CREST BUILDER HOLDINGS BERHAD
(573382-P)

ANNUAL REPORT 2016

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CORPORATE SECTION

FINANCIAL SECTION

CORPORATE **PROFILE**

BRINGING A **VISION** TO **REALITY**

Crest Builder Holdings Berhad ("CBHB") was incorporated in Malaysia under the Companies Act, 1965 on 9 March 2002 as a public limited company. CBHB is principally an investment holding company and had successfully undertaken a Corporate and Debt Restructuring Scheme which involved taking over the listing status of MGR Corporation Berhad. CBHB was listed on the Main Board of Bursa Malaysia on 12 June 2003.

The CBHB Group was founded in 1985 by the late Mr Yong Soon Chow. What started out as a small timer of less than 10 staffs has grown to a strong corporation of over 300 staffs under its stable. Over the past 30 years, the CBHB Group has carved a strong foothold in the local construction industry. With in-depth industry experience, the CBHB Group has a proven and established track record in the sector – especially in the commercial, residential and institutional building construction. The Group counts top branded developers and international property players amongst its clientele.

With a good blend of experience and vibrant protégés in its management team, the CBHB Group has moved along the supply chain and diversified beyond purely construction into other construction-related activities, such as property development, M&E services and project management – and upon completion of our RM300 million maiden development 3 Two Square, the Group has also diversified into property management as well as car park management.

The Group has also completed various developments, including the new UNITAR Campus at Tierra Crest, and a series of residential and commercial projects, Alam Idaman, Avenue Crest and Alam Sanjung in Shah Alam. The Group also manages a concession of the 5,000 student capacity UiTM Tapah campus which ends in 2034. Together with the conventional developments, the Group has also secured the privatization and the redevelopment of Dang Wangi LRT station, Kelana Jaya LRT station as well as a Malaysian Rubber Board land along Jalan Ampang, Kuala Lumpur.

With the vision to be the *'Preferred'* organisation of choice by the partners and customers, the Group aspires to achieve distinction in the industry through prudent cost management, highest standards of quality and complete customer satisfaction.

NOTICE OF
15TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 15th annual general meeting will be held

Venue	Sime Darby Convention Centre 1A, Jalan Bukit Kiara 1 60000 Kuala Lumpur
Day, date and time	Wednesday, 7 June 2017 at 10.00 a.m.

AGENDA

Ordinary business

1. **Laying of audited financial statements and reports**

   To receive and adopt the duly audited financial statements consisting of the consolidated statement of comprehensive income, the consolidated statement of financial position, the Reports of the Directors and Auditors for the financial year ended 31 December 2016, in compliance with Section 169(1) and Section 174(1) of the Companies Act, 1965 respectively. ***Resolution 1***

2. **Declaration of dividend**

   THAT the payment for a first and final single tier dividend of 4.00 Sen per ordinary share in respect of the financial year ended 31 December 2016 be hereby approved. ***Resolution 2***

3. **Election of Director**

   THAT re-election of the Managing Director, Mr Yong Shang Ming who retires in accordance with Article 79 of the Company's Constitution, be hereby approved. ***Resolution 3***

4. **Election of Director**

   THAT re-election of the Executive Director, Madam Koh Hua Lan (f) who retires in accordance with Article 80 of the Company's Constitution, be hereby approved. ***Resolution 4***

5. **Appointment of Auditors**

   THAT the appointment of Messrs Baker Tilly Monteiro Heng, Chartered Accountants, as the Auditors in accordance with Article 57 of the Company's Constitution and pursuant to Section 271(4)(a) of Companies Act, 2016 for the ensuing financial year ending 31 December 2017 be confirmed and that the Directors be authorised to fix the remuneration of the Auditors pursuant to Section 274(1)(a) of the Companies Act, 2016 be hereby approved. ***Resolution 5***

Special business

6. **Approval for fees for Directors pursuant to Section 230(1)(a) of the Companies Act, 2016** ***Resolution 6***

   THAT the payment of RM198,000 as fees for Directors for the year ended 31 December 2016 (2015: RM198,000) in accordance with Article 88 of the Company's Constitution be hereby approved.

NOTICE OF
15TH ANNUAL GENERAL MEETING
(cont'd)

7. **Allotment of shares or grant of rights with the Company approval pursuant to Section 76 of the Companies Act, 2016**

THAT pursuant to Section 76 of the Companies Act, 2016 and subject to the approval of all relevant authorities being obtained, the Directors be empowered for the purposes of Section 75(1) of the Companies Act, 2016 to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid up capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting be hereby approved. ***Resolution 7***

8. **Proposed renewal of share buy-back authority of up to ten percent (10%) of the issued and paid-up share capital**

THAT subject to Section 127 of the Companies Act, 2016 and rules, regulations or orders made pursuant to the Act, provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares comprised in the Company's issued and paid-up ordinary share capital, such purchases to be made through Bursa Securities subject further to the following: ***Resolution 8***

(i) the aggregate number of ordinary shares in CBHB ("CBHB Shares") which may be purchased or held by the Company shall not exceed ten per cent (10%) of the issued and paid-up ordinary share capital of the Company ("Proposed Share Buy-Back"), subject to the restriction that the issued and paid-up ordinary share capital of CBHB does not fall below the minimum share capital requirements of the Listing Requirements of Bursa Securities ("Listing Requirements") applicable to a company listed on the Main Market of Bursa Securities and that the listed issuer continues to maintain a shareholding spread that is in compliance with the requirements of the Listing Requirements after the share purchase;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the CBHB Shares under the Proposed Share Buy-Back shall not exceed the retained earnings and/or share premium account of the Company for the time being which stood at RM26,386,415.50 and RM4,269,146.38 respectively as at 31 December 2016 based on the latest audited financial statements of CBHB for the financial year ended 31 December 2016;

(iii) the authority conferred by this resolution to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until;

(a) the conclusion of the next annual general meeting ("AGM") of the Company at which such resolution was passed at the which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or

(b) the expiration of the period within the next AGM of the Company after that date is required by law to be held; or

(c) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

NOTICE OF 15TH ANNUAL GENERAL MEETING (cont'd)

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the CBHB Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

(iv) upon completion of the purchase(s) of the CBHB Shares by the Company, the Directors of the Company be and are hereby authorised to retain the CBHB Shares so purchased as treasury shares, which may be distributed as dividends to shareholders, cancel and/or resold on Bursa Securities, in the manner as prescribed by the Act, rules, regulations and orders made pursuant to the Companies Act, 2016 and the requirements of Bursa Securities and any other relevant authority for the time being in force,

AND THAT the Directors of the Company be and hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of CBHB Shares.

9. Continuing in Office as Independent Non-Executive Directors

9.1 **THAT**, approval be and is hereby given to Encik Mohd Khasan Bin Ahmad who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company. ***Resolution 9***

9.2 **THAT**, approval be and is hereby given to Mr Kam Yong Kan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company. ***Resolution 10***

NOTICE OF DIVIDEND ENTITLEMENT

Further NOTICE is hereby given that a first and final single tier dividend 4.00 Sen per ordinary share in respect of the financial year ended 31 December 2016 if approved by shareholders, will be paid on 14 July 2017 to depositors registered in the Record of Depositors at the close of business on 23 June 2017.

A depositor shall qualify for entitlement only in respect of:

(a) share transferred into the depositor's securities account before 4:00 noon on 23 June 2017 in respect of ordinary transfers; and

(b) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By order of the Board

Company Secretary
Heng Chiang Pooh FCIS
(MAICSA 7009923)

Dated: 27 April 2017

NOTICE OF 15TH ANNUAL GENERAL MEETING (cont'd)

Notes

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint anyone to attend and vote in his stead as his proxy without limitation and the provisions of Section 334 of Act shall apply.*

2. *If a corporation is a member of the Company, the corporation may by resolution of its Board or other governing body authorise a person or persons to act as its representative or representatives at any meeting of members of the Company. A certificate of authorisation by a corporate member shall be prima facie evidence of the appointment or the revocation of the appointment, as the case may be, of a representative pursuant to Section 333 of the Act.*

3. *Shareholders' attention is hereby drawn to the Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities.*

4. *A member may appoint more than one (1) proxy provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.*

5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office situated at No. 62-2, Jalan 2A/27A, Section 1, Wangsa Maju, 53300 Kuala Lumpur, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.*

6. *In respect to the deposited securities, only members whose name appear in the Record of Depositors on 5 June 2017 shall be eligible to attend the meeting or to appoint proxy to attend and/or vote on his behalf.*

STATEMENT ACCOMPANYING NOTICE OF 15TH ANNUAL GENERAL MEETING

1. ORDINARY BUSINESS – RESOLUTION 1

The agenda is for consideration and discussion only as under the provision of Section 340(1)(a) of the Companies Act, 2016. The audited financial statements and reports, which were formally approved by the Board pursuant to Section 251 and circulated with the notice of annual general meeting, shall be laid at the annual general meeting. However, the Board recommended that the said audited financial statements and reports be received and adopted at the annual general meeting accordingly.

2. ORDINARY BUSINESS – RESOLUTION 2

The Directors now recommend a first and final single tier dividend of 4.00 Sen (RM0.04) per each ordinary share held in respect of the financial year ended 31 December 2016.

3. ORDINARY BUSINESS – RESOLUTION 3 & 4

The particulars of the retiring Directors who are standing for re-election are set out in the relevant pages of the Annual Report as follows:

Name of Directors	Directors' Profile	Directors' Shareholdings
Mr Yong Shang Ming (Managing Director)	Page 10	Page 151
Madam Koh Hua Lan (Executive Director)	Page 10	Page 151

Details of Directors' attendance at Board Meetings are set out in the Statement on Corporate Governance on Page 26 of the Annual Report.

4. ORDINARY BUSINESS – RESOLUTION 5

Pursuant to Section 273(b) of the Companies Act, 2016 an auditor shall cease to hold office at the conclusion of the annual general meeting next following his appointment, unless the auditor is re-appointed.

