476 & 32477 (Both formerly known as Lot 30264) Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang and Lots 528, 535, 536, 537, 1718, 1868, 1869, 1870, 1871, 1872, 1873 & 31596 Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang.	Freehold	Land held for development	N/A	19.55	42,203,340	21.05.2015

LIST OF PROPERTIES HELD BY THE GROUP (CONT'D)

Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
INVESTMENT PROPERTIES						
1. No. 6 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang	Freehold	3-storey terrace shop office	18	153/ 459.12	900,000	31.12.2016
2. No. 10-12 Pangsapuri Pantai Jalan Wisma Pantai 1 12200 Butterworth Pulau Pinang	Freehold	3-bedroom penthouse	20	NA/139	290,000	31.12.2016
3. No. 1-03 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	20	NA/147	290,000	31.12.2016
4. No. 1-04 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	20	NA/125	245,000	31.12.2016
5. No. 7-04 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	20	NA/145	300,000	31.12.2016
6. No. 7-05 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	20	NA/120	250,000	31.12.2016
7. No. 7-06 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	6 levels of multi-storey 128 bays of covered car parks, and 1 office lot	20	NA/6,171	3,663,381	31.12.2016
8. No. 5099 Dahlia Park Jalan Kampung Benggali 12200 Butterworth Pulau Pinang	Freehold	Double storey terrace shop office	3	205/409.98	1,200,000	31.12.2016
9. No. 15 Jalan Villa Tanjung Villa Tanjung 12300 Butterworth Pulau Pinang	Freehold	Double storey terrace shop office	3	133/256.60	1,200,000	31.12.2016

LIST OF PROPERTIES HELD BY THE GROUP (CONT'D)

Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
10. No. 17 Jalan Villa Tanjung Villa Tanjung 12300 Butterworth Pulau Pinang	Freehold	Double storey terrace shop office	3	110/209.96	1,000,000	31.12.2016
11. Part of Lot 23201 & Lot 23202 (Both formerly known as Part of Lot 8753), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang and PT 2375 (Formerly known as Part of Lot 23200 (Formerly known as Part of Lot 8753)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara, Simpang Ampat).	Freehold	Land held for investment purpose	N/A	166,319/NA	37,883,140	04.05.2011
12. Lot 24317 (Formerly known as PT 2373 (Formerly known as Part of Lot 23200 (Formerly known as Part of Lot 8753)), Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang (Bandar Tasek Mutiara, Simpang Ampat, International School).	Freehold	International School	2	32,255/ 19,508	51,000,000	31.12.2016
13. No. 3-02 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	20	NA/169	350,000	31.12.2016
14. No. 10-02 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	20	NA/143	295,000	31.12.2016
15. No. 10-03 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	20	NA/169	350,000	31.12.2016
16. No. 10-04 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	20	NA/131	270,000	31.12.2016

LIST OF PROPERTIES HELD BY THE GROUP (CONT'D)

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
17.	No. 10-05 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	20	NA/151	315,000	31.12.2016
18.	349-01-01, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/88	995,000	31.12.2016
19.	349-02-01, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/288	1,275,000	31.12.2016
20.	349-03-01, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/288	1,130,000	31.12.2016
21.	349-01-03, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/125	1,300,000	31.12.2016
22.	349-02-03, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/105	434,000	31.12.2016
23.	349-03-03, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/105	383,000	31.12.2016
24.	349-01-04, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/125	1,300,000	31.12.2016
25.	349-02-04, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/105	434,000	31.12.2016
26.	349-03-04, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/105	383,000	31.12.2016
27.	349-01-05, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/125	1,300,000	31.12.2016
28.	349-02-05, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/105	434,000	31.12.2016
29.	349-03-05, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/105	383,000	31.12.2016
30.	349-01-06, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/125	1,300,000	31.12.2016
31.	349-02-06, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/105	434,000	31.12.2016
32.	349-03-06, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/105	383,000	31.12.2016

LIST OF PROPERTIES HELD BY THE GROUP (CONT'D)

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
33.	349-01-09, Jalan Jelutong, 11600 Penang	Freehold	A shop lot, and 4 levels of multi-storey 102 bays of covered car parks	1	NA/1,376	3,757,000	31.12.2016
34.	349-02-09, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/217	960,000	31.12.2016
35.	349-03-09, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/217	850,000	31.12.2016
36.	349-01-10, Jalan Jelutong, 11600 Penang	Freehold	A shop lot	1	NA/18	170,000	31.12.2016

PROPERTIES HELD FOR OPERATIONAL PURPOSE/PROPERTY, PLANT & EQUIPMENT

1.	No. 2-03 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	20	NA/137	192,366	19.06.2013
2.	No. 4-01 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	20	NA/117	220,972	04.06.2014
3.	No. 4-03 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	20	NA/135	207,457	24.07.2012
4.	No. 4-04 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	20	NA/126	150,000	22.12.2010
5.	No. 12-01, 12-02 & 12A-01 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	3 penthouse office lots	20	NA/878	1,337,114	30.06.2010

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2017

Paid-up share capital	:	RM214,379,802.50
Class of shares	:	Ordinary shares
Voting right	:	One vote per ordinary share

Distribution of shareholders

Size of holdings	No. of shareholders	No. of shares	%
1 - 99	19	397	0.00
100 to 1,000	648	520,110	0.12
1,001 to 10,000	2,988	15,363,010	3.59
10,001 to 100,000	1,085	33,474,660	7.81
100,001 to 21,420,887 (*)	184	175,207,344	40.90
21,420,888 and above (**)	3	203,852,244	47.58
TOTAL	4,927	428,417,765	100.00

Remarks : * - less than 5% of issued shares
 ** - 5% and above of issued shares

List of substantial shareholders as shown in the Register of Substantial Shareholders

Substantial Shareholders	No. of ordinary shares of RM0.50 held			
	Direct	%	Deemed	%
Siram Permai Sdn. Bhd.	142,450,001	33.25	-	-
Amal Pintas Sdn. Bhd.	36,102,449	8.43	-	-
Teh Kiak Seng	25,299,794	5.91	142,450,001 ^(N1)	33.25
Tsai Yung Chuan	500,000	0.12	36,102,449 ^(N2)	8.43
Tsai Chang Hsiu-Hsiang	-	-	36,102,449 ^(N2)	8.43
Tsal Chia Ling	-	-	36,102,449 ^(N2)	8.43

Notes :

- N1 Deemed interested by virtue of Section 8 of the Companies Act, 2016 held through Siram Permai Sdn. Bhd.
 N2 Deemed interested by virtue of Section 8 of the Companies Act, 2016 held through Amal Pintas Sdn. Bhd.

List of directors' shareholdings as shown in the Register of Directors

Directors	No. of ordinary shares of RM0.50 held			
	Direct	%	Deemed	%
Teh Kiak Seng	25,299,794	5.91	142,450,001 ^(N1)	33.25
Teh Theng Theng	1,860,965	0.43	-	-
Tsai Chia Ling	-	-	36,102,449 ^(N2)	8.43
Lai Fook Hoy	4,016,262	0.94	-	-
Yeoh Chong Keat	300,000	0.07	-	-
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	1,000,000	0.23	-	-

Notes :

- N1 Deemed interested by virtue of Section 8 of the Companies Act, 2016 held through Siram Permai Sdn. Bhd.
 N2 Deemed interested by virtue of Section 8 of the Companies Act, 2016 held through Amal Pintas Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2017 (CONT'D)

LIST OF TOP 30 HOLDERS AS AT 31 MARCH 2017

NO.	NAME	HOLDINGS	%
1	SIRAM PERMAI SDN BHD	142,450,001	33.25%
2	AMAL PINTAS SDN BHD	36,102,449	8.43%
3	TEH KIAK SENG	25,299,794	5.91%
4	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	13,327,100	3.11%
5	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEN KHAI VOON</i>	12,261,400	2.86%
6	WYZ CAPITAL SDN BHD	10,535,773	2.46%
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (NOMURA)</i>	8,149,500	1.90%
8	POH CHEAN HUNG	5,975,576	1.39%
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)</i>	5,970,300	1.39%
10	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND</i>	5,539,200	1.29%
11	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI</i>	5,300,000	1.24%
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (KIB)</i>	4,462,400	1.04%
13	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)</i>	4,423,900	1.03%
14	LAI FOOK HOY	4,016,262	0.94%
15	AMANAH RAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC TREASURES GROWTH FUND</i>	3,995,000	0.93%
16	AMANAH RAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC OPPORTUNITIES FUND</i>	3,941,300	0.92%
17	AMANAH RAYA BERHAD <i>KUMPULAN WANG BERSAMA</i>	3,520,700	0.82%
18	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD <i>CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND</i>	3,362,400	0.78%
19	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>OOI SIEW HWA (010-10E00088)</i>	2,975,440	0.69%
20	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)</i>	2,857,600	0.67%
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (ARIM)</i>	2,750,000	0.64%
22	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)</i>	2,610,900	0.61%
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KENANGA ISLAMIC INVESTORS BHD FOR LEMBAGA TABUNG HAJI</i>	2,574,100	0.60%
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (PHEIM)</i>	2,470,100	0.58%
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KNGA SML CAP FD)</i>	2,364,300	0.55%
26	CITIGROUP NOMINEES (ASING) SDN BHD <i>CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC</i>	2,204,100	0.51%
27	TEH CHING CHING	2,003,497	0.47%
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK FOR KOH KIN LIP (MY0502)</i>	1,985,000	0.46%
29	TEH THENG THENG	1,860,965	0.43%
30	AMANAH RAYA BERHAD <i>KUMPULAN WANG BERSAMA SYARIAH</i>	1,450,000	0.34%

ANALYSIS OF WARRANT HOLDINGS

AS AT 31 MARCH 2017

Number of outstanding warrants	:	4,659,235
Exercise period	:	The exercise period is any time within a period of 5 years from the date of issue up to the expiry date of 30 May 2017
Exercise price	:	RM0.60 and subject to adjustments (where applicable) in accordance with the conditions provided in the Deed Poll
Warrant Entitlement	:	Each warrant entitles the registered holder during the Exercise period to subscribe for one new ordinary share
Number of warrant holders as at 31 March 2017	:	343

Distribution of warrant holders

Size of holdings	No. of Warrant Holders	No. of Warrants	%
1 - 99	54	2,156	0.05
100 - 1,000	94	56,007	1.20
1,001 - 10,000	147	655,850	14.08
10,001 - 100,000	45	1,408,440	30.22
100,001 - 232,960 (*)	0	0	0.00
232,961 and above (**)	3	2,536,782	54.45
TOTAL	343	4,659,235	100.00

Remarks : * - less than 5% of issued warrants
 ** - 5% and above of issued warrants

List of directors' warrant holdings as shown in the Register of Directors

Directors	No. of Warrants held			
	Direct	%	Deemed	%
Teh Kiak Seng	-	-	350,000 ^(N1)	7.51
Teh Theng Theng	-	-	-	-
Tsai Chia Ling	-	-	-	-
Lai Fook Hoy	-	-	-	-
Yeoh Chong Keat	-	-	-	-
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	-	-	-	-

Note :

N1 Deemed interested by virtue of Section 8 of the Companies Act, 2016 held through Siram Permai Sdn. Bhd.

ANALYSIS OF WARRANT HOLDINGS

AS AT 31 MARCH 2017 (CONT'D)

LIST OF TOP 30 HOLDERS AS AT 31 MARCH 2017

NO.	NAME	HOLDINGS	%
1	POH CHEAN HUNG	1,709,082	36.68%
2	TEH PENG PENG	477,700	10.25%
3	SIRAM PERMAI SDN BHD	350,000	7.51%
4	CHEN WEE SANG	78,300	1.68%
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE GUAT YEE (8056437)</i>	72,000	1.55%
6	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KOW CHIEN KHUANG (E-SJA)</i>	70,900	1.52%
7	MAYBANK NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR RUSTOM FRAMROZE CHOTHIA</i>	70,800	1.52%
8	SETO CHEN & SONS SDN BHD	70,000	1.50%
9	LEE EE-LENG	53,500	1.15%
10	HLB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HAMIDON BIN ABDULLAH</i>	50,000	1.07%
11	TONG KIM MOI	50,000	1.07%
12	LEE CHEE KIONG	47,100	1.01%
13	LIM KHUAN ENG	47,000	1.01%
14	TEOH CHOO EE	45,140	0.97%
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>DEVAN A/L DINASAN</i>	42,000	0.90%
16	TEOH AH HIOK @ TEOH LUAN HONG	42,000	0.90%
17	LIM LIAN KEE	40,800	0.88%
18	CHIA YEW TECK	40,000	0.86%
19	CHEW HEE NGE	38,000	0.82%
20	LOO SHEAU MING	32,000	0.69%
21	KOO HANG ENG @ KOO HANG CHONG	30,000	0.64%
22	KWEH GUAT HONG	30,000	0.64%
23	KHOO HONG JOO	27,000	0.58%
24	GOH SWEE JOO	23,000	0.49%
25	CHAN KWANG LI	20,000	0.43%
26	CHOO GEAN JOO	20,000	0.43%
27	CHOO SIEW JOO	20,000	0.43%
28	JAGAT CERAH SDN BHD	20,000	0.43%
29	LOK SING	20,000	0.43%
30	NG BOO KEE @ NG BOO CHEE	20,000	0.43%

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	113,228,490	34,280,674
Attributable to:		
Owners of the parent	112,203,066	34,280,674
Non-controlling interests	1,025,424	0
	113,228,490	34,280,674

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM
In respect of financial year ended 31 December 2015:	
Final single tier dividend of 6.0 sen per ordinary share, paid on 17 August 2016	25,590,772
In respect of financial year ended 31 December 2016:	
Interim single tier dividend of 3.0 sen per ordinary share, paid on 16 February 2017	12,839,906
	38,430,678

The Directors propose a final single tier dividend of 7.0 sen per ordinary share amounting to RM29,914,581 in respect of the financial year ended 31 December 2016, subject to the approval of members at the forthcoming Annual General Meeting.

DIRECTORS' REPORT (CONT'D)

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM212,073,907 to RM213,675,582 by way of:

- (a) Issuance of 979,000 new ordinary shares of RM0.50 each for cash pursuant to the exercise of Employees' Share Options Scheme.
- (b) Issuance of 2,224,350 new ordinary shares of RM0.50 each pursuant to the exercise of warrants at RM0.60 per ordinary share.

The newly issued shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issue of shares during the financial year.

The Company did not issue any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year apart from the issue of options pursuant to the Employees' Share Options Scheme ('ESOS').