5. SPECIAL BUSINESS – RESOLUTION 6

This authorisation by the general meeting would enable the payment of directors' remuneration in accordance with Article 88 of the Company's Constitution as follows:

Article 88 - Directors' Remuneration

The Directors shall be paid by way of remuneration for their services such fixed sums (if any) as shall from time to time be determined by the Company in general meeting, and such remuneration shall be divided among the Directors in such proportion and manner as the Directors may determine. Provided always that:

(a) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;

(b) salaries payable to Directors who do hold an executive office in the Company may not include a commission on or percentage of turnover;

(c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting;

(d) any fee paid to an Alternate Director shall be such as agreed between himself and the Director nominating him shall be paid out of the remuneration of the latter.

STATEMENT ACCOMPANYING NOTICE OF **15TH ANNUAL GENERAL MEETING**
(cont'd)

6. SPECIAL BUSINESS – RESOLUTION 7

The Company had during its 14th Annual General Meeting held on 30 May 2016, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965. The Company did not issue any shares pursuant to the said mandate.

This Proposed Resolution 7 which is an Ordinary Resolution, if passed, will grant a renewed general mandate which will provide flexibility for the Company and will empower the Directors to allot and issue new shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the purpose of funding current and/or future investment projects, working capital, and/or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will be valid until the conclusion of the next annual general meeting.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company shall make an announcement in respect thereof.

7. SPECIAL BUSINESS – RESOLUTION 8

The Proposed Share Buy-Back of up to ten percent (10%) of the issued and paid-up share capital, if approved by the shareholders of the Company, will enable the Company to make purchases of ordinary shares comprised in the Company's issued and paid-up ordinary share capital. Further information can be obtained in the accompanying Circular dated 27 April 2017.

8. SPECIAL BUSINESS – RESOLUTION 9 & 10

Mr Keong Choon Keat had expressed his wish to retire as the Senior Independent Non-Executive Director after the conclusion of the annual general meeting. As such, he will not be seeking re-election as a Senior Independent Non-Executive Director at the annual general meeting .

In accordance with the Malaysian Code on Corporate Governance 2012, the Board of Directors has via the Nomination Committee assessed the independence of Encik Mohd Khasan Bin Ahmad and Mr Kam Yong Kan who each has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

(i) each of them fulfils the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
(ii) each of them is familiar with the Company's business operations as each has been with the Company for more than 9 years;
(iii) each of them has devoted sufficient time and attention to his responsibilities as an Independent Non-Executive Director of the Company; and
(iv) each of them has exercised due care during his tenure as an Independent Director of the Company and carried out his duty in the interest of the Company and shareholders.

The proposed Resolutions 9 and 10, if passed, will enable Encik Mohd Khasan Bin Ahmad and Mr Kam Yong Kan to continue in office as Independent Non-Executive Directors.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah
- *Non-Executive Chairman*

Yong Shang Ming
- *Managing Director*

Koh Hua Lan (f)
- Executive Director

Keong Choon Keat
- *Senior Independent Non-Executive Director*

Mohd Khasan Bin Ahmad
- *Independent Non-Executive Director*

Kam Yong Kan
- *Independent Non-Executive Director*

Yong Tiok Keng (f)
- *Alternate Director to Koh Hua Lan*

AUDIT COMMITTEE

Mohd Khasan Bin Ahmad, Chairman
Keong Choon Keat
Kam Yong Kan

REMUNERATION COMMITTEE

Yong Shang Ming, Chairman
Keong Choon Keat
Mohd Khasan Bin Ahmad

NOMINATION COMMITTEE

Kam Yong Kan, Chairman
Keong Choon Keat
Mohd Khasan Bin Ahmad

OPTION COMMITTEE

Keong Choon Keat, Chairman
Mohd Khasan Bin Ahmad
Yong Shang Ming

COMPANY SECRETARY

Heng Chiang Pooh FCIS (MAICSA 7009923)

REGISTERED OFFICE

No. 62-2, Jalan 2A/27A
Section 1, Wangsa Maju
53300 Kuala Lumpur
Tel : 03-4148 1888
Fax : 03-4149 1888

PRINCIPAL PLACE OF BUSINESS

Penthouse, The Crest
3 Two Square
No. 2, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7841 6000
Fax : 03-7841 6088
Email : corporate@crestbuilder.com.my

SHARE REGISTRAR

ShareWorks Sdn Bhd
No. 10-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel : 03-6201 1120
Fax : 03-6201 3121

AUDITORS

Baker Tilly Monteiro Heng
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia
Tel : 03 - 2297 1000
Fax : 03 - 2282 9980

PRINCIPAL BANKERS

Hong Leong Bank Berhad
AmBank Berhad
RHB Bank Berhad
Bank Islam Malaysia Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

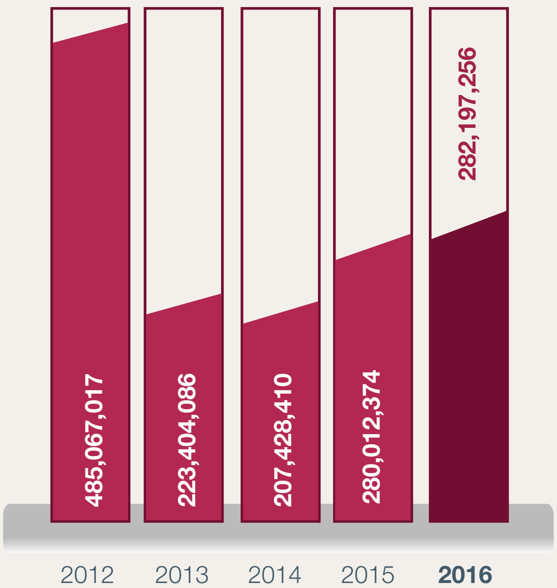
Bursa Malaysia Securities Berhad - Main Market
Sector : Construction

FINANCIAL HIGHLIGHTS

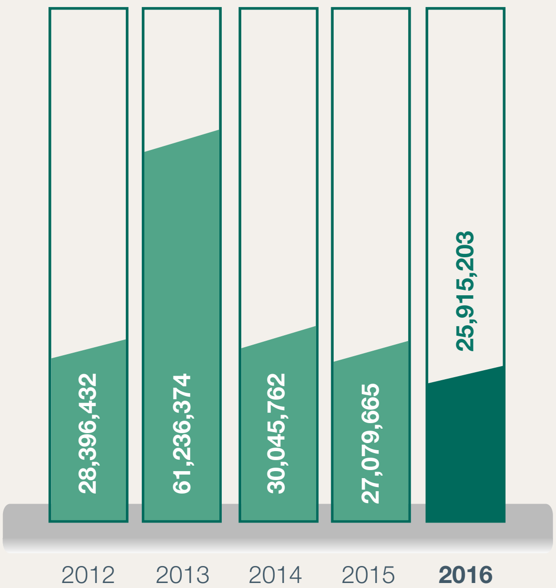
Financial Year Ended	2012 RM	2013 RM	2014 RM	2015 RM	2016 RM
Revenue	485,067,017	223,404,086	207,428,410	280,012,374	**282,197,256**
Profit Before Tax	28,396,432	61,236,374	30,045,762	27,079,665	**25,915,203**
Profit for the Financial Year	21,434,656	54,936,750	19,978,473	11,998,183	**14,988,214**
Profit attributable to Owners of the Company	21,789,677	48,766,759	20,756,458	9,686,023	**13,212,158**
Total Equity attributable to Owners of the Company	300,066,930	365,769,210	385,176,664	398,856,660	**403,211,580**
Net Assets per Share (RM)	2.17	2.27	2.33	2.25	**2.28**
Total Number of Shares	138,010,450	160,868,175	165,043,105	176,921,657	**176,921,657**
Basic Earnings per Share (sen)	16.72	32.60	12.79	5.74	**7.73**
Diluted Earnings per Share (sen)	16.72	30.99#	11.78#	5.74	**7.73**
Gross Dividend (%)	5.0	3.75*	3.75*	4.00*	**4.00***

* *Single Tier Dividend*
\# *After full conversion of Warrants and ESOS*

REVENUE (RM)

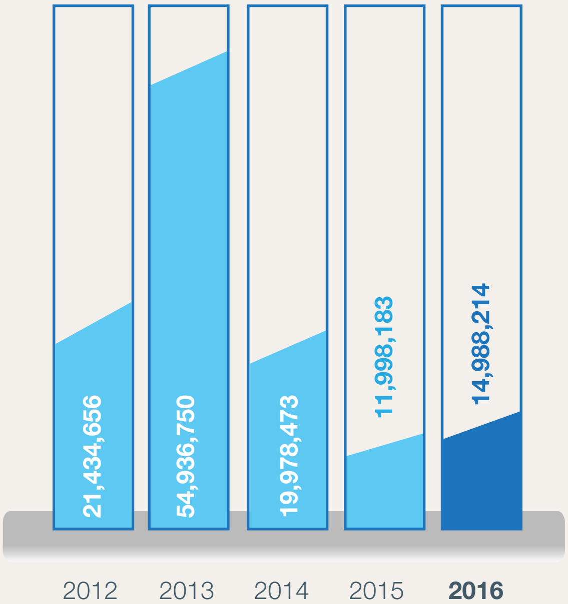


PROFIT BEFORE TAX (RM)

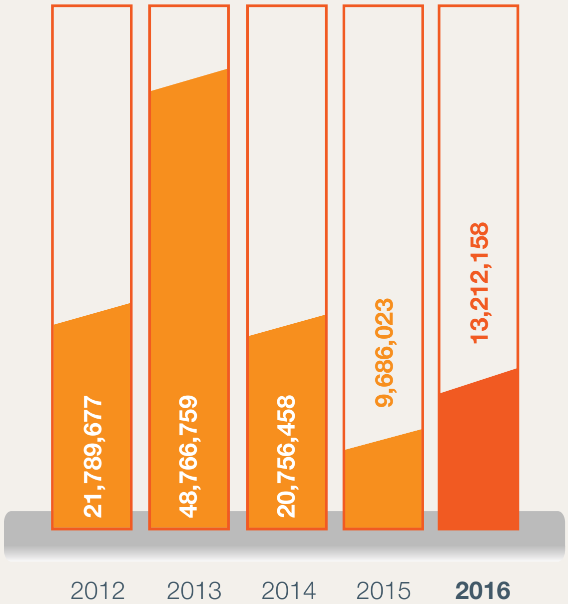


FINANCIAL **HIGHLIGHTS** (cont'd)