The ESOS of the Company came into effect on 5 June 2012. The ESOS shall be in force for a period of five (5) years until 5 June 2017 ('the option period'). On 23 February 2017, the Board of Directors of the Company approved the extension of the scheme for five (5) years until 4 June 2022. The main features of the ESOS are as follows:

- (a) Directors and confirmed employees of the Group who have served at least 2 years of continuous services are eligible under the Scheme;
- (b) The maximum number of new Shares, which may be issued and allotted pursuant to the exercise of the Options shall not at any point in time in aggregate exceed 5% of the issued and paid-up capital of the Company (excluding treasury shares) at any point in time during the duration of the Scheme;
- (c) Not more than 50% of the new Shares available under the scheme shall be allocated in aggregate, to the Directors and senior management of the Group;
- (d) The allocation to an Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares), does not exceed 10% of the total number of the new Shares to be issued under the Scheme;

DIRECTORS' REPORT (CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

- (e) The options granted may be exercised any time within the option period from the date of offer;
- (f) The option price of a new ordinary share under the ESOS shall be the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad ('Bursa Securities') immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Scheme, or at the par value of the ordinary shares of RM0.50 each, whichever is higher;
- (g) The options granted are not entitled for any dividend, voting rights, allotment and/or other distribution declared, made or paid to shareholders unless the new Shares so allotted have been credited to the relevant securities accounts of the shareholders maintained by the Bursa Depository before the entitlement date and will be subjected to all provisions of the Articles relating to the transfer, transmission and otherwise;
- (h) The ESOS Committee at any time and from time to time recommends to the Board any addition or amendment to or deletion of the By-laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-laws upon such recommendation. Any subsequent modifications or changes to the By-laws do not need the prior approval of the Bursa Securities and/or any other relevant authorities; and
- (i) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company within the Group during the option period.

The details of the options over the ordinary shares of the Company are as follows:

Date of offer	Option price RM	Number of options over ordinary shares of RM0.50 each					
		Outstanding as at 1.1.2016	Movements during the financial year			Outstanding as at 31.12.2016	Exercisable as at 31.12.2016
			Granted	Exercised	Lapsed		
5 June 2012	0.50	55,000	0	(35,000)	0	20,000	20,000
30 November 2012	0.65	2,000	0	0	(2,000)	0	0
2 May 2013	0.85	40,000	0	(30,000)	0	10,000	10,000
15 November 2013	1.27	993,000	0	(116,000)	(90,000)	787,000	787,000
28 May 2014	1.75	183,000	0	0	0	183,000	183,000
17 December 2014	1.45	1,166,000	0	0	0	1,166,000	1,016,000
15 June 2015	1.51	318,000	0	0	0	318,000	318,000
1 December 2015	1.25	1,529,000	0	(681,000)	(66,000)	782,000	762,000
21 June 2016	1.25	0	306,000	(117,000)	0	189,000	189,000
16 December 2016	1.24	0	137,000	0	0	137,000	137,000
		4,286,000	443,000	(979,000)	(158,000)	3,592,000	3,422,000

DIRECTORS' REPORT (CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

The Company has been granted exemption by the Companies Commission of Malaysia vide its letter dated 14 February 2017 from having to disclose the list of option holders to whom options have been granted during the financial year and details of their holdings pursuant to Section 169(11) of the Companies Act, 1965 in Malaysia except for information of employees who were granted 300,000 options and above.

There were no employees of the Company and of the subsidiaries who were granted 300,000 options and above under the ESOS during the financial year.

DIRECTORS

The Directors who have held for office since the date of the last report are:

Teh Kiak Seng
 Teh Theng Theng
 Yeoh Chong Keat
 Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
 Lai Fook Hoy
 Tsai Chia Ling
 Teh Deng Wei (Appointed on 18 November 2016)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares, options over ordinary shares and warrants in the Company and of its related corporations during the financial year ended 31 December 2016 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	← Number of ordinary shares of RM 0.50 each →			
	Balance as at 1.1.2016	Bought	Sold	Balance as at 31.12.2016
Shares in the Company				
Direct interests				
Teh Kiak Seng	25,299,794	0	0	25,299,794
Teh Theng Theng	1,860,965	0	0	1,860,965
Yeoh Chong Keat	300,000	0	0	300,000
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	1,000,000	0	0	1,000,000
Lai Fook Hoy	4,016,262	0	0	4,016,262
Indirect interests				
Teh Kiak Seng*	142,450,001	0	0	142,450,001
Tsai Chia Ling**	36,102,449	0	0	36,102,449

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONTINUED)

	<div>← Number of warrants of RM0.50 each →</div>			
	Balance as at			Balance as at
	1.1.2016	Bought	Converted	31.12.2016
<u>Warrants in the Company</u>				
Indirect interests				
Teh Kiak Seng*	350,000	0	0	350,000

* Deemed interested by virtue of shareholdings in Siram Permai Sdn. Bhd.

** Deemed interested by virtue of shareholdings in Amal Pintas Sdn. Bhd.

	← Number of options over ordinary shares of RM 0.50 each →			
	Balance as at	Movement during the financial year		Balance as at
	1.1.2016/ Date of Appointment			31.12.2016
		Granted	Exercised	
<u>Share options in the Company</u>				
Teh Deng Wei	1,000,000	0	0	1,000,000

By virtue of his interest in the ordinary shares of the Company, Teh Kiak Seng is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

None of the other Director holding office at the end of the financial year held any interest in ordinary shares, warrants or options over ordinary shares in the Company of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those remunerations received by certain Directors as directors executives of the subsidiaries and those transactions entered into in the ordinary course of business with companies in which certain Directors of the Company have substantial interests as disclosed in Note 37(b) to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS as disclosed in Note 35 to the financial statements.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the statements of profit or loss and other 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 there are no known bad debts and that provision need not be made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would necessitate the writing off of bad debts or the making of provision for doubtful debts in the financial statements of the Group and the Company;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

AUDITORS

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

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

Teh Kiak Seng
Director

Teh Theng Theng
Director

Penang
13 April 2017

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 63 to 118 have been drawn up in accordance with Financial Reporting Standards and the provisions 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 2016 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 41 to the financial statements on page 119 has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Teh Kiak Seng

Director

Penang

13 April 2017

Teh Theng Theng

Director

STATUTORY DECLARATION

I, Neoh Sze Tsin, being the officer primarily responsible for the financial management of Tambun Indah Land Berhad, do solemnly and sincerely declare that the financial statements set out on page 63 to 119 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
at Georgetown in the State of Penang this 13 April 2017

Neoh Sze Tsin

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAMBUN INDAH LAND BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tambun Indah Land Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 118.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Recognition of revenue and expenses for property development

We refer to Note 24 and Note 25 to the financial statements on the recognition of revenue and expenses for property development, which is based on stage of completion method. The determination of stage of completion is dependent on the estimated cost of completion for the project which requires significant judgement by the management.

Audit response

Our audit responses to address the assessed risk on revenue and cost recognition for property development were as follows:

- (a) Reviewed estimated total costs to complete through inquiries with operational and financial personnel of the Group;
- (b) Vouched documentation to support cost estimates made including contract variations and cost contingencies; and
- (c) Compared prior contract budgets to actual outcomes to assess reliability of management's budgeting processes and controls.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAMBUN INDAH LAND BERHAD (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAMBUN INDAH LAND BERHAD (CONT'D)

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

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Continued)

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAMBUN INDAH LAND BERHAD (CONT'D)

Other Reporting Responsibilities

The supplementary information set out in Note 41 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 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.

BDO
AF: 0206
Chartered Accountants

Koay Theam Hock
02141/04/2019 J
Chartered Accountant

Penang
13 April 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
	NOTE	2016 RM	2015 RM	2016 RM	2015 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	3,960,973	4,580,565	0	0
Investment properties	6	117,406,521	112,865,044	0	0
Land held for property development	7	160,482,136	206,911,060	0	0
Investments in subsidiaries	8	0	0	283,634,864	286,520,447
Investment in an associate	9	1,328,895	2,689,581	831,079	831,079
Investment in a joint venture	10	26,051,943	19,493,760	0	0
Deferred tax assets	11	19,755,000	16,883,000	0	0
		<u>328,985,468</u>	<u>363,423,010</u>	<u>284,465,943</u>	<u>287,351,526</u>
Current assets					
Inventories	12	1,378,211	2,963,689	0	0
Property development costs	13	203,636,006	125,134,663	0	0
Trade and other receivables	14	89,427,921	91,325,094	40,184,173	19,692,076
Current tax assets		4,885,049	7,192,868	97,383	560,102
Short term funds	15	37,560,905	4,324,804	8,358,374	1,772,903
Cash and bank balances	16	83,274,678	179,593,191	4,368,665	29,242,586
		<u>420,162,770</u>	<u>410,534,309</u>	<u>53,008,595</u>	<u>51,267,667</u>
TOTAL ASSETS		<u>749,148,238</u>	<u>773,957,319</u>	<u>337,474,538</u>	<u>338,619,193</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	213,675,582	212,073,907	213,675,582	212,073,907
Reserves	18	322,748,033	247,694,439	110,804,974	113,673,772
		<u>536,423,615</u>	<u>459,768,346</u>	<u>324,480,556</u>	<u>325,747,679</u>
Non-controlling interests	8 (g)	2,561,977	2,736,553	0	0
TOTAL EQUITY		<u>538,985,592</u>	<u>462,504,899</u>	<u>324,480,556</u>	<u>325,747,679</u>
LIABILITIES					
Non-current liabilities					
Borrowings	19	97,365,572	138,969,917	0	0
Deferred tax liabilities	11	0	1,281,000	0	0
		<u>97,365,572</u>	<u>140,250,917</u>	<u>0</u>	<u>0</u>
Current liabilities					
Trade and other payables	23	70,419,236	116,061,700	12,993,982	12,871,514
Borrowings	19	40,789,814	49,439,233	0	0
Current tax liabilities		1,588,024	5,700,570	0	0
		<u>112,797,074</u>	<u>171,201,503</u>	<u>12,993,982</u>	<u>12,871,514</u>
TOTAL LIABILITIES		<u>210,162,646</u>	<u>311,452,420</u>	<u>12,993,982</u>	<u>12,871,514</u>
TOTAL EQUITY AND LIABILITIES		<u>749,148,238</u>	<u>773,957,319</u>	<u>337,474,538</u>	<u>338,619,193</u>

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	NOTE	RM	RM	RM	RM
Revenue	24	360,836,253	367,651,335	37,003,600	35,143,608
Cost of sales	25	(196,922,775)	(214,433,344)	0	0
Gross profit		163,913,478	153,217,991	37,003,600	35,143,608
Other income					
- Interest income	26	4,620,694	3,359,893	1,636,228	2,213,228
- Other income	27	9,476,984	7,467,141	87,969	1,029,525
Selling and distribution expenses		(8,401,036)	(9,568,889)	0	0
Administrative expenses		(18,636,420)	(15,429,578)	(4,250,105)	(1,322,833)
Finance costs	28	(4,755,907)	(5,149,239)	0	(17)
Share of (loss)/profit of an associate, net of tax	9	(10,686)	1,847,211	0	0
Share of profit of a joint venture, net of tax	10	2,558,183	182	0	0
Profit before tax	29	148,765,290	135,744,712	34,477,692	37,063,511
Tax expense	31	(35,536,800)	(33,799,032)	(197,018)	(424,598)
Profit for the financial year		113,228,490	101,945,680	34,280,674	36,638,913
Total other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		113,228,490	101,945,680	34,280,674	36,638,913
Profit attributable to:					
Owners of the parent		112,203,066	101,118,257	34,280,674	36,638,913
Non-controlling interests	8 (g)	1,025,424	827,423	0	0
		113,228,490	101,945,680	34,280,674	36,638,913

Earnings per ordinary share attributable to equity holders of the Company (Sen):

Basic (Sen)	32 (a)	26.36	23.92
Diluted (Sen)	32 (b)	26.16	23.62

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group	NOTE	Non-distributable				Distributable			Total	Non-controlling interests	Total equity
		Share capital	Share premium	Share options reserve	Capital reserve	Warrants reserve	Retained earnings	attributable to owners of the parent			
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2015		210,389,507	67,396,373	289,418	467,579	217,779	118,231,407	396,992,063	2,409,130	399,401,193	
Profit for the financial year		0	0	0	0	0	101,118,257	101,118,257	827,423	101,945,680	
Other comprehensive income, net of tax		0	0	0	0	0	0	0	0	0	
Total comprehensive income		0	0	0	0	0	101,118,257	101,118,257	827,423	101,945,680	
Transactions with owners											
Issuance of ordinary shares pursuant to:											
- ESOS	17	73,500	144,108	(41,858)	0	0	0	175,750	0	175,750	
- Warrants	17	1,610,900	386,616	0	0	(64,436)	0	1,933,080	0	1,933,080	
Dividends	33	0	0	0	0	0	(41,142,171)	(41,142,171)	0	(41,142,171)	
Dividends paid to non-controlling interests of subsidiaries		0	0	0	0	0	0	0	(500,000)	(500,000)	
Share options granted under ESOS		0	0	691,367	0	0	0	691,367	0	691,367	
Total transactions with owners		1,684,400	530,724	649,509	0	(64,436)	(41,142,171)	(38,341,974)	(500,000)	(38,841,974)	
Balance as at 31 December 2015		212,073,907	67,927,097	938,927	467,579	153,343	178,207,493	459,768,346	2,736,553	462,504,899	

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

Group	NOTE	Non-distributable				Distributable			Total equity RM
		Share capital RM	Share premium RM	Share options reserve RM	Capital reserve RM	Warrants reserve RM	Retained earnings RM	attributable to owners of the parent RM	
Balance as at 1 January 2016		212,073,907	67,927,097	938,927	467,579	153,343	178,207,493	459,768,346	2,736,553 462,504,899
Profit for the financial year		0	0	0	0	0	112,203,066	112,203,066	1,025,424 113,228,490
Other comprehensive income, net of tax		0	0	0	0	0	0	0	0 0
Total comprehensive income		0	0	0	0	0	112,203,066	112,203,066	1,025,424 113,228,490
Transactions with owners									
Issuance of ordinary shares pursuant to:									
- ESOS	17	489,500	941,480	(243,160)	0	0	0	1,187,820	0 1,187,820
- Warrants	17	1,112,175	266,922	0	0	(44,487)	0	1,334,610	0 1,334,610
Dividends	33	0	0	0	0	0	(38,430,678)	(38,430,678)	0 (38,430,678)
Dividends paid to non-controlling interests of subsidiaries		0	0	0	0	0	0	0	(1,200,000) (1,200,000)
Share options granted under ESOS		0	0	360,451	0	0	0	360,451	0 360,451
Total transactions with owners		1,601,675	1,208,402	117,291	0	(44,487)	(38,430,678)	(35,547,797)	(1,200,000) (36,747,797)
Balance as at 31 December 2016		213,675,582	69,135,499	1,056,218	467,579	108,856	251,979,881	536,423,615	2,561,977 538,985,592