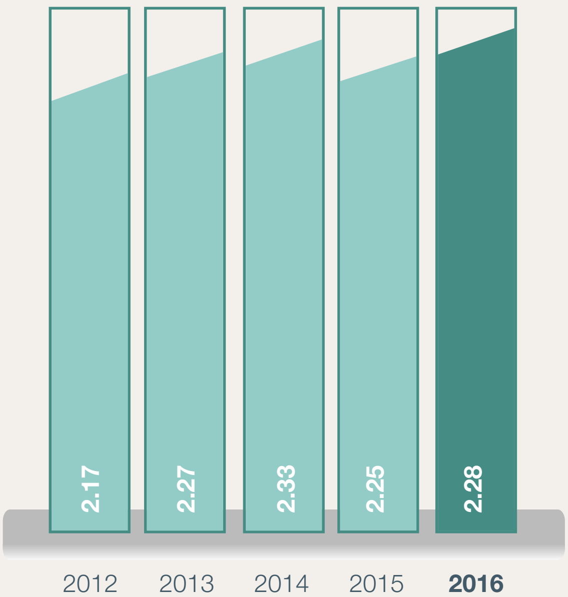
PROFIT FOR THE FINANCIAL YEAR (RM)



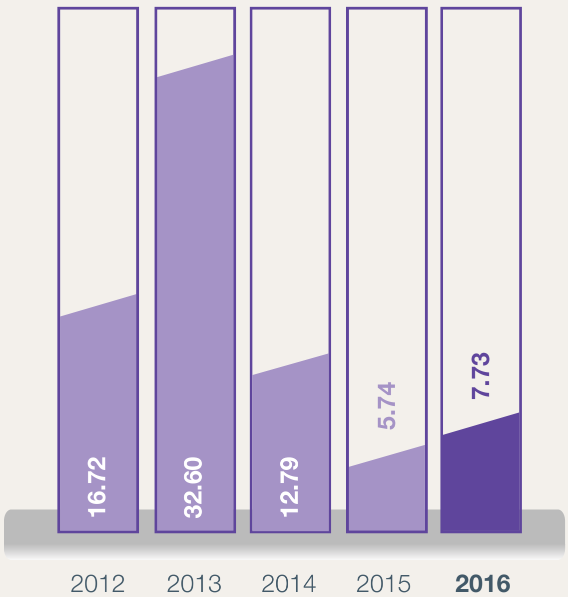
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)



NET ASSETS PER SHARE (RM)



BASIC EARNINGS PER SHARE (SEN)



DIRECTOR'S PROFILE

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH

Non-Executive Chairman
aged 61

Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah was appointed to the Board on 26 February 2003 as Executive Chairman and he was re-designated as the Non-Executive Chairman with effect from 1 March 2005. Tengku Dato' Sulaiman Shah has over 30 years of experience in the construction, printing, advertising, freight industries and health products. He was appointed the "Orang Besar Istana" in the year 1996 with the bestowed title of "Tengku Setia". In the following year, he was also conferred "Dato Di Raja Selangor". In the year 2007, he was awarded "Dato Sultan Sharafuddin Idris Shah" (D.S.I.S). He is primarily responsible for the orderly conduct and working of the Board and the public relation and communication affairs of the Group. He attended all of the eight (8) Board meetings held during the financial year ended 31 December 2016.

YONG SHANG MING

Managing Director
aged 34

Yong Shang Ming * was appointed to the Board on 31 January 2008. He graduated from City University, London with a Honours Degree in Civil Engineering. He joined the Group in June 2003 as the Special Assistant to the Group Managing Director. He is involved in the project procurement and implementation as well as the business development ventures of the Group. He is also involved in the project planning, development and marketing operations of the Group's property development projects. He attended all of the eight (8) Board meetings held during the financial year ended 31 December 2016.

KOH HUA LAN (F)

Executive Director
aged 65

Koh Hua Lan (f) * was appointed to the Board on 26 February 2003. Madam Koh is a co-founder of Crest Builder Sdn Bhd and she has more than 30 years of experience in financial and administration management. She is principally responsible for the administration, human resource and management support services of the Group. She attended all of the eight (8) Board meetings held during the financial year ended 31 December 2016.

KEONG CHOON KEAT

Senior Independent Non-Executive Director
aged 72

Keong Choon Keat # was appointed to the Board on 25 February 2003 and is a member of the Audit Committee. He is a member of the Malaysian Institute of Accountants, Fellow Member of the Institute of Chartered Accountants in England and Wales and a member of Malaysian Institute of Certified Public Accountants. He was attached to Bristol Myers & Company Ltd. in England as an Accountant in 1968. He then left and joined Malaysian Tobacco Company Berhad as an Accountant in 1969. From 1974 to 1999 he was attached to UMW Holdings Bhd where he held various management positions in the group before being promoted to the position of an Executive Director in 1988. Upon retirement in 1999, he joined a consultancy firm providing outplacement and career management consultancy services in Malaysia. He also serves on the Board of Chin Teck Plantations Berhad, Negri Sembilan Oil Palms Berhad and Liberty Insurance Berhad. He attended all of the eight (8) Board meetings held during the financial year ended 31 December 2016.

MOHD KHASAN BIN AHMAD

Independent Non-Executive Director
aged 56

Mohd Khasan Bin Ahmad was appointed to the Board on 25 February 2003 and is the Chairman of the Audit Committee. He graduated from Universiti Teknologi MARA with a degree in Accountancy. He is a member of the Malaysian Institute of Accountants. He served in Bank Negara Malaysia for a period of about 7 years, the last 2 years of which he was seconded to the then Capital Issues Committee as its Principal Assistant Secretary. Subsequently, he joined the Securities Commission for a period of about 6 years and his last capacity was as an Assistant Manager in its Issues and Investment Division. During the tenure of his above appointments, he was involved in various corporate exercises ranging from initial public offerings, mergers and acquisitions, reverse take-overs, issuance of bonds and other capital raising exercises. He then joined the private sector in 1997 and held various senior management positions. He is also the Director of Ta Win Holdings Berhad, Farm Best Berhad, Homeritz Corporation Berhad and Mexter Technology Berhad. He attended all of the eight (8) Board meetings held during the financial year ended 31 December 2016.

DIRECTOR'S **PROFILE** (cont'd)

KAM YONG KAN

Independent Non-Executive Director
aged 58

Kam Yong Kan was appointed to the Board on 26 February 2003 and also a member of the Audit Committee. He is an ex-fellow member of the Association of Chartered Certified Accountants, United Kingdom, an ex-member of the Malaysian Institute of Accountants and an Associate member of the Malaysian Institute of Taxation. He has over 25 years experiences in audit, finance, corporate finance, tax and treasury functions in property related industries. He was attached to a listed property group from 1991 to 2000 and held the position of a Finance Director during the last 4 years of his tenure in the property group. He attended all of the eight (8) Board meetings held during the financial year ended 31 December 2016.

YONG TIOK KENG (F)

Alternate Director to Koh Hua Lan
aged 38

Yong Tiok Keng (f) was appointed to the Board on 25 May 2009. She holds a B. Sc in Accounting & Finance from London School of Economics in 2001. She has over 15 years of experience in the fields of accounting and corporate finance activities and she is currently the Corporate Affairs Manager of CBHB. She is principally responsible for the Corporate Affairs and financial policies of the Group. She attended all of the eight (8) Board meetings held during the financial year ended 31 December 2016.

Further information

All the Directors are Malaysian.

Except for certain recurrent related party transaction of revenue nature or trading nature which are necessary for the day to day operation of the Group and for which Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah is deemed to be interested as disclosed in page 32.

Yong Shang Ming is the son to Koh Hua Lan. Yong Tiok Keng is the daughter to Koh Hua Lan. Saved as disclosed herein, there are no family relationships between the Directors and/or major shareholders of the Company, or any personal interest or conflict of interest in any business arrangement involving the Group.

The securities holdings of the Directors are disclosed on page 151. By virtue of their interest in shares of the Company and under Section 8 of the Companies Act, 2016, Koh Hua Lan is deemed to be interested in the shares of all the subsidiaries to the extent the Company has an interest.

None of the Directors has been convicted of any offence within the past ten years other than traffic offences if any.

Note:

* *Indicates Directors who retire according to the Company's Constitution and are eligible to offer themselves for re-election.*

\# *The Director had expressed his wish to retire as the Senior Independent Non-Executive Director after the conclusion of the annual general meeting. As such, he will not be seeking re-election as a Senior Independent Non-Executive Director at the annual general meeting.*

KEY MANAGEMENT PERSONNEL'S PROFILE

TEH HOCK HUA

Executive Director (Construction Division)
aged 44

Teh Hock Hua, a Malaysian, graduated from Universiti Malaya, with a Bachelor in Civil Engineering with a First Class Honours in 1998 and joined Crest Builder in the same year as a Project Engineer. As a young apprentice, he quickly rose up the ranks; being promoted to Project Manager, General Manager, and currently, is the Executive Director of Crest Builder Sdn Bhd and also is the overall Head of the Construction Division of the Group. Some of his more notable completed projects includes the prestigious 40 storey Northshore Gardens in Desa Park City, the Menara Bank Islam along Jalan Perak, Menara Worldwide along Jalan Bukit Bintang as well as Scott Sentral, just off Jalan Istana. He is the overall person in charge in the Construction Division, and overseas the day to day operations, including the Contracts department, M&E and other departments under the Construction Division.

YONG TIOK NEE

Head of Construction Solutions & Property Management
aged 29

Yong Tiok Nee, a Malaysian, was appointed as the Head of Construction Solutions and Property Management in Crest Builder Holdings Berhad in September 2015. She is the holder of Bachelor Degree of Planning and Design (Property and Construction) and Bachelor Degree of Property and Construction (Honours), both from University of Melbourne, Australia. She started her career in the Group as a Head of Contracts Solutions and Facility Management. During her tenure with the Group, she gained numerous experience in the area of building maintenance, building management which includes financial budgeting and cash flow management. She currently leads the Construction Solutions and Property Management divisions.

CHAIRMAN'S STATEMENT **AND MANAGEMENT REVIEW**

The Galleria, Jalan Ampang (Property Development)

Dear Valued Shareholders,

On behalf of the Board of Directors of Crest Builder Holdings Berhad ("CBHB" or the "Group"), I am pleased to present the Group's annual report and audited financial statements for the financial year ended 31 December 2016 ("FYE 2016").