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

Company	NOTE	Non-distributable			Distributable		Total equity RM
		Share capital RM	Share premium RM	Share options reserve RM	Warrants reserve RM	Retained earnings RM	
Balance at 1 January 2015		210,389,507	67,396,373	289,418	217,779	49,157,663	327,450,740
Profit for the financial year		0	0	0	0	36,638,913	36,638,913
Other comprehensive income, net of tax		0	0	0	0	0	0
Total comprehensive income		0	0	0	0	36,638,913	36,638,913
Transactions with owners							
Issuance of ordinary shares pursuant to:							
- ESOS	17	73,500	144,108	(41,858)	0	0	175,750
- Warrants	17	1,610,900	386,616	0	(64,436)	0	1,933,080
Dividends	33	0	0	0	0	(41,142,171)	(41,142,171)
Share options granted under ESOS		0	0	691,367	0	0	691,367
Total transactions with owners		1,684,400	530,724	649,509	(64,436)	(41,142,171)	(38,341,974)
Balance at 31 December 2015		212,073,907	67,927,097	938,927	153,343	44,654,405	325,747,679

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

Company	NOTE	Non-distributable			Distributable		
		Share capital RM	Share premium RM	Share options reserve RM	Warrants reserve RM	Retained earnings RM	Total equity RM
Balance at 1 January 2016		212,073,907	67,927,097	938,927	153,343	44,654,405	325,747,679
Profit for the financial year		0	0	0	0	34,280,674	34,280,674
Other comprehensive income, net of tax		0	0	0	0	0	0
Total comprehensive income		0	0	0	0	34,280,674	34,280,674
Transactions with owners							
Issuance of ordinary shares pursuant to:							
- ESOS	17	489,500	941,480	(243,160)	0	0	1,187,820
- Warrants	17	1,112,175	266,922	0	(44,487)	0	1,334,610
Dividends	33	0	0	0	0	(38,430,678)	(38,430,678)
Share options granted under ESOS		0	0	360,451	0	0	360,451
Total transactions with owners		1,601,675	1,208,402	117,291	(44,487)	(38,430,678)	(35,547,797)
Balance at 31 December 2016		213,675,582	69,135,499	1,056,218	108,856	40,504,401	324,480,556

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

NOTE	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	148,765,290	135,744,712	34,477,692	37,063,511
Adjustments for:				
Depreciation of property, plant and equipment	5	735,585	764,927	0
Dividend income		0	(37,003,600)	(35,143,608)
Gain on disposal of investment property	27	0	(70,000)	0
Gain on disposal of property, plant and equipment	27	(4,266)	(185,040)	0
Impairment loss on investment in subsidiaries	8 (c), (d)	0	0	2,885,583
Interest income	26	(4,620,694)	(3,359,893)	(1,636,228)
Interest paid	28	4,755,907	5,149,239	0
Loss on disposal of property, plant and equipment	29	0	579	0
Net gain from fair value adjustments on investment properties	6	(5,192,426)	(6,665,269)	0
Property, plant and equipment written off	29	4,738	0	0
Reversal of impairment loss on investment in a subsidiary	8 (e)	0	0	0
Share of profit of a joint venture, net of tax	10	(2,558,183)	(182)	0
Share of loss/(profit) of an associate, net of tax	9	10,686	(1,847,211)	0
Share options granted under ESOS		360,451	691,367	360,451
Operating profit/(loss) before changes in working capital		142,257,088	130,223,229	(916,102)
Changes in working capital:				
Land held for property development		46,428,924	7,946,515	0
Inventories		1,585,478	(549,159)	0
Property development costs		(73,084,868)	(46,090,385)	0
Trade and other receivables		1,897,173	26,684,105	(20,492,097)
Trade and other payables		(45,751,396)	12,100,887	13,536
Cash generated from/(used in) operations		73,332,399	130,315,192	(21,394,663)
Interest received		4,620,694	3,359,893	1,636,228
Tax paid		(45,283,127)	(38,408,889)	(350,000)
Tax refunded		3,788,600	1,375,268	615,701
Net cash from/(used in) operating activities		36,458,566	96,641,464	(19,492,734)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

		Group		Company	
		2016	2015	2016	2015
NOTE		RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of:					
- RPS in a subsidiary	8 (i)	0	0	0	(25,000,000)
- RPS in a joint venture	10 (f)	(4,000,000)	(10,591,000)	0	0
Dividend income from:					
- an associate		1,350,000	3,600,000	0	3,600,000
- subsidiaries		0	0	37,003,600	31,543,608
Proceeds from disposal of investment properties		0	2,061,827	0	0
Proceeds from disposal of property, plant and equipment		4,812	240,754	0	832,998
Purchase of investment properties	6	(4,765,526)	(35,160,724)	0	0
Purchase of property, plant and equipment	5	(121,277)	(1,885,311)	0	0
Net changes in deposits pledged with licensed banks		537,098	2,742,808	0	4,187,221
Net cash (used in)/from investing activities		(6,994,893)	(38,991,646)	37,003,600	15,163,827
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(38,321,746)	(41,049,555)	(38,321,746)	(41,049,555)
Dividends paid to non-controlling interests of subsidiaries		(1,200,000)	(500,000)	0	0
Drawdowns of bank borrowings		15,800,000	101,423,469	0	0
Interest paid	28	(4,755,907)	(5,149,239)	0	(17)
Proceeds from the issuance of shares pursuant to:					
- ESOS		1,187,820	175,750	1,187,820	175,750
- Warrants		1,334,610	1,933,080	1,334,610	1,933,080
Repayments of bank borrowings		(65,960,744)	(65,813,682)	0	0
Repayments of hire purchase creditors		(93,020)	(156,223)	0	(278,306)
Net cash used in financing activities		(92,008,987)	(9,136,400)	(35,799,316)	(39,219,048)
Net (decrease)/increase in cash and cash equivalents					
		(62,545,314)	48,513,418	(18,288,450)	(7,819,464)
Cash and cash equivalents at beginning of the financial year					
		179,967,529	131,454,111	31,015,489	38,834,953
Cash and cash equivalents at end of the financial year (Note 16(d))					
		117,422,215	179,967,529	12,727,039	31,015,489

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 registered office of the Company is located at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at 12-01, Penthouse, Wisma Pantai, Jalan Wisma Pantai, Kampung Gajah, 12200 Butterworth, Penang.

The consolidated financial statements for the financial year ended 31 December 2016 comprise the Company and its subsidiaries and the interests of the Group in an associate and a joint venture. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 13 April 2017.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 63 to 118 have been prepared in accordance with Financial Reporting Standards ('FRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 41 to the financial statements set out on page 119 has been 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 Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. OPERATING SEGMENTS

Tambun Indah Land Berhad and its subsidiaries are principally engaged in investment holding, property development, construction and project management.

Tambun Indah Land Berhad has arrived at three (3) reportable segments that are organised and managed separately according to the services, which requires different business and marketing strategies. The reportable segments are summarised as follows:

- | | | | |
|-------|-------------------------------------|---|--|
| (i) | Investment holding | - | Operation of car park and rental income |
| (ii) | Property development and management | - | Development and management of land into vacant lots, residential, commercial and/or industrial buildings |
| (iii) | Other operations | - | Construction and project management activities |

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring gain/(losses), such as bargain purchase gain and goodwill on consolidation written off.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and segment liabilities exclude tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

4. OPERATING SEGMENTS (CONTINUED)

(a) Business segments

	Investment holding RM	Property development and management RM	Other operations RM	Group RM
2016				
Revenue:				
Total revenue	42,859,034	356,690,041	190,186	399,739,261
Inter-segment revenue	(38,591,477)	(140,000)	(171,531)	(38,903,008)
Revenue from external customers	4,267,557	356,550,041	18,655	360,836,253
Interest income	1,115,540	3,477,328	27,826	4,620,694
Finance costs	53,600	(4,809,507)	0	(4,755,907)
Net finance income/(expense)	1,169,140	(1,332,179)	27,826	(135,213)
Depreciation of property, plant and equipment	(72,755)	(662,830)	0	(735,585)
Segment profit/(loss) before income tax	5,703,352	143,585,278	(245,458)	149,043,172
Share of loss of an associate, net of tax	0	(10,686)	0	(10,686)
Share of profit of a joint venture, net of tax	2,558,183	0	0	2,558,183
Tax expense	(411,761)	(35,118,315)	(6,724)	(35,536,800)
Other non-cash items:				
- net gain from fair value adjustments on investment properties	5,192,426	0	0	5,192,426
- gain on disposal of property, plant and equipment	0	4,266	0	4,266
- property, plant and equipment written off	(4,738)	0	0	(4,738)
Investment in an associate	0	1,328,895	0	1,328,895
Investment in a joint venture	0	26,051,943	0	26,051,943
Additions to non-current assets other than financial instruments and tax assets	4,774,750	7,925,048	0	12,699,798
Segment assets	369,710,982	690,435,332	3,213,008	1,063,359,322
Segment liabilities	14,311,454	247,967,414	785,930	263,064,798

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

4. OPERATING SEGMENTS (CONTINUED)

(a) Business segments (Continued)

	Investment holding RM	Property development and management RM	Other operations RM	Group RM
2015				
Revenue:				
Total revenue	37,968,069	363,949,562	4,471,924	406,389,555
Inter-segment revenue	(36,043,470)	(23,000)	(2,671,750)	(38,738,220)
Revenue from external customers	1,924,599	363,926,562	1,800,174	367,651,335
Interest income	845,011	2,438,921	75,961	3,359,893
Finance costs	43,587	(5,192,826)	0	(5,149,239)
Net finance income/(expense)	888,598	(2,753,905)	75,961	(1,789,346)
Depreciation of property, plant and equipment	(75,367)	(689,560)	0	(764,927)
Segment profit before income tax	2,200,968	133,007,536	789,331	135,997,835
Share of profit of an associate, net of tax	0	1,847,211	0	1,847,211
Share of profit of a joint venture, net of tax	0	182	0	182
Tax expense	(615,597)	(33,168,621)	(14,814)	(33,799,032)
Other non-cash items:				
- net gain from fair value adjustments on investment properties	6,665,269	0	0	6,665,269
- gain on disposal of property, plant and equipment	0	185,040	0	185,040
- gain on disposal of investment property	70,000	0	0	70,000
- loss on disposal of property, plant and equipment	0	(579)	0	(579)
Investment in an associate	0	2,689,581	0	2,689,581
Investment in a joint venture	0	19,493,760	0	19,493,760
Additions to non-current assets other than financial instruments and tax assets	35,169,103	48,661,750	0	83,830,853
Segment assets	356,960,220	697,588,285	5,837,393	1,060,385,898
Segment liabilities	14,845,694	311,830,123	1,052,940	327,728,757

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

4. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

Revenue

	2016 RM	2015 RM
Total revenue for reportable segments	399,739,261	406,389,555
Elimination of inter-segmental revenues	(38,903,008)	(38,738,220)
Group's revenue per consolidated statement of profit or loss and other comprehensive income	<u>360,836,253</u>	<u>367,651,335</u>

Profit for the financial year

Total profit for reportable segments	149,043,172	135,997,835
Unallocated amounts:		
- corporate expenses	(277,882)	(253,123)
Profit before tax	148,765,290	135,744,712
Tax expense	(35,536,800)	(33,799,032)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	<u>113,228,490</u>	<u>101,945,680</u>

Assets

	2016 RM	2015 RM
Total assets for reportable segments	1,063,359,322	1,060,385,898
Elimination of investments in subsidiaries	(284,360,957)	(287,246,540)
Elimination of inter-segment balances	(54,490,176)	(23,257,907)
	<u>724,508,189</u>	<u>749,881,451</u>
Deferred tax assets	19,755,000	16,883,000
Current tax assets	4,885,049	7,192,868
Group's assets per consolidated statement of financial position	<u>749,148,238</u>	<u>773,957,319</u>

Liabilities

	2016 RM	2015 RM
Total liabilities for reportable segments	263,064,798	327,728,757
Elimination of inter-segment balances	(54,490,176)	(23,257,907)
	<u>208,574,622</u>	<u>304,470,850</u>
Deferred tax liabilities	0	1,281,000
Current tax liabilities	1,588,024	5,700,570
Group's liabilities per consolidated statement of financial position	<u>210,162,646</u>	<u>311,452,420</u>

Geographical segments

The segmental financial information by geographical segments is not presented as the Group's activities are carried out in Malaysia.