OVERVIEW

We are a registered Class A Contractor with the Ministry of Entrepreneurial Development and a Category G7 with the Construction Industry Development Board. With these registrations we are qualified to tender and carry out all categories of both government and private construction contracts. Armed with the necessary expertise, we are capable of serving a broad spectrum of construction industry including property development, property management, M&E services, project management and car park management. With our over thirty years of industry expertise, we are well established in the area of construction works, construction related activities and property development.

Our construction division is largely focused on the infrastructure and building works of residential developments, healthcare amenities, infrastructure, leisure amenities educational facilities and commercial developments. Our infrastructure services and engineering covers all elements, which include design, construction, completion and maintenance of roads, bridges and other basic facilities.

Our construction division comprehensively supports our property development division; hence enabling us to achieve an integrated operation benefit under one roof. Our property development division is supported with our own in-house team of expertise, hence we are able to be involved in all aspects of the real estate business, from planning submission to the completion of interior furnishing of our own developments.

CHAIRMAN'S STATEMENT AND MANAGEMENT REVIEW (cont'd)

On top of our extensive experience in construction and property development, two of our key property development projects, namely The Crest and Tierra Crest that are currently contributing recurring rental income forms part of our investment in properties under our investment holding division.

Over the years,we have continuously built our expertise and capacity of our team, who has helped us drive and achieve our growth objectives. As such, with our solid foundation this has escalated our position as a premier player in the industry.

Quarza Mall and Residences, KL East (Construction)

Celcom Tower, PJ Sentral (Construction)

PERFORMANCE REVIEW

Revenue and Profitability

We continue to deliver a set of favourable financial results for FYE 2016, amid the backdrop of Malaysia's challenging economic conditions and the weak property market sentiment. We achieved a slightly higher revenue of RM282.2 million for FYE 2016, representing an increase of 0.8% as compared to RM280.0 million in our last financial year ended 31 December 2015 ("FYE 2015") mainly due to higher revenue contribution from our construction division. 60.1% of our revenue in FYE 2016 were contributed by our construction division, while the remaining balance were contributed by property development, concession arrangement and investment holding divisions.

In FYE 2016, our administrative expenses decreased by 53.4% to RM30.7 million as compared to RM65.9 million in FYE 2015 mainly due to one-off impairment loss on receivables amounting to RM33.8 million accounted for in FYE 2015. Our income tax expense was lower by 27.5% as compared to FYE 2015 which is in line with lower taxable profits generated during the financial year under review.

On the back of higher revenue, lower administrative expenses and income tax expense, we achieved a higher net profit attributable to shareholders of RM13.2 million for FYE 2016, representing a growth of 36.4% as compared to FYE 2015, which translates into an improved return on equity ratio of 3.3% in FYE 2016 as compared to 2.4% in FYE 2015.

CHAIRMAN'S STATEMENT **AND MANAGEMENT REVIEW** (cont'd)

Construction

During FYE 2016, our construction division recorded a higher revenue and profit before tax ("PBT") of RM169.7 million and RM1.8 million, respectively as compared to a revenue of RM106.1 million and a loss before tax ("LBT") of RM29.6 million in FYE 2015, representing an increase of 59.9% and 106.1%, respectively. The increase in revenue was mainly due to higher progressive construction progress recognised from various projects undertaken during FYE 2016 while the LBT in FYE 2015 was mainly due to the recognition of impairment loss on receivables amounting to RM33.8 million.

Concession Arrangement

Our concession arrangement division recorded a slightly lower revenue of RM47.4 million and PBT of RM7.2 million as compared to RM48.2 million and RM7.7 million, respectively in FYE 2015, representing a decrease of 1.7% and 6.5%, respectively. The decrease in both revenue and PBT were mainly due to lesser finance income and maintenance income recognised as compared to FYE 2015.

Property Development

Meanwhile, our property development division registered a lower revenue and PBT of RM48.2 million and RM17.0 million, respectively in FYE 2016 as compared to RM108.2 million and RM27.9 million, respectively in FYE 2015, representing a decline of 55.5% and 39.1%, respectively. The lower revenue and PBT were mainly due to lower sales of development/completed properties from both existing projects, i.e. Alam Sanjung and Avenue Crest and newly launched project, i.e. Residensi Hijauan during the financial year.

Investment Holding

Our investment holding division registered a revenue and a LBT of RM16.8 million and RM0.1 million, respectively in FYE 2016 as compared to RM17.5 million and PBT of RM21.1 million, respectively in FYE 2015, representing a decrease of 4% and 100.5% in PBT, respectively. The lower revenue was mainly due to lower rental income, car park income and maintenance fees collected during the financial year. While the higher PBT in FYE 2015 was mainly due to the recognition of fair value gain from investment properties amounting to RM21.5 million.

Statements of Financial Position

As at 31 December 2016, our total equity were higher at RM416.7 million as compared to RM405.7 million previous year mainly due to total assets increased by RM5.0 million to RM1.3 billion, while total liabilities decreased by RM6.0 million to RM927.1 million. Our total debt to total equity ratio improved slightly from 0.62 times to 0.61 times as at 31 December 2016 as compared to previous year.

During the financial year, our property development costs increased by 76.1% to RM104.5 million due to new launch of final phase of Shah Alam Development Project, i.e. Residensi Hijauan comprising 646 units of medium cost condominium in July 2016. As at the year end, trade and other receivables increased by 17.4% to RM292.5 million mainly contributed by an existing customer on a construction project, namely UDA Holdings Berhad and a new customer, namely Sime Darby Melawati Development Sdn Bhd for a contract awarded during the financial year. The increase is also due to deposits placed with Prasarana Malaysia Berhad and Lembaga Getah Malaysia totalling RM23.9 million for certain development projects prior fulfilment of condition precedents as stated in the agreements with them. While inventories decreased by 19.1% to RM66.4 million as at 31 December 2016, which is due to 73 units and 2 units of completed properties in respect of Alam Sanjung and Avenue Crest, sold during the financial year. The amount due from contract customers as at 31 December 2016 decreased by 37.1% to RM41.9 million as compared to last year due to timing difference in issuance of progress billings.

Our Group's cash and bank balances together with short term investments with financial institutions and fixed deposits placed with licensed banks decreased by RM44.0 million to RM122.1 million as at 31 December 2016. The decrease was mainly due to repayment of loans and borrowings and utilisation of funds for working capital.

CHAIRMAN'S STATEMENT AND MANAGEMENT REVIEW (cont'd)

As at the end of the year, total loans and bank borrowings stood at RM673.9 million which is 0.2% lower as compared to previous year. This is mainly due to our repayment of term loans and Sukuk Murabahah. Overall, our gearing ratio improved from 1.69 times as at 31 December 2015 to 1.67 times as at 31 December 2016. Whereas our trade and other payables decreased by 4.0% to RM235.1 million mainly due to prompt payment made to suppliers and sub-contractors as compared to FYE 2015.

We believe that our sound financial position will enable us to execute more construction and property development project and continue to create value for our shareholders in future.

PROJECT DEVELOPMENTS

No.	Project	Description	Contract value RM	GDV RM	Status
	Construction				
1.	Celcom Tower	36 storey office tower	90.0 m	–	In progress
2.	Anggun Service Apartment	38 storey residential tower	197.8 m	–	In progress
3.	Quarza, KL East	36 storey towers and 6 storey mall	438.3 m	–	In progress
4.	DBKL Carparks	5 DBKL carparks	84.6 m	–	In progress
	Property development				
5.	Alam Sanjung	600 units of serviced apartments	–	300.0 m	Completed
6.	Residensi Hijauan	646 units of medium cost condominium	140.1 m	330.0 m	Soft launched in July 2016
7.	Latitud8, Dang Wangi	Retail, SOFO suites and office suites	350.0 m*	1.1 b	Completed foundation works. Phase 2 of physical construction works are in progress
8.	The Galleria, Jalan Ampang	Retail, SOFO suites, office suites and serviced apartments	–	1.3 b	Pending Development Order
9.	Kelana Jaya LRT	Retail, office suites and residential	–	1.0 b	Pending Development Order
	Total		**1.3 b**	**4.0 b**	

* This is an estimated contract value

As at 31 December 2016, we have construction contracts worth RM1.3 billion and a sizeable outstanding balance of contract value approximately RM1.0 billion.

CHAIRMAN'S STATEMENT AND MANAGEMENT REVIEW (cont'd)

CORPORATE DEVELOPMENTS

On 20 April 2016, the Group entered into a Joint Development Agreement with Lembaga Getah Malaysia ("LGM") for development of a parcel of prime land, Lot 76, Section 88, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, located at Jalan Ampang measuring approximately 4.75 acres. The proposed development is a mixed commercial development which comprises retail, premium residential and offices with a projected gross development value ("GDV") of RM1,332,677,650. LGM shall be entitled to 22.5% of the GDV with the guaranteed amount of RM299,852,486 and LGM's entitlement will be paid in cash amounting RM20,717,600 and in kind which consist of a corporate office tower and apartments with projected value of RM279,134,886.

On 13 June 2016, the Group secured a construction project for the mixed development known as Quarza, KL East from Sime Darby Melawati Development Sdn Bhd with a contract value of RM438.3 million.

Subsequently, the Group also secured the main package works construction for the multi storey DBKL carparks at PA Seri Kota, PA Seri Sabah, PPR Desa Tun Razak, PPR Taman Mulia and PPR Desa Petaling, worth RM84.6 million from Asianmax Corporation Sdn Bhd on 12 October 2016.

INDUSTRY PROSPECTS AND OUTLOOK

The global economy for 2016 was full of uncertainties, owing to a number of factors that include the outcome of Brexit, the US presidential election and the US interest rate policy. According to the International Monetary Fund's ("IMF") world economic outlook, economic activity is projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies. Nevertheless, 2017 remains challenging amid uncertainty surrounding the policy stance of the US administration and its implication on the global economy, the Brexit process and China's economic slowdown.

Notwithstanding the challenging external environment, the growth of the Malaysian economy remained moderate with an annual gross domestic product growth of 4.2% as compared to 5% growth in 2015. According to World Bank, Malaysia economy is expected to grow by 4.3% in 2017. Nevertheless, the IMF mentioned that Malaysia's economy is on a moderate growth and will continue to suffer from weak commodity prices and slowing private investments.

The construction sector remained resilient with an annual growth of 7.4% in 2016, led by infrastructure projects followed by residential, non-residential and social amenities. With the on-going public mega infrastructure projects and the slew of government projects, which are yet to be awarded, the construction sector outlook for 2017 seems promising, especially for infrastructure construction players. Under the Eleventh Malaysia Plan ("11MP"), the construction sector is expected to grow on the backed of project development activities over the 5 years duration. The construction sector will continue to benefit from construction projects to be rolled out under the 11MP covering period from 2016 to 2020.

The property market remained lackluster in 2016 mainly due to the weakening Ringgit Malaysia against other foreign currencies, tightening of loans by financial institutions, the oversupply issue and the wait-and-see approach adopted by buyers. Although, Malaysian property sector is unlikely to recover any time soon based on the current economy outlook, nevertheless the property market will experience spill over effects of the 11MP projects.

As such, we believe that there are plenty of opportunities available from the 11MP and the infrastructure projects that are to be implemented under the Economic Transformation Programme. Our construction and property development activities are expected to remain highly active during this period up to year 2020.

CHAIRMAN'S STATEMENT AND MANAGEMENT REVIEW (cont'd)

MOVING FORWARD

Our key risk and challenges include the global economic uncertainties, depreciation of Ringgit Malaysia against other foreign currencies, volatility of global raw material prices, rising cost of foreign labour, unexpected delays in execution or completion of projects, coupled with the soft Malaysian property market.

Notwithstanding the above, I believe our team will continue to work relentlessly to sustain our financial performance, on the backed of our Group's solid foundation and industry expertise. We strongly believe that our on-going projects are all progressing within expectation and will contribute positively to CBHB's earnings over medium to long term. With the completion of UiTM Tapah concession project and its refinancing exercise, we expect better margins moving forward.

Looking ahead, we will continue to actively bid for strategic construction projects in both public and private sector as well as property development projects that will contribute positively to our business. Our tender book for 2016 exceeded RM2.8 billion and we expect our tender book to hit RM3.0 billion going forward.

DIVIDEND

As a reward to our shareholders for your continuous support, the Board is recommending a first and final single tier dividend of 4% per ordinary share for the FYE 2016, subject to the shareholders approval in the forthcoming Annual General Meeting.

APPRECIATION

On behalf of the Board of Directors, I would like to sincerely thank all our valued shareholders, customers, vendors, suppliers, consultants, associates, bankers and business partners for your endless support and confidence in Crest Builder. We will continue to work tirelessly and strive to deliver sustainable performance growth going forward.

To my fellow colleagues on the Board, I would like to extend my appreciation for your support, counsel and guidance. We are fortunate to have with us a committed management team and employees who have been instrumental to our Group's performance in 2016 and I would like to express my gratitude and thanks to them for their hard work, dedication and contribution towards the Group.

CORPORATE **STRUCTURE**

CREST BUILDER HOLDINGS BERHAD
(573382-P)
Investment Holding

- 100% **CREST BUILDER SDN BHD** 110330-K *Construction*
  - 100% **CRESTLAND DEVELOPMENT SDN BHD** 316852-A *Property Investment*
    - 51% **LANDASAN BAYU SDN BHD** 978758-T *Property Development*
- 100% **CBTECH (M) SDN BHD** 508386-M *Mechanical & Electrical Engineering Services*
- 100% **CB INFRASTRUCTURE SDN BHD** 659478-V *Construction*
- 100% **3 TWO SQUARE SDN BHD** 617273-X *Property Investment*
- 100% **VERTICAL SUCCESS SDN BHD** 691623-V *Property Investment*
- 100% **CB LAND SDN BHD** 658719-D *Property Investment and Property Development*
- 100% **NEPFIELD SDN BHD** 592256-M *Property Development*
- 100% **DAMANSARA ONE SDN BHD** 669184-V *Property Development*
- 100% **JALUR ELIT SDN BHD** 1086674-D *Property Development*
- 100% **CREST BUILDER INTERNATIONAL SDN BHD** 644441-T *Investment Holding*
  - 51% **UNITAPAH SDN BHD** 846665-X *Concession Holder*
    - 51% **INTAN SEKITAR SDN BHD** 985063-T *Property Development*

REPORT OF THE AUDIT COMMITTEE

COMPOSITION AND MEMBERS

The current Audit Committee comprises three (3) members of the Board who are all Independent Non-Executive Directors. Among the Independent Non-Executive Directors, Mohd Khasan Bin Ahmad and Keong Choon Keat are members of the Malaysian Institute of Accountants. Below are the members of the Audit Committee during the financial year:

	Directors	Status
1.	Mohd Khasan Bin Ahmad - Chairman	Independent Non-Executive Director
2.	Keong Choon Keat	Senior Independent Non-Executive Director
3.	Kam Yong Kan	Independent Non-Executive Director

TERMS OF REFERENCE

The Audit Committee is governed by the following terms of reference:

1. Composition

(i) The Committee shall be appointed by the Board from amongst the Directors excluding Alternate Directors; shall consist of not less than three members, all current members are independent non-executive Directors; and at least one member of the audit committee:

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:

(aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or

(bb) he must be a member of one of the associations of accountants specified in Part 11 of the 1st Schedule of the Accountants Act, 1967.

(c) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad or approved by the Securities Commission

The Chairman shall be an independent non-executive Director elected by the members of the Committee.

(ii) In the event of any vacancy in the Committee resulting in the non-compliance of paragraph (i) above, the Board must fill the vacancy within 3 months.

(iii) The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

2. Authority

The Committee is granted the authority to investigate any activity of the Company and its subsidiaries within its terms of reference, and all employees are directed to co-operate as requested by members of the Committee. The Committee is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

REPORT OF THE AUDIT COMMITTEE (cont'd)

TERMS OF REFERENCE (CONTINUED)

3. Responsibility

The Committee is to serve as a focal point for communication between non-Committee Directors, the external auditors, internal auditors and the Management on matters in connection with financial accounting, reporting and controls. The Committee is to assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosures to shareholders.

If the Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements, the Committee shall promptly report such matter to the Exchange.

4. Functions

The functions of the Committee are as follows:

(i) review with the external auditors, their audit plan;

(ii) review with the external auditors, their evaluation of the system of internal controls;

(iii) review with the external auditors, their audit report;

(iv) review the assistance given by the Company's officers to the external auditors;

(v) review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

(vi) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(vii) review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:

(a) changes in or implementation of major accounting policy changes;
(b) significant and unusual events;
(c) significant adjustments arising from the audit;
(d) compliance with accounting standards and other legal requirements;
(e) compliance with Bursa Malaysia Securities Berhad; and
(f) the going concern assumption.

(viii) review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(ix) consider the nomination, appointment and re-appointment of external auditors; their audit fees; and any questions on resignation or removal; and

(x) review the allocation of options during the year under the Company's Employees Share Option Scheme ("ESOS") to ensure that it is in accordance with the criteria determined by the Option Committee and in compliance with the ESOS By-Laws.

REPORT OF THE AUDIT COMMITTEE (cont'd)

TERMS OF REFERENCE (CONTINUED)

5. Meetings

(i) The Committee is to meet at least four times a year and as many times as the Committee deems necessary.

(ii) In order to form a quorum for any meeting of the Committee, two (2) of the members must be present and all present must be Non-Executive Directors and majority must be Independent Directors.

(iii) The meetings and proceedings of the Committee are governed by the provisions of the Company's Constitution regulating the meetings and proceedings of the Board so far as the same are applicable.

(iv) The director/person responsible for the financial management of the parent company and the head of internal audit shall normally attend meetings of the Committee. The presence of a representative of the external auditors will be requested if required.

(v) Upon request by the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the external auditors believe should be brought to the attention of the Directors or members of the Company.

(vi) At least twice a year, the Committee shall meet with the external auditors without the presence of other directors, and employees of the listed issuer whenever deemed necessary.

6. Secretary and minutes

The secretary of the Committee shall be the Company Secretary. Minutes of each meeting are to be prepared and sent to the Committee members, and the Company's Directors who are not members of the Committee.

MEETINGS

The Audit Committee convened eight (8) meetings in respect for financial year ended 31 December 2016. The attendance for the meetings were as follows:

Members	No. of Meetings Attended	No. of Meetings Held During Tenure
1. Mohd Khasan Bin Ahmad - Chairman	8	8
2. Keong Choon Keat	8	8
3. Kam Yong Kan	8	8

REPORT OF THE **AUDIT COMMITTEE** (cont'd)

SUMMARY OF ACTIVITIES

For the financial year under review, the Audit Committee carried out its duties as set out in the terms of reference. The Committee convened eight (8) meetings to review the following:

- The annual financial statements prior to submission to the Board of Directors for consideration and approval;
- The unaudited Quarterly Financial Results for four quarters in year 2016 for the release to the Bursa Malaysia Securities Berhad and Securities Commission Malaysia;
- The Recurrent Related Party Transactions and Related Party Transactions of the Company;
- The Statement on Corporate Governance and Statement on Risk Management and Internal Control for disclosure in Annual Report year 2015;
- Review of the internal audit report for financial year 2015 & 2016 including internal controls; and implementation of recommendations;
- The internal and external audit planning memorandums and programmes of the Internal and External Auditors for the following year as well as the recommendation of their respective fees to the Board;
- Consider and recommend to the Board of Directors the appointment of external and internal auditors;
- The recommendations by the external auditors in respect of control weaknesses noted during the course of their audit; and
- The allocation of options under the Company's ESOS scheme to ensure its compliance with By-Laws.

The meetings were appropriately structured through the use of agendas and meeting papers, which were distributed to members with sufficient notification.

INTERNAL AUDIT FUNCTION

The Company has an outsourcing arrangement with an independent professional firm to provide internal audit services which assists the Audit Committee in the discharge of its functions. The Internal Auditor is to provide independent and objective reports on the organisation's management records, accounting policies and controls directly to the Audit Committee. Such audits/reviews also ensure instituted controls are appropriate and are effectively applied to achieve acceptable risks exposures.