There are no single external customers that the revenue generated from exceeded 10% of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RM	Computers RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Renovation RM	Air conditioners RM	Construction- in- progress RM	Total RM
At cost								
Balance as at 1 January 2016	2,422,966	657,293	1,254,518	2,117,944	272,077	17,530	46,277	6,788,605
Additions	0	98,091	23,186	0	0	0	0	121,277
Disposal	0	0	0	(5,458)	0	0	0	(5,458)
Written off	0	0	(6,180)	0	0	0	0	(6,180)
Balance as at 31 December 2016	2,422,966	755,384	1,271,524	2,112,486	272,077	17,530	46,277	6,898,244
Accumulated depreciation								
Balance as at 1 January 2016	244,793	318,727	540,435	1,009,100	80,961	14,024	0	2,208,040
Current charge	70,264	136,821	111,019	388,520	27,208	1,753	0	735,585
Disposal	0	0	0	(4,912)	0	0	0	(4,912)
Written off	0	0	(1,442)	0	0	0	0	(1,442)
Balance as at 31 December 2016	315,057	455,548	650,012	1,392,708	108,169	15,777	0	2,937,271
Carrying amount								
Balance as at 31 December 2016	2,107,909	299,836	621,512	719,778	163,908	1,753	46,277	3,960,973

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Buildings RM	Computers RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Renovation RM	Air conditioners RM	Construction- in- progress RM	Total RM
At cost								
Balance as at 1 January 2015	2,662,966	336,599	832,604	1,711,960	134,383	17,530	0	5,696,042
Additions	0	320,694	423,914	956,732	137,694	0	46,277	1,885,311
Transfer to investment properties	(240,000)	0	0	0	0	0	0	(240,000)
Disposals	0	0	(2,000)	(550,748)	0	0	0	(552,748)
Balance as at 31 December 2015	2,422,966	657,293	1,254,518	2,117,944	272,077	17,530	46,277	6,788,605
Accumulated depreciation								
Balance as at 1 January 2015	195,101	194,352	397,267	1,110,823	53,754	12,271	0	1,963,568
Current charge	73,692	124,375	143,835	394,065	27,207	1,753	0	764,927
Transfer to investment properties	(24,000)	0	0	0	0	0	0	(24,000)
Disposals	0	0	(667)	(495,788)	0	0	0	(496,455)
Balance as at 31 December 2015	244,793	318,727	540,435	1,009,100	80,961	14,024	0	2,208,040
Carrying amount								
Balance as at 31 December 2015	2,178,173	338,566	714,083	1,108,844	191,116	3,506	46,277	4,580,565

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED) (2015 ONLY)

Company	Furniture, fittings and office equipment					Motor vehicles		Renovation		Air conditioners		Total
	Computers	equipment	office			RM	RM	RM	RM	RM	RM	
At cost												
Balance as at 1 January 2015	240,444	316,814				1,304,181		120,946		10,518		1,992,903
Disposals	(240,444)	(316,814)				(1,304,181)		(120,946)		(10,518)		(1,992,903)
Balance as at 31 December 2015	0	0	0	0	0	0	0	0	0	0	0	0
Accumulated depreciation												
Balance as at 1 January 2015	137,621	195,941				780,769		40,315		5,259		1,159,905
Disposals	(137,621)	(195,941)				(780,769)		(40,315)		(5,259)		(1,159,905)
Balance as at 31 December 2015	0	0	0	0	0	0	0	0	0	0	0	0
Carrying amount												
Balance as at 31 December 2015	0	0	0	0	0	0	0	0	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period and rates are as follows:

Buildings	35 years
Computers	20%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	20%
Renovation	10%
Air conditioners	10%

Construction-in-progress represents building in progress and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

- (b) The carrying amount of the property, plant and equipment of the Group under hire purchase at the end of the reporting period is as follows:

	Group	
	2016	2015
	RM	RM
Motor vehicles	3	99,975

- (c) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

- (d) The buildings with carrying amount of RM2,107,909 (2015:RM2,178,173) have been charged to bank for credit facilities granted to the Group (Note 21).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

6. INVESTMENT PROPERTIES

	Group	
	2016	2015
	RM	RM
Fair value		
Freehold land and buildings		
Balance as at 1 January	65,725,423	11,115,423
Additions	0	895,126
Reclassification	8,605,532	48,063,605
Fair value adjustments:		
- gain (Note 27)	8,945,000	6,665,269
- loss (Note 29)	(3,752,574)	0
Transfer from property, plant and equipment	0	216,000
Disposal	0	(1,230,000)
Balance as at 31 December	79,523,381	65,725,423
At cost		
Construction-in-progress		
Balance as at 1 January	47,139,621	68,290,955
Additions	4,765,526	34,265,598
Transfer to property development cost (Note 13)	(5,416,475)	(6,591,500)
Reclassification	(8,605,532)	(48,063,605)
Disposal	0	(761,827)
Balance as at 31 December	37,883,140	47,139,621
Total investment properties	117,406,521	112,865,044

- (a) Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value which reflects market conditions at the end of the reporting period and change in fair value is recognised in profit or loss for the period in which it arises.
- (b) If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

6. INVESTMENT PROPERTIES (CONTINUED)

- (c) Fair values of investment properties are based on valuations by registered independent valuers with appropriate recognised professional qualification and have recent experience in the location and category of the investment properties being valued.

In the current financial year, the carrying amounts of the investment properties were based on valuation carried out by PA International Property Consultants (Penang) Sdn. Bhd.. In the previous financial year, the carrying amounts of the properties were based on valuation carried out by PA International Property Consultants (Penang) Sdn. Bhd. and Henry Butcher Malaysia Sdn. Bhd.. Fair value is determined primarily based on comparison approach. The fair value measurements of the investment properties are based on the highest and best use, which does not differ from their actual use.

Comparison method

The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property.

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer would not pay more for the property than it would cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

The land is valued by reference to transactions of similar lands in the surrounding area with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics.

Completed buildings are valued by reference to the current estimates on constructional costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the building.

- (d) The fair values of investment properties of the Group are categories as follows:

	Group	
	2016	2015
	RM	RM
Level 2		
Freehold land and buildings	79,523,381	65,725,423

Investment properties at Level 2 fair value were determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The property valuers provide the fair value of the investment property portfolio of the Group every year. It has been derived from observable recent transacted prices of similar land and buildings in the local market.

- (e) Investment properties with a carrying amount of RM58,255,000 (2015: RM61,614,932) have been charged to bank for credit facilities granted to the Group (Note 21 and Note 22).
- (f) Direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

	Group	
	2016	2015
	RM	RM
Insurance	80,429	47,001
Quit rent and assessment	98,596	36,290
Repair and maintenance	33,610	10,459

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

7. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2016	2015
	RM	RM
Balance as at 1 January		
- Freehold land, at cost	177,737,418	188,997,633
- Development costs	29,173,642	25,859,942
	<u>206,911,060</u>	<u>214,857,575</u>
Add: Cost incurred during the financial year		
- Freehold land, at cost	0	39,349,957
- Development costs	7,812,995	7,434,861
	<u>7,812,995</u>	<u>46,784,818</u>
Less: Transfers to property development costs (Note 13)		
- Freehold land, at cost	(45,533,648)	(50,525,171)
- Development costs	(8,708,271)	(4,114,971)
	<u>(54,241,919)</u>	<u>(54,640,142)</u>
Less: Disposals during the financial year		
- Freehold land, at cost	0	(85,001)
- Development costs	0	(6,190)
	<u>0</u>	<u>(91,191)</u>
Balance as at 31 December		
- Freehold land, at cost	132,203,770	177,737,418
- Development costs	28,278,366	29,173,642
	<u>160,482,136</u>	<u>206,911,060</u>

- (a) Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

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.

- (b) The freehold land held for property development with carrying amount of RM147,251,540 (2015: RM179,877,222) have been charged to banks for credit facilities granted to subsidiaries (Note 21 and Note 22).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	2015
	RM	RM
At cost		
Unquoted ordinary shares	169,503,717	169,503,717
Redeemable preference shares	134,000,000	134,000,000
Less: Impairment losses	(19,868,853)	(16,983,270)
	<u>283,634,864</u>	<u>286,520,447</u>

(a) Investment in subsidiaries is stated in the separate financial statements at cost.

(b) Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity		Principal activities
		2016	2015	
Cenderaman Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Denmas Sdn. Bhd.	Malaysia	100%	100%	Project and construction management
Denmas Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Epiland Properties Sdn. Bhd.	Malaysia	100%	100%	Property management
Hong Hong Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Intanasia Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Jasnia Sdn. Bhd.	Malaysia	100%	100%	Property development
Juru Heights Sdn. Bhd.	Malaysia	100%	100%	Property development
Langstone Sdn. Bhd.	Malaysia	100%	100%	Investment holding and operation of car park
Palmington Sdn. Bhd.	Malaysia	100%	100%	Property development and investment holding
Perquest Sdn. Bhd.	Malaysia	100%	100%	Property development
Premcourt Development Sdn. Bhd.	Malaysia	100%	100%	Property development, investment holding and operation of car park
Pridaman Sdn. Bhd.	Malaysia	100%	100%	Property development
Tokoh Edaran Sdn. Bhd.	Malaysia	100%	100%	Construction management

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Details of the subsidiaries are as follows: (Continued)

Name of company	Country of incorporation	Effective interest in equity		Principal activities
		2016	2015	
Tambun Indah Sdn. Bhd.	Malaysia	100%	100%	Property development
Tambun Indah Development Sdn. Bhd.	Malaysia	100%	100%	Property development
TID Development Sdn. Bhd.	Malaysia	100%	100%	Property development
TKS Land Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Zipac Development Sdn. Bhd.	Malaysia	50%	50%	Property development
Held through TKS Land Sdn. Bhd.:				
Ascention Sdn. Bhd.	Malaysia	50%	50%	Property development
CBD Land Sdn. Bhd.	Malaysia	50%	50%	Property development
Held through Palmington Sdn. Bhd.:				
Novinia Sdn. Bhd.	Malaysia	100%	100%	Dormant

All subsidiaries above are audited by BDO, Malaysia.

- (c) Impairment loss on investments in subsidiaries amounting to RM2,885,583 in respect of Denmas Sdn. Bhd., Epiland Properties Sdn. Bhd., Juru Heights Sdn. Bhd. and Tokoh Edaran Sdn. Bhd., have been recognised during the financial year due to declining business operations. The recoverable amount was determined based on a value-in-use calculation using cash flow projections based on financial budget approved by the management covering a three (3)-year period. The discount rate applied to the cash flow projections was 7.4% based on the weighted average cost of capital of the Company.
- (d) In the previous financial year, impairment loss on investment in a subsidiary amounting to RM145,554 in respect of Denmas Sdn. Bhd., had been recognised due to declining business operation. The recoverable amount was determined based on a value-in-use calculation using cash flow projections based on financial budget approved by the management covering a three (3)-year period. The discount rate applied to the cash flow projections was 7.8% based on the weighted average cost of capital of the Company.
- (e) In the previous financial year, reversal of impairment loss on investment in a subsidiary amounting to RM1,025,774 in respect of Hong Hong Development Sdn. Bhd. had been recognised due to new development activities. The recoverable amount was determined based on a value-in-use calculation using cash flow projections based on financial budget approved by the management covering a three (3)-year period. The discount rate applied to the cash flow projections was 7.8% based on the weighted average cost of capital of the Company.
- (f) The Group considers that it controls Zipac Development Sdn. Bhd., Ascention Sdn. Bhd. and CBD Land Sdn. Bhd. even though it owns fifty percent (50%) of the voting rights. This is because the Group is the single largest shareholder of Zipac Development Sdn. Bhd., Ascention Sdn. Bhd. and CBD Land Sdn. Bhd. with a fifty percent (50%) equity interests. The remaining fifty percent (50%) of the equity shares in Zipac Development Sdn. Bhd., Ascention Sdn. Bhd. and CBD Land Sdn. Bhd. are held by few shareholders, (as recorded in the shareholders' register of Zipac Development Sdn. Bhd. from 11 November 2010 to 31 December 2016, CBD Land Sdn. Bhd. from 10 May 2010 to 31 December 2016, and Ascention Sdn. Bhd. from 29 December 2011 to 31 December 2016). Since 11 November 2010, 10 May 2010 and 29 December 2011, which were the dates of acquisitions of Zipac Development Sdn. Bhd., Ascention Sdn. Bhd. and CBD Land Sdn. Bhd., there is no history of the other few shareholders collaborating to exercise their votes collectively or to outvote the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(g) The subsidiaries of the Group that have material non-controlling interests ('NCI') are as follows:

	Zipac Development Sdn. Bhd.	Ascention Sdn. Bhd.	CBD Land Sdn. Bhd.	Total
2016				
NCI percentage of ownership interest and voting interest	50%	50%	50%	
Carrying amount of NCI (RM)	292,270	1,898,642	371,065	2,561,977
Profit allocated to NCI (RM)	421	980,034	44,969	1,025,424
2015				
NCI percentage of ownership interest and voting interest	50%	50%	50%	
Carrying amount of NCI (RM)	291,849	2,118,608	326,096	2,736,553
(Loss)/Profit allocated to NCI (RM)	(2,410)	821,606	8,227	827,423

(h) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	Zipac Development Sdn. Bhd.	Ascention Sdn. Bhd.	CBD Land Sdn. Bhd.
2016			
Assets and liabilities			
Non-current asset	0	120,000	0
Current assets	586,609	4,583,875	749,594
Non-current liabilities	0	0	0
Current liabilities	(2,070)	(906,592)	(7,465)
Net assets	584,539	3,797,283	742,129
Results			
Revenue	0	5,062,930	0
Profit for the financial year	842	1,960,068	89,938
Total comprehensive income	842	1,960,068	89,938
Cash flows from/(used in) operating activities	626	(476,544)	157,118
Cash flows used in investing activities	0	(339)	0
Cash flows used in financing activities	0	(2,400,000)	0
Net increase/(decrease) in cash and cash equivalents	626	(2,876,883)	157,118
Dividend paid to NCI	0	(1,200,000)	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (h) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows: (Continued)

	Zipac Development Sdn. Bhd.	Ascention Sdn. Bhd.	CBD Land Sdn. Bhd.
2015			
Assets and liabilities			
Non-current asset	0	166,000	0
Current assets	584,997	13,292,851	655,088
Non-current liabilities	0	0	(2,897)
Current liabilities	(1,300)	(9,221,636)	0
Net assets	<u>583,697</u>	<u>4,237,215</u>	<u>652,191</u>
Results			
Revenue	0	7,108,102	0
(Loss)/Profit for the financial year	(4,820)	1,643,212	16,453
Total comprehensive (loss)/income	<u>(4,820)</u>	<u>1,643,212</u>	<u>16,453</u>
Cash flows from operating activities	26,612	3,716,486	440,800
Cash flows from investing activities	0	9,696	0
Cash flows used in financing activities	0	0	(1,000,000)
Net increase/(decrease) in cash and cash equivalents	<u>26,612</u>	<u>3,726,182</u>	<u>(559,200)</u>
Dividend paid to NCI	<u>0</u>	<u>0</u>	<u>(500,000)</u>

- (i) Acquisition of RPS

In the previous financial year, the Company acquired RPS amounting to RM25,000,000 in respect of Palmington Sdn. Bhd..

9. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
At cost				
Unquoted ordinary shares	831,079	831,079	831,079	831,079
Share of post acquisition reserves, net of dividends received	497,816	1,858,502	0	0
	<u>1,328,895</u>	<u>2,689,581</u>	<u>831,079</u>	<u>831,079</u>

- (a) Investment in an associate is stated in the separate financial statements at cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

9. INVESTMENT IN AN ASSOCIATE (CONTINUED)

(b) The details of the associate are as follows:

Name of company	Country of incorporation	Effective interest in equity		Principal activity
		2016	2015	
Ikhtiar Bitara Sdn. Bhd. #	Malaysia	45%	45%	Property development

Associate not audited by BDO, Malaysia

The associate is accounted for using the equity method in the consolidated financial statements.

The financial statements of the above associate has a financial year end of 31 October. In applying the equity method of accounting, the audited financial statements of Ikhtiar Bitara Sdn. Bhd. for the financial year ended 31 October 2016 have been used and appropriate adjustments have been made for the effects of transactions between 31 October 2016 to 31 December 2016.