During the financial year, the Internal Auditor conducted independent reviews and evaluated risk exposures relating to the Group's governance, operations and information system as follows:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets;
- Compliance with policies and procedures, laws, regulations and contracts i.e. reasonably ensuring conformity and adherence to these matters.

The Internal Auditor also established follow-up audits/reviews to monitor and to ensure that internal audit's recommendations have been effectively implemented. Reports, including where relevant, action plans agreed with the operational level management, are circulated to Senior Management and are tabled at the Audit Committee Meeting. Internal audit fees of RM90,000 was paid to the outsourced internal auditors for the financial year ended 31 December 2016.

During the financial year, the internal audit activities have been carried out in accordance with the internal audit plan which has been approved by the Audit Committee.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors remains committed to achieving and maintaining the highest standards of corporate governance throughout the Group. The Board views corporate governance as synonymous with four key concepts; namely transparency, accountability, integrity as well as corporate performance.

Measures and efforts have and shall be taken to ensure as far as practicable the adoption and implementation of the Principles and Recommendations set out in the Malaysian Code on Corporate Governance ("the Code") and in the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Securities").

Set out below is a description of how the Group has applied the Principles of the Code and how the Board of Directors has complied with the Recommendations set out in the Code throughout the financial year ended 31 December 2016.

SECTION A - BOARD OF DIRECTORS

The Board

The Group recognises the important role played by the Board of Directors in the stewardship of its direction and operations and ultimately the enhancement of long term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, acquisition and divestment policy, approval of major capital expenditure projects and significant financial matters. The schedule ensures that the governance of the Group is in its hands.

Duties and Responsibilities of the Board

The responsibilities of the Board of Directors of the Company are as follows:

- Reviewing and adopting a strategic plan for the Company which will enhance the future growth of the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks of the business and ensure the implementation of appropriate systems to manage these risks;
- Succession Planning;
- Overseeing the development and implementation of shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has formalised and adopted a Board Charter which serves as a source of reference for Directors. The Board Charter comprises, amongst others, the duties and responsibilities of the Board and the Management, Board composition, Board Committees, Board meetings, Directors' code of conduct, Directors' training, Directors' remuneration as well as communication between the Board and shareholders.

The Board Charter approved by the Board is reviewed regularly to ensure that new laws, regulations or relevant developments having an impact on the discharge of the Board's responsibilities are taken into account.

The Board Charter is available on the Company's website at www.crestbuilder.com.my.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

SECTION A - BOARD OF DIRECTORS (CONTINUED)

Board Balance & Independence of Directors

As at the date of this statement the Board has seven (7) members, comprising four (4) Non-Executive Directors, two (2) Executive Directors and one (1) Alternate Director. Three (3) of the seven (7) Directors are Independent Non-Executive Directors. A brief profile of each Director is presented on pages 10 and 11 of this Annual Report.

There is a clear division of responsibility between the Chairman and the Managing Director of the Group in order to provide for balance of power and authority. The Chairman is responsible for ensuring the Board effectiveness and conduct whilst the Managing Director has an overall responsibility over the operating units, organisational effectiveness and implementation of the Board's policies and decisions.

All the Independent Non-Executive Directors are independent of Management and are free from any business or other relationship that could materially interfere with the exercise of their independent judgement. They have the calibre to ensure that the strategies proposed by the Management are fully deliberated and examined in the long-term interest of the Group, as well as shareholders, employees and customers.

One of the recommendations of the Code states that the tenure of an independent director should not exceed a cumulative term of 9 years. However, the Nomination Committee and the Board have upon their annual assessment, concluded that each of the 3 Independent Non-Executive Directors, Mr Keong Choon Keat, Encik Mohd Khasan Bin Ahmad and Mr Kam Yong Kan continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfill the definition of independence as set out in the MMLR. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of Crest Builder Holdings Berhad.

Although the Company does not have a formal Board Diversity Policy, the Board is actively working towards promotion of corporate culture that embraces diversity in its recruitment process. The Board has achieved Boardroom diversity in terms of gender, age and ethnicity. As of to-date, 16.7% of Board members is represented by woman Director (exclude Alternate Director).

Code of Conduct

The Company has issued and implemented a Code of Business Conduct that applies to all Directors and employees of the Group. All the employees are required to read, understand and abide by the Code of Business Conduct. The Code of Business Conduct is effectively communicated via the Company's Employee Handbook and is subject to regular review and updates.

Whilst the Company does not have a formal whistleblowing policy, the Management practices open door policy to encourage openness and transparency with the employees of the Company and allows reporting of any event of misconduct without fear of reprisal.

Board Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year, the Board met on eight (8) occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions, the business direction of the Group and corporate governance matters.

STATEMENT ON **CORPORATE GOVERNANCE** (cont'd)

SECTION A - BOARD OF DIRECTORS (CONTINUED)

Board Meetings (Continued)

Details of the attendance of the Directors at the Board Meetings are as follows:

Directors		Number of meetings attended
(i)	Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah	8/8
(ii)	Koh Hua Lan (f)	8/8
(iii)	Yong Shang Ming	8/8
(iv)	Keong Choon Keat	8/8
(v)	Mohd Khasan Bin Ahmad	8/8
(vi)	Kam Yong Kan	8/8
(vii)	Yong Tiok Keng (f) (Alternate Director to Koh Hua Lan)	8/8

Where a potential of conflict arise in the Group's investment, projects or any transactions involving Director's interest, such Director is required to declare his interest and abstain from further discussion and the decision making process.

Board Committees

Where appropriate, matters have been delegated to Board Committees, all of which have written constitutions and terms of reference to assist the Board in discharging its duties and responsibilities. The Board will then receive the reports of their proceedings and deliberations in its scheduled Board meetings.

(i) Audit Committee

The Audit Committee whose composition meets the revised Listing Requirements of Bursa Malaysia Securities Berhad, i.e. All members are Non-Executive Directors and at least one member is a qualified accountant. The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices of the Group. The Audit Committee Report is set out on page 20. The Audit Committee is empowered to obtain external professional advice and to invite outsiders with relevant experience to attend its meeting when necessary.

(ii) Nomination Committee

The Nomination Committee has been charged with identifying and recommending new nominees to the Board as well as committees of the Board of Crest Builder Holdings Berhad. However, the Board makes all decisions on appointments after considering the recommendations of the Committee.

The Committee periodically reviews the required mix of skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.

All the members of the Nomination Committee are Independent Non-Executive Directors. The members of the Nomination Committee and the details of their attendance are as follows:

Directors	Number of meetings attended
Kam Yong Kan (Chairman)	1/1
Keong Choon Keat	1/1
Mohd Khasan Bin Ahmad	1/1

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

SECTION A - BOARD OF DIRECTORS (CONTINUED)

Board Committees (Continued)

(iii) Remuneration Committee

The Remuneration Committee is responsible for developing the Group's remuneration policy and determining the remuneration packages of the Executive Directors of the Group. The Remuneration Committee proposes, subject to the approval of the Board, the remuneration and terms and conditions of service and the remuneration to be paid to each Director for his services as a member of the Board as well as Committee of the Board.

The members of the Remuneration Committee and the details of their attendance are as follows:

Directors	Number of meetings attended
Yong Shang Ming (Chairman)	1/1
Keong Choon Keat	1/1
Mohd Khasan Bin Ahmad	1/1

(iv) Option Committee

The Option Committee was established on 15 March 2007. The Option Committee was established to administer the Group's Employee Share Option Scheme ("ESOS") in accordance with the By-Laws of the ESOS and in such manner as it shall deem fit and, with such powers and duties as are conferred upon it by the Board of Directors.

The members of the Option Committee and the details of their attendance are as follows:

Directors	Number of meetings attended
Keong Choon Keat (Chairman)	1/1
Mohd Khasan Bin Ahmad	1/1
Yong Shang Ming	1/1

Supply of Information

The Board is supported by a qualified and competent Company Secretary who is accountable to the Board and is responsible in advising the Board on issues relating to corporate governance with the relevant laws, rules, and regulations affecting the Group and the Company as well as ensuring compliance with the statutory requirements of the Companies Act, 2016, the MMLR and other regulatory bodies.

All scheduled meetings held during the financial year were preceded with a formal agenda issued by the Company Secretary in consultation with the Chairman and the Managing Director. The agenda for each meeting was accompanied by the minutes of preceding meetings of the Board and Board Committees, reports on Group's financial performance, industry trends, business plans and proposals, quarterly result announcements and other relevant information. The Board papers are comprehensive and encompass all material aspects of the matters being considered, enabling the Board to look at both quantitative and qualitative factors so that informed decisions are made. All the Board papers are distributed within one week of the meetings to ensure Directors are well informed and prepared for the meetings.

All Directors have access to the advice and services of the Company Secretary. Directors are informed and aware that they may take independent professional advice, if necessary and appropriate in furtherance of their duties, at the expense of the Group.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

SECTION A - BOARD OF DIRECTORS (CONTINUED)

Appointments and Re-elections to the Board

The Nomination Committee is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experience which the Directors should bring to the Board.

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to re-election by rotation by shareholders at the first opportunity after their appointments. The Constitution also provides that at least 1/3 of the remaining Directors be subject to re-election by rotation at each Annual General Meeting, provided that all Directors including the Managing Director shall retire from office at least once every three years but shall be eligible for re-election.

Directors Training

All the Directors of the Company have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities for directors of public listed companies.

The Board encourages Directors to participate in ongoing education, as well as participation in accredited director education programmes.

During the financial year 2016, all Directors had attended various training programmes, conferences, seminars and workshops which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors. The Directors had attended/participated in one or more of the following training programmes/conferences/seminars/workshops in 2016:

- Focus Group Series: Corporate Governance Disclosures "What makes Good, Bad and Ugly Corporate Governance Reporting"
- The Draft Malaysian Code on Corporate Governance 2016 & Amendments to Listing Requirements on 24 March 2016
- CG Breakfast Series for Directors: Future of Auditor Reporting – The Game Changer For Boardroom
- Dynamic Leadership Programme
- The Outward Mindset Workshop
- Malaysia Construction Summit
- Environmental Safety and Health Awareness

The Directors are also kept informed of the various requirements and updates issued by regulatory authorities.