(c) Significant influence

Significant influence is presumed to exist when the Group hold twenty percent (20%) or more of the voting rights of another entity, unless it can be clearly demonstrated otherwise. The Group has board representation and holds a 45% (2015: 45%) equity interest in Ikhtiar Bitara Sdn. Bhd. for which the Group has determined that it has significant influence.

(d) The summarised financial information of the associate is as follows:

	2016 RM	2015 RM
Assets and liabilities		
Current assets	3,633,431	7,240,257
Current liabilities	(600,282)	(1,183,360)
Net assets	<u>3,033,149</u>	<u>6,056,897</u>
Results		
Revenue	0	8,978,421
(Loss)/Profit for the financial year	(23,748)	4,405,180
Total comprehensive (loss)/income	<u>(23,748)</u>	<u>4,405,180</u>
Cash flows from operating activities	555,450	4,610,617
Cash flows from investing activity	23,100	22,195
Cash flows used in financing activity	(7,000,000)	(4,000,000)
Net (decrease)/increase in cash and cash equivalents	<u>(6,421,450)</u>	<u>632,812</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

9. INVESTMENT IN AN ASSOCIATE (CONTINUED)

- (e) The reconciliation of net assets of the associate to the carrying amount of the investment in an associate are as follows:

	2016 RM	2015 RM
As at 31 December		
Share of net assets of the Group	598,442	1,959,128
Goodwill	730,453	730,453
Carrying amount in the statement of financial position	<u>1,328,895</u>	<u>2,689,581</u>
 Share of results of the Group for the financial year ended 31 December		
Share of (loss)/profit of the Group	(10,686)	1,847,211
Share of other comprehensive (loss)/income of the Group	0	0
Share of total comprehensive (loss)/income of the Group	<u>(10,686)</u>	<u>1,847,211</u>
 Other information		
Dividend received	<u>1,350,000</u>	<u>3,600,000</u>

10. INVESTMENT IN A JOINT VENTURE

	Group 2016 RM	2015 RM
Unquoted equity shares, at cost	1	1
Redeemable preference shares	23,500,000	19,500,000
Share of post acquisition reserves, net of dividend received	2,551,942	(6,241)
	<u>26,051,943</u>	<u>19,493,760</u>

- (a) Investment in a joint venture is stated in the separate financial statements at cost.

- (b) The details of the joint venture are as follows:

Name of company	Country of incorporation	Effective interest in equity		Principal activity
		2016	2015	
TNC Capital Sdn. Bhd.	Malaysia	50%	50%	Building and leasing of properties

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

10. INVESTMENT IN A JOINT VENTURE (CONTINUED)

(c) Classification of joint arrangement

For its joint arrangement structured in a separate vehicle, the Group assesses the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Group to consider whether there are any factors that give the Group rights to the net assets of the joint arrangement (in which case it is classified as a joint venture), or rights to specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). These factors include:

- (i) Structure;
- (ii) Legal form;
- (iii) Contractual agreement; and
- (iv) Other facts and circumstances.

Upon consideration of these factors, the Group has determined that its joint arrangement structured through a separate vehicle provide rights to the net assets and is therefore, classified as a joint venture.

- (d) TNC Capital Sdn. Bhd., the only joint venture in which the Group participates, is an unlisted separate structured entity whose quoted market price is not available. The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with TNC Capital Sdn. Bhd.. This joint arrangement has been classified as a joint venture and has been included in the consolidated financial statements using the equity method.
- (e) The summarised financial information of the joint venture, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are as follows:

	2016 RM	2015 RM
Assets and liabilities		
Non-current assets	51,304,076	39,297,400
Current assets	1,614,568	1,752,065
Current liabilities	(814,757)	(2,061,945)
Net assets	<u>52,103,887</u>	<u>38,987,520</u>
Proportion of the ownership of the Group	50%	50%
Carrying amount of the investment in a joint venture	<u>26,051,943</u>	<u>19,493,760</u>
Results		
Revenue	1,936,001	0
Other income	3,737,864	14,241
Expenses including taxation	(557,498)	(13,877)
Profit for the financial year	<u>5,116,367</u>	<u>364</u>
Share of profit by the Group for the financial year	<u>2,558,183</u>	<u>182</u>

(f) Acquisition of RPS

During the financial year, the Group acquired RPS amounting to RM4,000,000 (2015: RM10,591,000) in respect of TNC Capital Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

11. DEFERRED TAX

(a) The deferred tax (assets) and liabilities are made up of the following:

	Group	
	2016	2015
	RM	RM
Balance as at 1 January	(15,602,000)	(9,869,000)
Recognised in profit or loss (Note 31):		
- property, plant and equipment	0	(1,000)
- property development costs	320,000	(6,489,900)
- investment properties	817,000	0
Relating to changes in tax rates	870,000	0
(Under)/Overprovision in prior years	(6,160,000)	757,900
Balance as at 31 December	<u>(19,755,000)</u>	<u>(15,602,000)</u>
Presented after appropriate offsetting:		
Deferred tax assets, net	(19,755,000)	(16,883,000)
Deferred tax liabilities, net	0	1,281,000
	<u>(19,755,000)</u>	<u>(15,602,000)</u>

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group	2016	2015
	RM	RM
Balance as at 1 January		
- property, plant and equipment	0	1,000
- property development costs	1,281,000	4,223,000
	<u>1,281,000</u>	<u>4,224,000</u>
Recognised in profit or loss (Note 31):		
- property, plant and equipment	0	(1,000)
- property development costs	(1,281,000)	(2,942,900)
Underprovision in prior year	0	900
Balance as at 31 December	<u>0</u>	<u>1,281,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

11. DEFERRED TAX (CONTINUED)

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: (Continued)

The deferred tax liabilities of the Group at end of the financial year are analysed as follows:

	2016 RM	2015 RM
Property development costs	0	1,281,000

Deferred tax assets of the Group

Balance as at 1 January		
- property development costs	16,883,000	14,093,000
Recognised in profit or loss (Note 31):		
- property development costs	(1,601,000)	3,547,000
- investment properties	(817,000)	0
Relating to changes in tax rates	(870,000)	0
Under/(Over)provision in prior year	6,160,000	(757,000)
Balance as at 31 December		
- property development costs	19,755,000	16,883,000

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statement of the financial position are as follows:

	Group 2016 RM	2015 RM
Property, plant and equipment	44,500	63,700
Unused tax losses	734,200	410,700
	778,700	474,400

Deferred tax assets of certain subsidiaries had not been recognised in respect of these items as it was not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences can be utilised.

The deductible temporary differences do not expire under the current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

12. INVENTORIES

	Group	
	2016 RM	2015 RM
At cost		
Completed properties held for sale	1,378,211	2,963,689

The cost of completed properties held for sale comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

13. PROPERTY DEVELOPMENT COSTS

Group	Freehold land, at cost RM	Development costs RM	Total RM
Cumulative property development costs			
Balance as at 1 January 2016	159,651,556	646,223,051	805,874,607
Incurred during the financial year	0	213,641,881	213,641,881
Transfer from land held for property development (Note 7)	45,533,648	8,708,271	54,241,919
Transfer from investment properties (Note 6)	0	5,416,475	5,416,475
Transferred to inventories	(63,319)	(430,482)	(493,801)
Cost eliminated due to completion of projects	(39,686,697)	(197,395,694)	(237,082,391)
Balance as at 31 December 2016	165,435,188	676,163,502	841,598,690
Cumulative costs recognised in the statement of profit or loss and other comprehensive income			
Balance as at 1 January 2016	(110,091,688)	(570,648,256)	(680,739,944)
Recognised during the financial year	(17,894,200)	(176,410,931)	(194,305,131)
Cost eliminated due to completion of projects	39,686,697	197,395,694	237,082,391
Balance as at 31 December 2016	(88,299,191)	(549,663,493)	(637,962,684)
Property development costs as at 31 December 2016	77,135,997	126,500,009	203,636,006
Cumulative property development costs			
Balance as at 1 January 2015	124,231,231	544,472,975	668,704,206
Incurred during the financial year	0	207,849,913	207,849,913
Transfer from land held for property development (Note 7)	50,525,171	4,114,971	54,640,142
Transfer from investment properties (Note 6)	4,621,964	1,969,536	6,591,500
Transferred to inventories	(85,638)	(695,954)	(781,592)
Cost eliminated due to completion of projects	(19,641,172)	(111,488,390)	(131,129,562)
Balance as at 31 December 2015	159,651,556	646,223,051	805,874,607

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

13. PROPERTY DEVELOPMENT COSTS (CONTINUED)

	Freehold land, at cost RM	Development costs RM	Total RM
Cumulative costs recognised in the statement of profit or loss and other comprehensive income			
Balance as at 1 January 2015	(111,858,553)	(484,392,875)	(596,251,428)
Recognised during the financial year	(17,874,307)	(197,743,771)	(215,618,078)
Cost eliminated due to completion of projects	19,641,172	111,488,390	131,129,562
Balance as at 31 December 2015	(110,091,688)	(570,648,256)	(680,739,944)
Property development costs as at 31 December 2015	49,559,868	75,574,795	125,134,663

Included in the property development costs are the following charges incurred during the financial year:

	2016 RM	2015 RM
Directors of the subsidiaries		
Executive Directors		
Directors' remuneration (Note 30)		
- other emoluments	5,736	34,414
Interest on:		
- Interest on revolving credit	247,019	204,131
- Interest on term loans	2,526,696	2,402,614

Interest capitalised in property development costs at rates ranging from 4.55% to 5.45% (2015: 4.53% to 5.33%) per annum.

Freehold land held under development with carrying amount of RM91,699,435 (2015: RM74,026,913) has been charged to banks for credit facilities granted to subsidiaries (Note 22).

Included in Directors' remuneration of the Group are contributions to a defined contribution plan of RM650 (2015: RM3,900).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables				
Third parties	9,536,567	20,740,103	0	0
Retention sums	36,001,383	42,376,366	0	0
Accrued billings in respect of property development costs	39,467,652	23,047,087	0	0
	85,005,602	86,163,556	0	0
Other receivables				
Non-trade receivables	2,866,217	2,277,744	3,670	0
Amounts due from subsidiaries	0	0	40,155,860	19,664,670
	2,866,217	2,277,744	40,159,530	19,664,670
Loan and receivables	87,871,819	88,441,300	40,159,530	19,664,670
Deposits and prepayments				
Deposits	1,441,010	2,827,621	9,933	14,013
Prepayments	115,092	56,173	14,710	13,393
	1,556,102	2,883,794	24,643	27,406
Total trade and other receivables	89,427,921	91,325,094	40,184,173	19,692,076
Financial instruments classification:				
Total trade and other receivables (excluded prepayments)	89,312,829	91,268,921	40,169,463	19,678,683
Cash and bank balances (Note 16)	83,274,678	179,593,191	4,368,665	29,242,586
Total loans and receivables	172,587,507	270,862,112	44,538,128	48,921,269

All trade and other receivables are denominated in RM.

(a) Trade receivables

The normal trade credit terms granted by the Group and the Company are generally on 21 working days term (2015: 21 working days) and 30 days term (2015: 30 days) respectively. They are recognised at their original billing amounts, which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2016 RM	2015 RM
Neither past due nor impaired	77,306,209	68,393,629
1 to 30 days past due not impaired	3,890,800	9,734,419
31 to 60 days past due not impaired	3,405,979	6,306,783
61 to 90 days past due not impaired	16,289	1,587,525
More than 91 days past due not impaired	386,325	141,200
	85,005,602	86,163,556

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Based on past experience, the Board believes that no allowance for impairment is necessary in respect of those balances.

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 of RM7,699,393 (2015: RM17,769,927) that are past due but not impaired mainly arose from customers for whom there are no recent historical of default, purchasers with end financing from reputable financial institutions. The management is of the view that there is no objective evidence that the receivables are not fully recoverable.

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable.

(b) The retention sums are unsecured, interest-free and are expected to be collected as follows:

	Group	
	2016	2015
	RM	RM
Within one (1) year	28,055,679	28,154,195
Within two (2) years	7,945,704	14,222,171
	36,001,383	42,376,366

(c) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured and payable upon demand in cash and cash equivalents.

Included in amounts due from subsidiaries is an amount of RM40,015,651 (2015: RM19,578,061) which is non-trade in nature, bears interest at 4% (2015: 4%) per annum. The remaining amounts due from subsidiaries are interest-free.

(d) Credit risk concentration profile

The Group and the Company do not have any significant exposure to any individual customer or counterparty nor do not have any major concentration of credit risk related to any financial instruments.

(e) Sensitivity analysis for fixed rate trade and other receivables as at the end of the reporting period was not presented as fixed rate instruments as fixed rate instruments are not affected by changes in interest rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

15. SHORT TERM FUNDS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Financial assets at fair value through profit or loss				
Fixed income trust funds in Malaysia (Note 16)	37,560,905	4,324,804	8,358,374	1,772,903

All short term funds are denominated in RM.

- Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.
- Short term funds of the Group and of the Company are investments in money market fund on highly liquid principal guaranteed investments, which are readily convertible to a known amounts of cash and be subject to an insignificant risk of changes in value.
- Short term funds of the Group and the Company are stated at Level 2 Fair value.

16. CASH AND BANK BALANCES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash and bank balances	67,148,020	144,473,992	4,362,961	24,914,748
Deposits with licensed banks	16,126,658	35,119,199	5,704	4,327,838
	<u>83,274,678</u>	<u>179,593,191</u>	<u>4,368,665</u>	<u>29,242,586</u>

All cash and bank balances are denominated in RM.

- Included in the cash and bank balances of the Group is an amount of RM20,183,909 (2015: RM33,814,116) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2015.
- The effective interest rate of deposits with both licensed banks of the Group and of the Company are 2.95% - 3.30% (2015: 3.15% - 4.00%) and 3.30% (2015: 3.21% - 3.60%) per annum respectively.
- Included in the deposits with licensed banks is an amount of RM3,413,368 (2015: RM3,950,466) pledged as securities for bank guarantees granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

16. CASH AND BANK BALANCES (CONTINUED)

- (d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Short term funds placed with a financial institution (Note 15)	37,560,905	4,324,804	8,358,374	1,772,903
Cash and bank balances	67,148,020	144,473,992	4,362,961	24,914,748
Deposits with licensed banks	16,126,658	35,119,199	5,704	4,327,838
	120,835,583	183,917,995	12,727,039	31,015,489
Less:				
Deposits pledged with licensed banks	(3,413,368)	(3,950,466)	0	0
	117,422,215	179,967,529	12,727,039	31,015,489

- (e) At the end of the reporting period, the interest rate profile of the cash and bank balances was:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Fixed rate				
Deposits with licensed banks	16,126,658	35,119,199	5,704	4,327,838
Floating rates				
Short term funds (Note 15)	37,560,905	4,324,804	8,358,374	1,772,903
Cash and bank balances	40,690,166	102,688,403	3,242,027	24,258,497
	78,251,071	107,013,207	11,600,401	26,031,400

Sensitivity analysis for fixed rate cash and bank balances at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rates.