SECTION B - DIRECTORS' REMUNERATION

The objective of the Group's Remuneration Policy is to attract and retain the Directors required to lead and control the group effectively. Generally, the remuneration of each Director reflects the level of responsibility and commitment that goes with the Board Committee membership. In the case of Executive Directors, the component parts of the remuneration are structured so as to link rewards to individual and the Group's performance.

The Remuneration Committee shall recommend to the Board the framework of the Executive Directors' remuneration and the remuneration package for each Executive Director of the Group. The Remuneration Committee also reviews and recommends for the Board's approval all other Director's fees.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

SECTION B - DIRECTORS' REMUNERATION (CONTINUED)

Disclosure

The Board has considered disclosure of details of the remuneration of each Director. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' Remuneration are appropriately served by the "band disclosure" as required by the Listing Requirements.

The remuneration/fees received by the Directors (including Alternate Director) from the Group for the financial year ended 31 December 2016 as follows:

Salary Band	Executive Director (Number of Directors)	Non-Executive Director (Number of Directors)
Less than 50,000	–	4
450,001 to 500,000	1	–
550,001 to 600,000	2	–

Aggregate remuneration of Directors is categorised into appropriate components:

	Directors' Fees (RM)	Salaries and/or Other Emoluments (RM)	Total (RM)
Executive Directors	–	1,601,943	1,601,943
Non-Executive Directors	198,000	–	198,000
Total	198,000	1,601,943	1,799,943

SECTION C - SHAREHOLDERS

Dialogue between the Company and Investors

The Group values communication with its shareholders and investors and does this through the Annual Report, Annual General Meeting and Corporate Announcements. All enquiries made are normally dealt with as promptly as practicable.

The Company also holds briefings with research analysts, fund managers and investors to explain the Group's strategies, performance and major developments and the Board plans to conduct regular dialogues with institutional investors, fund managers and analysts with the aim of fostering mutual understanding of the Group's objectives.

The Annual General Meeting

The Company has used the Annual General Meeting as a forum of communication with its shareholders. The Board encourages participation from shareholders by having a question and answer session during the Annual General Meeting whereby the Directors are available to discuss aspects of the Group's performance and its business activities. Each item of special business included in the notice of the meeting is accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxies received, both for and against each separate resolution, where appropriate.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

SECTION D - ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders as well as the Chairman's Statement and Management Review in the Annual Report.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. All accounting standards which the Board considers to be applicable have been complied with.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Internal Control

The Board of Directors acknowledges responsibility for maintaining a sound internal control system and for reviewing its adequacy and integrity. The internal control system is designed to safeguard the shareholders' investments and the Group's assets, by its nature can only manage rather than eliminate risk of failure to achieve business objectives and inherently can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors regards risk management as an integral part of the business operations. During the year, managers in the Group have attended a series of briefings on risk management which were facilitated by external consultants to raise the level of knowledge of risk management amongst managers to enhance their understanding of the risks which potentially affect the achievement of their respective operating unit's business objectives.

Information on the Group's internal control is presented in the Statement on Risk Management and Internal Control laid out on page 33 of this Annual Report.

Relationship with Auditors

Through the Audit Committee, the Group has established a transparent and appropriate relationship with the Group's auditors, both external and internal, in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. In relation to the Financial Statements, the role of the Audit Committee in relation to the external auditors are contained in the Audit Committee Report set out on pages 20 to 23 of this Annual Report.

The Audit Committee met the external auditors twice a year on 5 April 2016 and 22 August 2016 without the presence of the Executive Directors and the Management to exchange independent views on matters which require the Audit Committee's attention.

The Audit Committee had assessed the suitability and independence of the external auditors. In its assessment, the Audit Committee considered several factors such as competency and scope of audit and level of non-audit services rendered by Baker Tilly Monteiro Heng for financial year 2016.

Baker Tilly Monteiro Heng confirmed that they will continuously comply with the relevant ethical requirements regarding independence with respect to the audit of the financial statements of the Group and of the Company for financial year ended 31 December 2016 in accordeance with *By-Laws (on Professional Ethics Conduct and Practice)* of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants.*

Being satisfied with Baker Tilly Monteiro Heng's performance, technical competency and audit independence, the Audit Committee recommended the re-appointment of Baker Tilly Monteiro Heng as external auditors for financial year ending 2017, which was concurred by the Board for it to be proposed for shareholders' approval at the forthcoming Annual General Meeting.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

ADDITIONAL COMPLIANCE INFORMATION

In conformance with Bursa Securities Listing Requirements, the following information is provided:

1. Utilisation of Proceeds

The Company did not implement any fund raising proposal, whether involving the issue of securities or otherwise during the financial year.

2. Share Buy-Back

Details of the shares purchased during the financial year ended 31 December 2016 are set out below:

Month	No. of Shares Purchased	Highest Price Paid per Share (RM)	Lowest Price Paid per Share (RM)	Total Consideration (RM)
January	128,500	1.020	0.973	299,472.44
February	1,313,700	0.965	0.903	1,241,374.33
March	663,000	0.901	0.870	590,236.42
April	291,000	0.900	0.840	246,664.40
June	275,900	0.969	0.955	265,539.25
Total	**2,672,100**			**2,643,286.84**

All the shares purchased during the financial year ended 31 December 2016 were held as treasury shares. There is no resale of treasury shares made during the financial year.

As at 31 December 2016, 6,230,100 shares were held as treasury shares.

3. Exercise of Options, Warrants or Convertible Securities

During the financial year ended 31 December 2016, there were no options exercised in relation to the Employees Share Option Scheme.

4. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR Programme during financial year.

5. Imposition of Sanctions/Penalties

There were no sanctions/penalties imposed on the Company and/or its subsidiaries, Directors or Management arising from any significant breach of rules/guidelines/legislations by the relevant regulatory authorities.

6. Non-Audit Fees

Non-audit fees amounting to RM12,000 were paid/payable to the external auditors for the financial year ended 31 December 2016.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

ADDITIONAL COMPLIANCE INFORMATION (CONTINUED)

7. Profit Estimate, Forecast or Projection

The Company did not release any profit estimate, forecast or projection during the financial year.

8. Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

9. Material Contracts (Recurrent Related Party Transactions)

Save as disclosed hereunder, there were no material contracts entered into by the Company and its subsidiaries which involved Directors' and Major Shareholders' interests during the financial year.

Recurrent Related Party Transactions

Related Party	Contracting Party	Nature of Transaction	Transacted Value for Financial Year Ended 31.12.2016 (RM)
Farima Sdn Bhd (person connected to Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah)	Crest Builder Sdn Bhd	Rental	24,000

10. Revaluation Policy

The revaluation policy on landed properties of the Company and its subsidiaries is disclosed in Note 3.3 to the Financial Statements.

11. Variation in Results

There was no significant variation in results (differ by 10% or more) from any profit estimation/ forecast / projection/unaudited result announced.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

THE BOARD'S RESPONSIBILITIES

In relation to internal control, pursuant to the requirements under the Malaysian Code of Corporate Governance for companies listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Board of Directors ("the Board") acknowledges their responsibility under the Bursa Malaysia Listing Requirements to:

- Identify principal risks and ensure implementation of appropriate control measures to manage the risk.
- Review the adequacy and integrity of the internal control system and management information systems and systems for compliance with applicable laws, regulations, rules, directives and guidelines.

It should be noted that an internal control system is designed to manage risks rather than eliminate them, and can provide only reasonable but not absolute assurance against any material misstatement or loss.

The Board confirms that there is an on-going risk management process established to identify, evaluate, and manage significant risks to effectively mitigate the risks that may impede the achievement of Crest Builder Group of Companies ("the Group") business and corporate objectives. The Board reviews the process on a regular basis to ensure proper management of risk and measures are taken to mitigate any weaknesses in the control environment.

RISK MANAGEMENT FRAMEWORK

The enterprise risk management framework prevalent in the Group was set up in 2003 with the assistance of a professional firm of consultants. The formalisation of the enterprise risk management framework involved developing the risk profile where principal business risks, which could affect the achievement of the strategic business objective of the Group, are systematically identified, evaluated and mitigated.

A risk management committee was formalised in 2006. The committee is dedicated to meet its obligations and fiduciary responsibilities to stakeholders of the Group. It is actively reviewing the framework to enhance the identification, evaluation and communication of the overall risk process to ensure critical risks (present and potential) are managed systematically and communicated to the Board on a timely basis. The committee also would ensure the framework is relevant and adaptive to changes in the business environment from time to time.

INTERNAL CONTROL

The Board through the Audit Committee and Management Committee reviews and monitors, as an on-going process, the adequacy and integrity of the internal control system.

Audit Committee

The Audit Committee received reports from the internal auditors at least twice a year. The Group has an outsourcing arrangement with an independent professional firm in relation to its internal audit function. The internal audit function adopts a risk-based approach which focuses on the principal risks affecting the key business processes of the Group. Periodic scheduled internal audit visits have been carried out in accordance with the approved internal audit plan.

The internal audit function is responsible for undertaking regular and systematic review of the internal controls to provide the Audit Committee and the Board with sufficient assurance that the systems of internal control are effective in addressing the risks identified. On a half yearly basis, internal auditors submit audit reports and plan status for review and approval by the Audit Committee. Included in the reports are recommended corrective measures on risks identified, if any, for implementation by the Management.

As required by paragraph 15.23 of Bursa Securities Listing Requirements, the External Auditors have conducted a limited assurance engagement on this Statement on Risk Management and Internal Control. Their limited assurance engagement was performed in accordance with ISAE3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Recommended Practice Guide ("RPG") 5 (Revised 2015), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report*.

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

INTERNAL CONTROL (CONTINUED)

Audit Committee (Continued)

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidance for Directors of Listed Issuers to be set out, nor is factually inaccurate. RPG 5 (Revised 2015) does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system.

Management Committee

The Management Committee oversees the day-to-day operations and conduct of the Group's businesses. Scheduled meetings are held at operational and management levels to identify, discuss and resolve business and operational issues. These include scheduled management meetings at Group and individual subsidiary levels, project managers meetings and site meetings. Minutes of these meetings and management reports are escalated to the relevant Executive Directors on a timely basis. Periodic meetings are held as part of an on-going process to review and assess the adequacy and effectiveness of the Group's risk management and internal control system and to ensure that any shortcomings identified are addressed on a timely basis.