A change of 50 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax of the Group and the Company to be higher/(lower) by RM342,427 (2015: RM416,254) and RM54,112 (2015: RM99,834) respectively.

17. SHARE CAPITAL

	Group and Company			
	2016 No. of shares	2015 No. of shares	2016 RM	2015 RM
Authorised				
Ordinary shares of RM0.50 each	500,000,000	500,000,000	250,000,000	250,000,000
Issued and paid-up				
Ordinary shares of RM0.50 each				
Balance as at 1 January	424,147,815	420,779,015	212,073,907	210,389,507
Issued for cash pursuant to:				
- ESOS	979,000	147,000	489,500	73,500
- Warrants	2,224,350	3,221,800	1,112,175	1,610,900
Balance as at 31 December	427,351,165	424,147,815	213,675,582	212,073,907

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

17. SHARE CAPITAL (CONTINUED)

- (a) During the financial year, the issued and paid-up share capital of the Company was increased from RM212,073,907 to RM213,675,582 by way of:

- (i) Issuance of 979,000 new ordinary shares of RM0.50 each pursuant to exercise of ESOS at the following option prices:

Exercise price	(RM)	0.50	0.85	1.25	1.27
No. of shares issued		35,000	30,000	798,000	116,000

- (ii) Issuance of 2,224,350 new ordinary shares of RM0.50 each pursuant to the exercise of warrants at RM0.60 per ordinary share.

- (b) In the previous financial year, the issued and paid-up share capital of the Company was increased from RM210,389,507 to RM212,073,907 by way of:

- (i) Issuance of 147,000 new ordinary shares of RM0.50 each pursuant to exercise of ESOS at the following option prices:

Exercise price	(RM)	0.50	0.65	1.27	1.45
No. of shares issued		14,000	2,000	125,000	6,000

- (ii) Issuance of 3,221,800 new ordinary shares of RM0.50 each pursuant to the exercise of warrants at RM0.60 per ordinary share.

- (c) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

18. RESERVES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Non-distributable:				
Share premium	69,135,499	67,927,097	69,135,499	67,927,097
Share options reserve	1,056,218	938,927	1,056,218	938,927
Capital reserve	467,579	467,579	0	0
Warrants reserve	108,856	153,343	108,856	153,343
	<u>70,768,152</u>	<u>69,486,946</u>	<u>70,300,573</u>	<u>69,019,367</u>
Distributable:				
Retained earnings	251,979,881	178,207,493	40,504,401	44,654,405
	<u>322,748,033</u>	<u>247,694,439</u>	<u>110,804,974</u>	<u>113,673,772</u>

- (a) Share premium

The share premium of the Group and the Company represents premium arising from the issuance of ordinary shares of the Company at issue price above par value.

- (b) Share options reserve

The share options reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

18. RESERVES (CONTINUED)

(c) Capital reserve

The capital reserve arose from subsidiaries' redemption of redeemable preference shares pursuant to the requirements of Section 61 of the Companies Act, 1965 in Malaysia.

(d) Warrants reserve

The warrants of 44,200,000 issued pursuant to the rights issue exercise of the Company were constituted by a deed poll dated 27 April 2012 ('Deed Poll'). The warrants were listed on Main Market of Bursa Malaysia Securities Berhad on 4 June 2012. The main features of the warrants are as follows:

- (i) Each warrant will entitle its registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price, subject to adjustment in accordance with the provision of the Deed Poll.
- (ii) The exercise price of each warrant has been fixed at RM0.60, subject to adjustments under certain circumstances in accordance with the provision of the Deed Poll.
- (iii) The expiry date of warrants shall be the day falling on the fifth (5th) year of the date of issue of the warrants, whereupon any warrant, which has not been exercised will lapse and cease thereafter to be valid for any purpose.
- (iv) The ordinary shares of RM0.50 each to be issued pursuant to the exercise of the warrants will rank pari passu in all respect with the existing issued ordinary share of the Company.

As at the end of the financial year, 5,442,835 (2015: 7,667,185) warrants remained unexercised.

19. BORROWINGS

	Group	
	2016	2015
	RM	RM
<u>Current liabilities</u>		
Secured		
Hire purchase creditors (Note 20)	29,063	93,020
Revolving credit (Note 21)	7,400,000	13,100,000
Term loans (Note 22)	33,360,751	36,246,213
	<u>40,789,814</u>	<u>49,439,233</u>
<u>Non-current liabilities</u>		
Secured		
Hire purchase creditors (Note 20)	0	29,063
Term loans (Note 22)	97,365,572	138,940,854
	<u>97,365,572</u>	<u>138,969,917</u>
<u>Total borrowings</u>		
Hire purchase creditors (Note 20)	29,063	122,083
Revolving credit (Note 21)	7,400,000	13,100,000
Term loans (Note 22)	130,726,323	175,187,067
	<u>138,155,386</u>	<u>188,409,150</u>

All borrowings are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

19. BORROWINGS (CONTINUED)

- (a) The interest rate per annum of borrowings that were effective as at the end of reporting period were as follows:

	Group	
	2016	2015
	%	%
Hire purchase creditors	4.61 - 4.66	4.61 - 4.66
Revolving credit	5.01	5.26 - 5.28
Term loans	4.35 - 5.45	4.75 - 5.45

- (b) At the end of the reporting period, the interest rate profile of the borrowings was:

	Group	
	2016	2015
	RM	RM
Fixed rate		
Hire purchase creditors	29,063	122,083
Floating rate		
Revolving credit	7,400,000	13,100,000
Term loans	130,726,323	175,187,067
	<u>138,126,323</u>	<u>188,287,067</u>

Sensitivity analysis for fixed rate borrowings at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rates.

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group as at 31 December 2016. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the Group's profit after tax would decrease or increase by RM497,005 (2015: RM515,235), as a result of higher or lower interest expense on these borrowings.

For those interest expense incurred and capitalised as part of the expenditure on property development costs during the financial year, if the interest rates were to increase or decrease by 50 basis points with all other variables held constant, those assets of the Group would increase or decrease by RM296,400 (2015: RM279,587), as a result of higher or lower interest expense on these borrowings.

- (c) The maturity of the revolving credit is as follows:

	Group	
	2016	2015
	RM	RM
Not later than one (1) year	7,400,000	13,100,000

- (d) The maturity of the term loans is as follows:

	Group	
	2016	2015
	RM	RM
Not later than one (1) year	33,360,751	36,246,213
Later than one (1) year and not later than two (2) years	28,789,848	41,179,399
Later than two (2) years and not later than three (3) years	31,148,273	28,788,857
Later than three (3) years and not later than four (4) years	9,895,901	31,147,226
Later than four (4) years and not later than five (5) years	9,193,270	9,894,797
Later than five (5) years	18,338,280	27,930,575
	<u>130,726,323</u>	<u>175,187,067</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

19. BORROWINGS (CONTINUED)

- (e) The maturity profile of borrowings at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Group				
As at 31 December 2016				
Borrowings	46,069,736	88,207,665	21,328,216	155,605,617
As at 31 December 2015				
Borrowings	57,332,516	125,191,089	32,166,041	214,689,646

20. HIRE PURCHASE CREDITORS

	Group	
	2016	2015
	RM	RM
Minimum hire purchase payments:		
- not later than one (1) year	29,475	96,528
- later than one (1) year but not later than five (5) years	0	29,475
Total minimum hire purchase payments	29,475	126,003
Less: future interest charges	(412)	(3,920)
Present value of hire purchase payments	29,063	122,083
Repayable as follows:		
Current liabilities		
- not later than one (1) year	29,063	93,020
Non-current liabilities		
- later than one (1) year but not later than five (5) years	0	29,063
	29,063	122,083

- (a) Hire purchase creditors are fixed rate instruments. Sensitivity analysis at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

20. HIRE PURCHASE CREDITORS (CONTINUED)

- (b) The carrying amounts of hire purchase of the Group as at the end of the reporting period that do not approximate their fair values are:

	Group Carrying amount RM	Fair Value RM
As at 31 December 2016		
Hire purchase creditors	29,063	28,171
As at 31 December 2015		
Hire purchase creditors	122,083	119,181

The fair value of hire purchase obligations is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

21. REVOLVING CREDIT

The revolving credit is secured by legal charge over the Group's property, plant and equipment, investment properties and development land as disclosed in Note 5, Note 6 and Note 7 to the financial statements.

22. TERM LOANS

The term loans are secured by:

- (a) Legal charge over the Group's investment properties and development land as disclosed in Note 6, Note 7 and Note 13 to the financial statements; and
- (b) Corporate guarantee by the Company.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables				
Third parties	28,250,291	26,914,647	0	0
Amount due to customers for contract work	0	20	0	0
Progress billings in respect of property development costs	25,098,668	65,837,443	0	0
	53,348,959	92,752,110	0	0
Other payables				
Other payables	502,450	2,517,199	156	0
Accruals	1,488,622	6,122,790	153,920	140,540
Dividend payable	12,839,906	12,730,974	12,839,906	12,730,974
Deposits received	2,239,299	1,938,627	0	0
	17,070,277	23,309,590	12,993,982	12,871,514
Total trade and other payables	70,419,236	116,061,700	12,993,982	12,871,514

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

23. TRADE AND OTHER PAYABLES (CONTINUED)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Financial instruments classification:				
Total trade and other payables	70,419,236	116,061,700	12,993,982	12,871,514
Borrowings (Note 19)	138,155,386	188,409,150	0	0
Total financial liabilities carried at amortised cost	<u>208,574,622</u>	<u>304,470,850</u>	<u>12,993,982</u>	<u>12,871,514</u>

All trade and other payables are denominated in RM.

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group is 30 days (2015: 30 days). Included in trade payables of the Group is retention sum on contracts amounting to RM28,219,799 (2015: RM26,565,191).

- (b) Amount due to customers for contract work

The amount due to customers for contract work are represented by:

	Group	
	2016	2015
	RM	RM
Construction contract costs	22,910,300	22,891,665
Attributable profits	917,636	917,616
	<u>23,827,936</u>	<u>23,809,281</u>
Progress billings	(23,827,936)	(23,809,301)
	<u>0</u>	<u>(20)</u>

- (c) The maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting date based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM
Group	
As at 31 December 2016	
Trade and other payables	<u>70,419,236</u>
As at 31 December 2015	
Trade and other payables	<u>116,061,700</u>
Company	
As at 31 December 2016	
Trade and other payables	<u>12,993,982</u>
As at 31 December 2015	
Trade and other payables	<u>12,871,514</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

24. REVENUE

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Property development	356,381,641	363,586,962	0	0
Contract revenue	18,655	1,800,174	0	0
Rental income from investment properties	4,158,727	1,816,080	0	0
Operation of car park	108,830	108,519	0	0
Property management fees	168,400	339,600	0	0
Dividend income	0	0	37,003,600	35,143,608
	<u>360,836,253</u>	<u>367,651,335</u>	<u>37,003,600</u>	<u>35,143,608</u>

- (a) The amount of property development revenue and expenses recognised in respect of development units that have been sold is determined by reference to the stage of completion of development activity at the end of the reporting period. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

Revenue from sale of completed properties is recognised upon the finalisation of sale and purchase agreement by end of the reporting period and when the risks and rewards of ownership have passed to the customers.

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

In estimating the total costs to complete, the Group considers the completeness and accuracy of its cost estimation, including its obligations to contract variations, claims and cost contingencies.

- (b) 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 bear to the estimated total contract costs or by reference to the physical completion of the contract.
- (c) Rental income from investment properties is recognised based on accrual basis.
- (d) Operation of car park income is recognised based on receipt basis.
- (e) Property management fees are recognised when services are rendered.
- (f) Dividend income is recognised when the right to receive payment is established.

25. COST OF SALES

	Group	
	2016	2015
	RM	RM
Property development	196,904,140	212,778,313
Contract works	18,635	1,655,031
	<u>196,922,775</u>	<u>214,433,344</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

26. INTEREST INCOME

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Interest income from:				
Financial institution	3,606,296	2,879,367	1,004,472	530,808
Loans and receivables				
- subsidiaries	0	0	631,756	1,682,420
- third parties	1,014,398	480,526	0	0
	<u>4,620,694</u>	<u>3,359,893</u>	<u>1,636,228</u>	<u>2,213,228</u>

Interest income is recognised as it accrues, using the effective interest method.

27. OTHER INCOME

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Administrative charges	45,654	113,024	0	0
Deposits forfeited	230,165	119,540	0	0
Fair value gain on investment properties (Note 6)	8,945,000	6,665,269	0	0
Gain on disposal of investment property	0	70,000	0	0
Gain on disposal of property, plant and equipment	4,266	185,040	0	0
Reversal of impairment loss on investment in a subsidiary (Note 8 (e))	0	0	0	1,025,774
Sundry income	251,899	314,268	87,969	3,751
	<u>9,476,984</u>	<u>7,467,141</u>	<u>87,969</u>	<u>1,029,525</u>

28. FINANCE COSTS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Interest expenses on:				
- revolving credit	0	62,171	0	0
- term loans	4,752,398	5,078,310	0	0
- hire purchase	3,509	8,737	0	0
- others	0	21	0	17
	<u>4,755,907</u>	<u>5,149,239</u>	<u>0</u>	<u>17</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

29. PROFIT BEFORE TAX

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Profit before tax is arrived at after charging:				
Auditors' remuneration				
- statutory audits	176,900	177,200	35,000	35,000
- overprovision in prior year	0	(7,200)	0	0
- other services	26,700	45,700	15,100	34,500
Depreciation of property, plant and equipment (Note 5)	735,585	764,927	0	0
Directors' remuneration (Note 30)				
- fee	331,000	324,000	295,000	288,000
- other emoluments	4,409,679	4,361,309	9,000	8,500
Fair value loss on investment properties (Note 6)	3,752,574	0	0	0
Impairment loss on investment in subsidiaries (Note 8 (c), (d))	0	0	2,885,583	145,554
Loss on disposal of property, plant and equipment	0	579	0	0
Property, plant and equipment written off	4,738	0	0	0
Rental of office	168,600	211,700	9,900	19,800

30. DIRECTORS' REMUNERATION

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Directors of the Company				
Executive Directors				
Directors' fee	85,000	80,000	85,000	80,000
Salaries and other emoluments	2,443,426	2,254,274	0	0
Bonus	955,500	900,600	0	0
Defined contribution plan	508,950	472,815	0	0
Total Executive Directors' remuneration (exclude benefits-in-kind)	3,992,876	3,707,689	85,000	80,000
Estimated money value of benefits-in-kind	44,700	38,963	44,700	38,963
Total Executive Directors' remuneration (including benefits-in-kind)	4,037,576	3,746,652	129,700	118,963
Directors of the Company				
Non-executive Directors				
Directors' fee	210,000	208,000	210,000	208,000
Other emoluments	9,000	8,500	9,000	8,500
Total Non-Executive Directors' remuneration	219,000	216,500	219,000	216,500
Total Directors' remuneration (Note 29)				
- fee	295,000	288,000	295,000	288,000
- other emoluments	3,916,876	3,636,189	9,000	8,500
	4,211,876	3,924,189	304,000	296,500

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

30. DIRECTORS' REMUNERATION (CONTINUED)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors of the subsidiaries				
Executive Directors				
Directors' fee	36,000	36,000	0	0
Salaries and other emoluments	433,689	661,134	0	0
Defined contribution plan	64,850	98,400	0	0
	534,539	795,534	0	0
Estimated money value of benefits-in-kind	15,500	13,050	0	0
Less:				
- capitalised in property development costs (Note 13)	(5,736)	(34,414)	0	0
Total Executive Directors' remuneration (including benefits-in-kind) (Note 29)	544,303	774,170	0	0

Movements in share options granted under the ESOS during the financial year were as follows:

	2016 Unit	2015 Unit
Director of the Company		
Executive Director		
As at 1 January	0	0
Transferred from *	1,000,000	0
As at 31 December	1,000,000	0
Director of the subsidiary		
Executive Director		
As at 1 January	1,000,000	1,000,000
Transferred to *	(1,000,000)	0
As at 31 December	0	1,000,000

* The Director of the subsidiary has been appointed as the Director of the Company on 18 November 2016.

The terms and conditions of the share options are detailed in Note 35 to the financial statements.

The number of Directors of the Group whose total remuneration during the financial year which fell within the following bands is analysed as below:

	Number of directors	
	2016	2015
Executive Directors		
RM250,000 - RM300,000	1	0
RM750,001 - RM800,000	0	1
RM800,001 - RM850,000	1	0
RM2,900,001 - RM2,950,000	1	1
Non-executive Directors		
RM1 - RM50,000	1	1
RM50,001 - RM100,000	3	3
Directors of the Subsidiaries		
Executive Director		
RM1 - RM50,000	2	2
RM450,000 - RM500,000	1	0
RM700,001 - RM750,000	0	1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

31. TAX EXPENSE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current tax expense based on profit for the financial year	34,077,490	38,848,800	188,200	430,600
Real property gain tax	33,545	566,348	0	0
Under/(Over)provision of tax in prior years	5,578,765	116,884	8,818	(6,002)
	39,689,800	39,532,032	197,018	424,598
Deferred tax (Note 11):				
- relating to origination and reversal of temporary differences	1,137,000	(6,490,900)	0	0
- changes in tax rate	870,000	0	0	0
- (under)/overprovision in prior years	(6,160,000)	757,900	0	0
	35,536,800	33,799,032	197,018	424,598

The Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before tax	148,765,290	135,744,712	34,477,692	37,063,511
Tax at the applicable tax rate of 24% (2015: 25%)	35,703,700	33,936,300	8,274,600	9,265,900
Tax effects in respect of:				
Non-taxable income	(3,938,200)	(3,292,500)	(8,977,300)	(8,982,400)
Non-allowable expenses	3,407,160	1,763,625	890,900	147,100
Different tax rate for the first RM500,000 of chargeable income	(31,270)	(26,400)	0	0
Real property gain tax	33,545	566,348	0	0
Relating to changes in tax rate	870,000	0	0	0
Under/(Over)provision of tax in prior years	5,578,765	116,884	8,818	(6,002)
(Under)/Overprovision of deferred tax in prior years	(6,160,000)	757,900	0	0
Deferred tax assets not recognised during the financial year	78,000	5,300	0	0
Utilisation of deferred tax assets previously not recognised	(4,900)	(28,425)	0	0
Tax expense for the financial year	35,536,800	33,799,032	197,018	424,598

Tax savings of the Group are as follows:

	Group	
	2016 RM	2015 RM
Arising from utilisation of previous unrecognised tax losses and capital allowances	4,900	23,600

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

32. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2016	2015
	RM	RM
Profit attributable to equity holders of the parent	112,203,066	101,118,257
	Group	
	2016	2015
	Unit	Unit
Weighted average number of ordinary shares in issue	424,147,815	420,779,015
Effect of:		
- exercise of ESOS	318,160	62,223
- exercise of warrants	1,168,870	1,974,683
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	425,634,845	422,815,921
Basic earnings per ordinary share (sen)	26.36	23.92

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2016	2015
	RM	RM
Profit attributable to equity holders of the parent	112,203,066	101,118,257
	Group	
	2016	2015
	Unit	Unit
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	425,634,845	422,815,921
Effects of dilution:		
- ESOS	200,191	434,360
- unexercised warrants	3,133,559	4,806,888
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	428,968,595	428,057,169
Diluted earnings per ordinary share (sen)	26.16	23.62

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

33. DIVIDENDS

	Group/Company			
	2016	2015	2016	2015
	Dividend per share Sen	Amount of dividend net of tax RM	Dividend per share Sen	Amount of dividend net of tax RM
Dividends paid/declared:				
In respect of financial year ended 31 December 2015:				
Final single tier dividend	6.0	25,590,772	0	0
In respect of financial year ended 31 December 2016:				
Interim single tier dividend	3.0	12,839,906	0	0
In respect of financial year ended 31 December 2014:				
Final single tier dividend	0	0	6.7	28,411,197
In respect of financial year ended 31 December 2015:				
Interim single tier dividend	0	0	3.0	12,730,974
	9.0	38,430,678	9.7	41,142,171

A final single tier dividend in respect of the financial year ended 31 December 2016 of 7.0 sen per ordinary share amounting to RM29,914,581 has been proposed by the Directors after the reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2017.

34. EMPLOYEE BENEFITS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Wages, salaries and bonuses	9,565,111	9,330,260	0	0
Directors' fee	121,000	116,000	85,000	80,000
Contributions to defined contribution plan	1,369,487	1,302,184	0	0
Social security contributions	52,070	46,671	0	0
Share options granted under ESOS	360,551	691,367	276,624	691,367
Other benefits	1,275,715	874,531	142,438	0
	12,743,934	12,361,013	504,062	771,367

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM4,521,679 and RM85,000 (2015: RM4,468,809 and RM80,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

35. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS')

The Employees Share Options Scheme ('ESOS') of the Company came into effect on 5 June 2012. The ESOS shall be in force for a period of five (5) years until 5 June 2017 ('the option period'). On 23 February 2017, the Board of Directors of the Company approved the extension of the scheme for five (5) years until 4 June 2022. The main features of the ESOS are as follows:

- (a) Directors, and confirmed employees of the Group who have served at least 2 years of continuous services are eligible under the Scheme;
- (b) The maximum number of new shares which may be issued and allotted pursuant to the exercise of the Options shall not at any point in time in aggregate exceed 5% of the issued and paid-up capital of the Company (excluding treasury shares) at any point in time during the duration of the Scheme;
- (c) Not more than 50% of the shares available under the ESOS should be allocated in aggregate, to Directors and senior management of the Group;
- (d) The allocation to an Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares), does not exceed 10% of the total number of the new shares to be issued under the Scheme;
- (e) The options granted may be exercised any time within the option period from the date of offer;
- (f) The option price of a new ordinary share under the ESOS shall be the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad ('Bursa Securities') immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Scheme, or at the par value of the ordinary shares of RM0.50 each, whichever is higher;
- (g) The options granted are not entitled for any dividend, voting rights, allotment and/or other distribution declared, made or paid to shareholders unless the new Shares so allotted have been credited to the relevant securities accounts of the shareholders maintained by the Bursa Depository before the entitlement date and will be subjected to all provisions of the Articles relating to the transfer, transmission and otherwise;
- (h) The ESOS Committee at any time and from time to time recommends to the Board any addition or amendment to or deletion of the By-laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-laws upon such recommendation. Any subsequent modifications or changes to the By-laws do not need the prior approval of the Bursa Securities and/or any other relevant authorities; and
- (i) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company within the Group during the option period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

35. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS') (CONTINUED)

The details of the options over ordinary shares of the Company are as follows:

	Number of options over ordinary shares of RM0.50 each					
	Outstanding as at 1.1.2016	Movements during the financial year			Outstanding as at 31.12.2016	Exercisable as at 31.12.2016
		Granted	Exercised	Lapsed		
2016						
5 June 2012	55,000	0	(35,000)	0	20,000	20,000
30 November 2012	2,000	0	0	(2,000)	0	0
2 May 2013	40,000	0	(30,000)	0	10,000	10,000
15 November 2013	993,000	0	(116,000)	(90,000)	787,000	787,000
28 May 2014	183,000	0	0	0	183,000	183,000
17 December 2014	1,166,000	0	0	0	1,166,000	1,016,000
15 June 2015	318,000	0	0	0	318,000	318,000
1 December 2015	1,529,000	0	(681,000)	(66,000)	782,000	762,000
21 June 2016	0	306,000	(117,000)	0	189,000	189,000
16 December 2016	0	137,000	0	0	137,000	137,000
	4,286,000	443,000	(979,000)	(158,000)	3,592,000	3,422,000

Weighted average exercise prices (RM)	1.34	1.25	1.21	1.25	1.36	1.36
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Weighted average remaining contractual life (months)	17					5
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	Number of options over ordinary shares of RM0.50 each					
	Outstanding as at 1.1.2015	Movements during the financial year			Outstanding as at 31.12.2015	Exercisable as at 31.12.2015
		Granted	Exercised	Lapsed		
2015						
5 June 2012	69,000	0	(14,000)	0	55,000	55,000
30 November 2012	4,000	0	(2,000)	0	2,000	2,000
2 May 2013	40,000	0	0	0	40,000	40,000
15 November 2013	1,182,000	0	(125,000)	(64,000)	993,000	813,000
28 May 2014	200,000	0	0	(17,000)	183,000	183,000
17 December 2014	1,172,000	0	(6,000)	0	1,166,000	166,000
15 June 2015	0	338,000	0	(20,000)	318,000	318,000
1 December 2015	0	1,529,000	0	0	1,529,000	1,509,000
	2,667,000	1,867,000	(147,000)	(101,000)	4,286,000	3,086,000

Weighted average exercise prices (RM)	1.36	1.30	1.20	1.40	1.34	1.30
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Weighted average remaining contractual life (months)	29					17
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

35. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS') (CONTINUED)

The details of the options over ordinary shares of the Company are as follows: (Continued)

	Exercise price RM	Exercise period
2016		
5 June 2012	0.50	5.6.2012 - 5.6.2017
30 November 2012	0.65	30.11.2012 - 5.6.2017
2 May 2013	0.85	2.5.2013 - 5.6.2017
15 November 2013	1.27	15.11.2013 - 5.6.2017
28 May 2014	1.75	28.5.2014 - 5.6.2017
17 December 2014	1.45	17.12.2014 - 5.6.2017
15 June 2015	1.51	15.6.2015 - 5.6.2017
1 December 2015	1.25	1.12.2015 - 5.6.2017
21 June 2016	1.25	21.6.2016 - 5.6.2017
16 December 2016	1.24	16.12.2016 - 5.6.2017

Share options exercised during the financial year resulted in the issuance of 979,000 (2015: 147,000) ordinary shares at an average price of RM1.21 (2015: RM1.20) each. The related weighted average ordinary share price at the date of exercise was RM1.47 (2015: RM1.55).

The fair values of share options granted during the financial year was estimated by using the Binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	Grant dates	
	15 June 2016	1 December 2016
Fair values of share options (RM):	0.21	0.17
Weighted average share price (RM)	1.38	1.37
Weighted average exercise price (RM)	1.25	1.24
Expected volatility (%)	32.00	31.50
Expected life (years)	0.92	0.46
Risk free rate (%)	3.80	3.30
Expected dividend yield (%)	6.50	6.55
	<hr/>	
	Grant dates	
	15 June 2015	1 December 2015
Fair values of share options (RM):	0.38	0.26
Weighted average share price (RM)	1.68	1.38
Weighted average exercise price (RM)	1.51	1.25
Expected volatility (%)	38.11	38.88
Expected life (years)	1.96	1.50
Risk free rate (%)	3.00	3.00
Expected dividend yield (%)	3.94	7.02
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

36. CONTINGENT LIABILITIES

	Group/Company	
	2016	2015
	RM	RM
Corporate guarantee given to banks for credit facilities granted to subsidiaries - unsecured	212,849,000	197,849,000

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits would be required or the amount is not capable of reliable measurement.

The Directors are of the view that the chances of the financial institutes to call upon the corporate guarantee are remote. Accordingly, the fair values of the above corporate guarantees given to the subsidiaries for banking facilities are negligible.

37. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries, associate and joint venture. Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 8 to the financial statements;
- (ii) Key management personnel, which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly;
- (iii) Companies in which certain Directors have substantial financial interests; and
- (iv) Immediate family member of Directors of the Company and its subsidiaries.

The related parties and their relationships with the Group are as follows:

Name of related party	Relationship
Palmsfield Sdn. Bhd.	Company in which certain Directors of the Company have substantial financial interests.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

37. RELATED PARTY DISCLOSURES (CONTINUED)

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Progress claims charged to an associate	18,634	1,016,460	0	0
Rental paid to a company of which a Director has interest	168,600	188,400	9,900	19,800
Dividend received from:				
- an associate	0	0	0	3,600,000
- subsidiaries	0	0	37,003,600	31,543,608
Interest charged to subsidiaries	0	0	631,756	1,682,420
Consultant fee charged to an associate	12,000	0	0	0

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Short term employee benefits	4,881,589	4,767,387	304,000	296,500
Contributions to defined contribution plan	677,944	664,215	0	0
	5,559,533	5,431,602	304,000	296,500

38. CAPITAL AND FINANCIAL RISK MANAGEMENT

- (a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order 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 financial years ended 31 December 2016 and 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

38. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Capital management (Continued)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group has a target gearing ratio at 50% determined as the proportion of net debt to equity. The Group includes within net debt, loans and borrowings less cash and bank balances. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Borrowings (Note 19)	138,155,386	188,409,150	0	0
Less:				
Short term funds (Note 15)	(37,560,905)	(4,324,804)	(8,358,374)	(1,772,903)
Cash and bank balances (Note 16)	(83,274,678)	(179,593,191)	(4,368,665)	(29,242,586)
Net debt	17,319,803	4,491,155	(12,727,039)	(31,015,489)
Total capital	536,423,615	459,768,346	324,480,556	325,747,679
Net debt	17,319,803	4,491,155	(12,727,039)	(31,015,489)
Equity	553,743,418	464,259,501	311,753,517	294,732,190
Capital gearing ratio	3.13%	0.97%	*	*

* Capital gearing ratio is not presented as the Company is in net cash position.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2016.

The Group is not subject to any other externally imposed capital requirements.

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk and interest rate risk. Information on the management of the related exposures is detailed below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

38. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (Continued)

(i) 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 exposure to credit risk arises primarily from trade receivables. For other financial assets, cash and bank balances, the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Credit risk in the property development activity is negligible as sales are to purchasers who obtain financing from financial institutions. As such, majority of the credit risk has been effectively transferred to the financial institutions as provided for in the sales and purchase agreements. For those sales on cash basis, which only forms an insignificant portion of sales amount, credit risk is also negligible as titles will only be surrendered after full payments have been made. This is the normal industry practice currently.

The credit risk concentration profile has been disclosed in Note 14 to the financial statements.

(ii) Liquidity and cash flow risk

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet their financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables and borrowings.

The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing their liquidity risk management strategy, the Group and the Company measure and forecast their cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's and the Company's activities.

Owing to the nature of its businesses, the Group and the Company always maintain sufficient credit lines available to meet their liquidity requirements while ensuring an effective working capital management within the Group and the Company.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Note 19 and Note 23 to the financial statements.

(iii) 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 would fluctuate because of changes in market interest rates.

The primary interest rate risk of the Group relates to interest-earning deposits and interest-bearing borrowings from financial institutions.

As at the end of the reporting period, the Group and the Company do not engage any interest hedging instruments in respect of such interest rate fluctuations.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Note 16 and Note 19 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

39. COMPANIES ACT, 2016

The Companies Act, 2016 (New Act) was enacted to replace the Companies Act, 1965 and was passed by Parliament on 4 April 2016. The New Act was subsequently gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the effective date of the New Act, except for section 241 and Division 8 of Part III of the New Act, to be 31 January 2017.

Amongst the key changes introduced in the New Act, which will affect the financial statements of the Group and of the Company, are the removal of the authorised share capital, introduction of no par value shares in place of par or nominal value shares, and the treatment of share premium and capital redemption reserves.

The adoption of the New Act does not have any financial impact on the Group and the Company for the financial year ended 31 December 2016 as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on the disclosures to the annual report and financial statements of the Group and of the Company for the financial year ending 31 December 2017.

40. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

40.1 New FRSs adopted during the current financial year

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

On 1 January 2016, the Group and the Company adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2016.

Title	Effective Date
FRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 116 and FRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRSs <i>Annual Improvements to FRSs 2012 - 2014 Cycle</i>	1 January 2016

There is no material impact upon the adoption of these Standard and Amendments during the financial year, other than the adoption of Amendments FRS 101 *Disclosure Initiative*, which resulted in the following:

- Grouping together supporting information for items presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, in the order in which each statement and each line item is presented.
- Disclosures of only significant accounting policies comprising the measurement bases used in preparing the financial statements and other accounting policies that are relevant to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

40. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONTINUED)

40.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

The Standards that are issued but not yet effective up to the date of issuance of financial statements of the Group and of the Company are disclosed below. The Group and the Company intend to adopt these Standards, if applicable, when they become effective.

Title	Effective Date
Amendments to FRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Annual Improvements to FRS Standards 2014 - 2016 Cycle:	
(i) Amendments to FRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2017
FRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to FRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to FRS 4 <i>Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts</i>	1 January 2018
Amendments to FRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Annual Improvements to FRS Standards 2014 - 2016 Cycle:	
(i) Amendments to FRS 1 <i>First-time Adoption of Financial Reporting Standards</i>	1 January 2018
(ii) Amendments to FRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to FRS 10 and FRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

40.3 New MFRSs that have been issued, but have yet to be adopted during the current financial year

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

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, would be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 December 2018. In presenting its first MFRS financial statements, the Group and the Company would be required to adjust the comparative financial statements prepared under the FRS to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition would be made, retrospectively, against opening retained earnings. The Group has opted to defer the adoption of the MFRS Framework to the financial period beginning 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

41. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of each reporting period are analysed as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Total retained earnings of the Company and its subsidiaries:				
- realised	542,554,007	444,589,007	41,388,401	45,538,405
- unrealised	54,901,824	41,803,824	(884,000)	(884,000)
	<u>597,455,831</u>	<u>486,392,831</u>	<u>40,504,401</u>	<u>44,654,405</u>
Total share of retained earnings from an associate:				
- realised	497,816	1,858,502	0	0
- unrealised	0	0	0	0
Total share of accumulated losses from a joint venture:				
- realised	708,328	(6,241)	0	0
- unrealised	<u>1,843,614</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>600,505,589</u>	<u>488,245,092</u>	<u>40,504,401</u>	<u>44,654,405</u>
Less: Consolidation adjustments	(348,525,708)	(310,037,599)	0	0
Total retained earnings	<u>251,979,881</u>	<u>178,207,493</u>	<u>40,504,401</u>	<u>44,654,405</u>

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting (“AGM”) of Tambun Indah Land Berhad (“**Tambun Indah**” or “**the Company**”) will be held at Pearl City Sales Gallery, Lot 8936, Jalan Tasek Mutiara 2, Bandar Tasek Mutiara, 14120 Simpang Ampat, Penang on Thursday, 18 May 2017 at 11.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

- | | | |
|----|--|-------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of Directors and Auditors thereon. | Please refer to Note 7 |
| 2. | To re-elect Mr. Teh Kiak Seng, a Director who retires by rotation in accordance with Article 86 of the Company's Constitution and who, being eligible, offers himself for re-election. | Resolution 1 |
| 3. | To re-elect Ms. Teh Theng Theng, a Director who retires by rotation in accordance with Article 86 of the Company's Constitution and who, being eligible, offers herself for re-election. | Resolution 2 |
| 4. | To re-elect Mr. Teh Deng Wei, a Director who retires pursuant to Article 93 of the Company's Constitution and who, being eligible, offers himself for re-election. | Resolution 3 |
| 5. | To approve the payment of Directors' fees of not exceeding RM400,000.00 for the financial year ending 31 December 2017. | Resolution 4 |
| 6. | To approve the payment of Directors' Benefits of not exceeding RM100,000.00 from 31 January 2017 until the conclusion of the next AGM of the Company. | Resolution 5 |
| 7. | To approve the payment of a single tier final dividend of 7 sen per ordinary share for the financial year ended 31 December 2016. | Resolution 6 |
| 8. | To re-appoint Messrs. BDO as auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. | Resolution 7 |

As Special Business

To consider and if thought fit, to pass with or without modifications the following Ordinary Resolutions:

- | | | |
|----|---|---------------------|
| 9. | PROPOSED RENEWAL OF GENERAL MANDATE FOR DIRECTORS TO ALLOT AND ISSUE NEW SHARES IN THE COMPANY | Resolution 8 |
|----|---|---------------------|

“THAT, subject always to the provisions of the Companies Act, 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the regulations, guidelines and practice notes issued from time to time by Bursa Securities or any other regulatory authorities, approval be hereby given for the Directors of the Company to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may deem fit, PROVIDED THAT the aggregate number of shares to be issued does not exceed 10% of the total issued shares of the Company and that the approval conferred by this resolution shall take effect immediately upon the passing of this resolution and shall continue to be in force until:

- (a) the conclusion of the AGM of the Company held next after the approval was given;
- (b) the expiration of the period within which the next AGM of the Company is required to be held after the approval was given,

whichever is the earlier; or

- (c) revoked or varied at any time by an Ordinary Resolution passed by the shareholders in a general meeting;

whichever is the earlier;

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

THAT, the Directors of the Company be hereby authorised to enter into such transactions, arrangements, agreements and documents as are necessary with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors, in their absolute discretion deem fit and in the best interest of the Company.

AND THAT, any Executive Director and/or the Secretary of the Company be hereby authorised to obtain the approval from Bursa Securities for the listing and quotation of the additional shares to be issued and to do all such acts and things as are necessary to give full effect to such transactions as authorised by this resolution.”

10. PROPOSED RENEWAL OF GENERAL MANDATE FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES IN THE COMPANY PURSUANT TO THE DIVIDEND REINVESTMENT SCHEME

Resolution 9

“THAT, pursuant to the Dividend Reinvestment Scheme as approved by the shareholders at an Extraordinary General Meeting held on 19 June 2013, the Directors be hereby authorised to allot and issue such number of new shares in the Company upon the election of shareholders of the Company to reinvest the dividend pursuant to the Dividend Reinvestment Scheme until conclusion of the next AGM upon such terms and conditions and to such shareholders as the Directors may, in their absolute discretion, deem fit and in the best interest of the Company PROVIDED THAT the issue price of the new Shares shall be fixed by the Directors at not more than 10% discount to five (5)-Market Day volume weighted average market price of the Company’s shares immediately prior to the price fixing date at the material time.

THAT the new shares, shall upon allotment and issue, rank *pari passu* in all respects with the existing shares, save and except that the new shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid, the entitlement date of which is prior to the allotment of the new shares issued pursuant to the Dividend Reinvestment Scheme.

THAT the Directors of the Company be hereby authorised to do all such acts and things as are necessary or expedient in order to give full effect to the Dividend Reinvestment Scheme with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the authorities or as the Directors in their absolute discretion deem fit and in the best interest of the Company.

AND THAT any Executive Director and/or Secretary of the Company be hereby authorised to obtain the approval from Bursa Securities for the listing and quotation of the new shares to be issued pursuant to the Dividend Reinvestment Scheme.”

11. To transact any other business of which due notice shall have been given in accordance with the Company’s Constitution and the Companies Act, 2016.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the Tambun Indah Ninth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 12 May 2017. Only a depositor whose name appears on the Record of Depositors as at 12 May 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/vote on his/her behalf.

By Order of the Board,

LEE PENG LOON (MACS 01258)
P’NG CHIEW KEEM (MAICSA 7026443)
Secretaries
Penang

Date: 26 April 2017

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES ON APPOINTMENT OF PROXY

1. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee 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.
5. For a proxy to be valid, the Proxy Form, duly completed must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
6. In the case of a corporate member, the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized.

EXPLANATORY NOTE ON ORDINARY BUSINESS

7. The Audited Financial Statements in Agenda 1 had been approved by the Board pursuant to Section 251(1) of the Companies Act 2016. Hence, this agenda does not require formal approval of shareholders of the Company and is meant for discussion pursuant to Section 248(2) of the Companies Act 2016.

EXPLANATORY NOTES ON SPECIAL BUSINESS

8. The Resolution 8 is to seek a renewal of general mandate for the Directors of the Company to allot and issue new shares in the Company up to an amount not exceeding 10% of the total issued shares of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in a general meeting will expire at the conclusion of the next AGM.

As at the date of notice of meeting, the Directors did not issue any new shares pursuant to the general mandate granted at the last AGM of the Company and of which, it will lapse at the conclusion of the Ninth AGM of the Company to be held on 18 May 2017.

The general mandate for issuance of new shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

9. The Resolution 9 is to seek a renewal of general mandate for the Directors to allot and issue new shares upon election of the shareholders of the Company to reinvest the dividend declared by Tambun Indah from time to time pursuant to the Dividend Reinvestment Scheme, until the conclusion of the next AGM. A renewal of this mandate will be sought at the next AGM of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD)

ELECTION OF DIRECTORS

There are no individuals who are standing for election as directors at the forthcoming Ninth Annual General Meeting of the Company.

GENERAL MANDATE FOR ISSUANCE OF SHARES

The Resolution 8 tabled under Special Business as per the Notice of Ninth Annual General Meeting of the Company dated 26 April 2017 is a renewal of general mandate granted from shareholders of the Company at the last Annual General Meeting held on 18 May 2016.

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

As at the date of notice of meeting, no new share has been issued pursuant to the general mandate granted at the last Annual General Meeting of the Company.

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TAMBUN INDAH LAND BERHAD
(Company No. 810446-U)
Incorporated in Malaysia

PROXY FORM

*I/We.....
(*I/C No. / Passport No. / Company No.) of
..... being a *member/members of the abovenamed Company,
hereby appoint (*I/C No. / Passport No.) of
..... or failing whom,
the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Ninth Annual General Meeting of the Company to be held at Pearl City Sales Gallery, Lot 8936, Jalan Tasek Mutiara 2, Bandar Tasek Mutiara, 14120 Simpang Ampat, Penang on Thursday, 18 May 2017 at 11.00 a.m., and at any adjournment thereof.

No.	Resolutions	FOR	AGAINST
1.	To re-elect Mr. Teh Kiak Seng as a Director.		
2.	To re-elect Ms. Teh Theng Theng as a Director.		
3.	To re-elect Mr. Teh Deng Wei as a Director.		
4.	To approve the payment of Directors' fees.		
5.	To approve the payment of Directors' benefits.		
6.	To approve the payment of a single tier final dividend		
7.	To re-appoint Messrs. BDO as auditors of the Company.		
8.	To authorise the Directors to allot and issue new shares.		
9.	To authorise the Directors to allot and issue new shares in relation to the Dividend Reinvestment Scheme.		

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote as he thinks fit.

Signed thisday of.....,2017.

No. of shares held

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

Notes

1. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee 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.
5. For a proxy to be valid, this Form, duly completed must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
6. In the case of a corporate member, this Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized.
7. In respect of deposited securities, only a depositor whose name appear on the Record of Depositors on 12 May 2017 shall be eligible to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.

*strike out whichever is not desired.

For appointment of two(2) proxies, percentage of shareholdings to be represented by the proxies :		
	No. of Shares	%
Proxy 1		
Proxy 2		
		100

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The Company Secretary
Tambun Indah Land Berhad (810446-U)
51-21-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

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Tambun Indah Land Berhad
(Company No. 810446-U)

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