Other Features of the Group's Internal Control System

Other features of the Group's internal control system include the following:
- Quality Policy and Quality Objectives which clearly outlined the Group's direction
- Clear organisation structure with delineated reporting lines
- Systematic performance appraisal for all employees of the Group
- Continuous training provided to maintain high competency and capabilities levels
- Clearly defined objectives and term of reference of the various Committees established by the Board
- Frequent visits to the job sites by Executive Directors and Senior Management
- Process and procedures in accordance with the requirements of MS ISO 9001:2008 certification
- Staff Handbook available for reference
- Project Budget and controls

REVIEW

The Board has received assurance from Managing Director and Head of Finance that the Group's risk management and internal control system are operating adequately and effectively.

For the financial year under review, the Board is satisfied with the adequacy and effectiveness of the risk management, and the review and monitoring of the internal control system gives reasonable assurance that the internal controls in place are adequate. Where exceptions were noted, they were not material in the context of this report and corrective actions have been taken.

The Board recognises that the Group operates in a dynamic business environment and that the Group's internal control system must be responsive to changes in the business environment and continuously evolves to support its business objectives. The review of all control procedures were continuously carried out throughout the period under review and up to the date of approval of this statement for inclusion in the annual report to ensure an effective and efficient system of internal control. The Board remains committed towards continuous improvements and enhancements of its system of internal control and will, when necessary, put in place action plans to ensure that there is increased certainty of the achievement of business objectives, thus enhancing shareholders' value.

This Statement is made in accordance with the resolution of the Board of Directors dated 17 April 2017.

CORPORATE SOCIAL **RESPONSIBILITY**

The Board of Directors of Crest Builder Holdings Berhad acknowledges the significance of Corporate Social Responsibilities ("CSR").

Encouraged by the success of the CSR initiatives in the previous year, the Group continues to strengthen its commitment in CSR this year.

COMMUNITY ENGAGEMENT

The Group continues to focus and remains committed through various CSR initiatives.

The Group steps forward and serves the community in which it operates and strives to make positive contribution to the community particularly in helping the underprivileged and the less fortunate.

The Group continues to lend support in terms of financial assistance to the following charitable bodies such as National Kidney Foundation of Malaysia, Pusat Penjagaan Kanak-Kanak Cacat Taman Megah, Malaysia Association for the Blind, Breast Cancer Welfare Association Malaysia, Kiwanis Down Syndrome Foundation and Malaysian Diabetes Association.

The Group has also been taking in students from various universities and colleges to undergo practical trainings. In year 2016, students from the following institutions have completed their respected trainings with the Group:

- Consist College (3 students)
- Cyberjaya University College of Medical Science (1 student)
- INTI International University (8 students)
- Kolej University Tunku Abdul Rahman (2 students)
- Kolej Vokasional Slim River (3 students)
- Politeknik Port Dickson (3 students)
- Politeknik Sultan Azlan Shah (1 student)
- Ranaco Education & Training Institute (1 student)
- University Putra Malaysia (1 student)
- University Sains Malaysia (1 student)
- University Teknologi Malaysia (1 student)
- University Teknologi Petronas (1 student)
- University Tenaga Nasional (1 student)
- University Tunku Abdul Rahman (2 students)
- University Tun Hussein Onn Malaysia (1 student)

WORKPLACE DEVELOPMENT

The Group recognises the importance of equipping its management and staffs with the right skills and knowledge in order to perform their duties professionally. The Group continues to provide employees with the necessary training and development by attending seminar, courses offered by professional bodies including subjects in Construction Technology, Construction Management, Finance and Accounting, Management, and Marketing.

The Group continues to maintain a safe and healthy working environment for all employees and workers through various measures. The Construction division has adopted and adheres strictly to the guidelines on public safety and health at construction sites issued by the Department of Occupational Safety and Health. The Construction division are also MS ISO 14001:2004, BS OHSAS 18001:2007 and MS 1722 : Part 1 :2005 certified.

ENVIRONMENTAL SUSTAINABILITY

As a construction player in the country, the Group's activities are often be subjected to adverse environmental impact. The Group is mindful of the direct impact our businesses have on environment. Various environmental best practices and preservation initiatives are continually being introduced and carried out at our project sites. Through the adoption of internationally recognised construction methodology and practices, the Group continues to operate in a responsible manner by optimising our resources and reducing the generation of waste.

CORPORATE SOCIAL **RESPONSIBILITY**
(cont'd)

CORPORATE SOCIAL **RESPONSIBILITY** (cont'd)

STATEMENT ON **DIRECTORS' RESPONSIBILITY**

As required under the Companies Act, 2016, the Directors of Crest Builder Holdings Berhad have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company for the financial year ended 31 December 2016.

In the process of preparing these financial statements, the Directors have reviewed the accounting policies and practices to ensure that they were consistently applied throughout the financial year. In cases where judgement and estimates were made, they were based on reasonableness and prudence.

Additionally, the Directors have relied on the system of internal control to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This statement is made in accordance with a resolution of the Board of Directors dated 17 April 2017.

FINANCIAL STATEMENTS

FINANCIAL SECTION

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company. The principal activities of the subsidiary companies are as disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	14,988,214	6,404,155
Attributable to:		
Owners of the Company	13,212,158	6,404,155
Non-controlling interests	1,776,056	–
	14,988,214	6,404,155

DIVIDENDS

Since the end of the previous financial year, the Company paid a single tier first and final dividend of 4 sen per ordinary share amounting to RM6,827,662 in respect of financial year ended 31 December 2015 on 22 July 2016.

At the forthcoming Annual General Meeting, a single tier first and final dividend of 4 sen per ordinary share on 170,691,557 ordinary shares (net of treasury shares and the outstanding issued and paid-up share capital of the Company with voting rights as at 31 December 2016, pending exercise of employee share option scheme and repurchase of shares by the Company subsequent to 31 December 2016) of RM1 each amounting to RM6,827,662 in respect of the current financial year ended 31 December 2016, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment on receivables and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for impairment on receivables.

At the date of this report, the directors are not aware of any circumstances which would require the writing off of bad debts or render the amount of the allowance for impairment on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

DIRECTORS' REPORT
(cont'd)

TREASURY SHARES

As at 31 December 2016, the Group held 6,230,100 (2015: 3,558,000) of the Company's shares.

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

During the financial year, the Company repurchased 2,672,100 of its issued ordinary shares from the open market on Bursa Malaysia Securities Berhad. The average price paid for the shares repurchased was approximately RM0.93 per share including transaction costs.

The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia. The Company has the right to reissue or cancellation of these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased has been sold or cancelled as at 31 December 2015 and 31 December 2016.

EMPLOYEE SHARE OPTION SCHEME

On 14 March 2007, approval was granted by the shareholders at the Extraordinary General Meeting held for the establishment of the Crest Builder Holdings Berhad Employee Share Option Scheme ("CBHB – ESOS"). The CBHB – ESOS is governed by the By-Laws approved by the shareholders at the Extraordinary General Meeting. The CBHB – ESOS was implemented on 19 April 2007 and was in force for a period of five (5) years and expired on 18 April 2012.

On 16 April 2012, the Company announced the extension of CBHB – ESOS which would have expired on 18 April 2012 for another five (5) years until 18 April 2017. The extension is in accordance with the terms of the ESOS By-Laws.

The ESOS Committee appointed by the Board of Directors to administer the CBHB – ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares in the Company.

On 18 April 2014, the ESOS Committee had made the decision to grant 5,616,000 additional Options under the existing CBHB – ESOS at an exercise price of RM1.40 each. The Options granted can be exercised over three (3) years from the date of ESOS granted but not later than 18 April 2017.

The salient features of the ESOS are as follows:

(a) the total number of shares to be offered shall not exceed in aggregate 15% of the issued and fully paid-up share capital of the Company at any point of offer during the duration of the CBHB – ESOS;

(b) eligible persons for the CBHB – ESOS are full time confirmed employees of the Group who have been employed for a period of at least six (6) months, and directors of the Group who have been appointed for a period of at least three (3) months and the entitlement has been approved by the shareholders of the Company in general meeting;

(c) subject to paragraph (d) below, no option shall be granted for less than 100 shares;

(d) in the event of any alteration in the capital structure of the Company except for certain exemptions, adjustments will be made to the option price and/or the number of shares in respect of options granted but not exercised, such that the grantee will be entitled to the same proportion of the issued and paid-up share capital of the Company prior to the event giving rise to such alteration;

EMPLOYEE SHARE OPTION SCHEME (CONTINUED)

(e) the price at which the grantee is entitled to subscribe for each new ordinary share shall be the higher of the following:

(i) at a discount of not more than 10% from the weighted average market price of the ordinary shares for the 5 market days as shown in the daily official list issued by the Bursa Malaysia Securities Berhad immediately preceding the date of offer; or

(ii) the par value of the ordinary shares; and

(f) the option granted may be exercised at any time within a period of five (5) years from 19 April 2007. On 16 April 2012, the option has further extended for another five (5) years upon the initial expiry date.

Information in respect of the number of share options granted under CBHB – ESOS is as follows:

	Number of share options	
	2016 Unit	**2015 Unit**
At 1 January	5,424,400	7,056,400
Lapsed	(156,000)	(1,632,000)
At 31 December	5,268,400	5,424,400

The movements of options under unissued new ordinary shares of RM1 each of the Company granted under CBHB – ESOS during the financial year are as follows:

		Number of share options				
Date of offer	**Option price**	**1.1.2016**	**Granted**	**Exercised**	**Lapsed**	**31.12.2016**
19.4.2007	RM1.00	453,000	–	–	–	453,000
19.4.2009	RM1.00	266,000	–	–	–	266,000
19.4.2012	RM1.00	778,000	–	–	–	778,000
18.4.2014	RM1.40	3,927,400	–	–	(156,000)	3,771,400
		5,424,400	–	–	(156,000)	5,268,400

EMPLOYEE SHARE OPTION SCHEME (CONTINUED)

Other than the directors whose interests are disclosed separately in the Directors' Report, the eligible employees of the Group in the Company pursuant to the CBHB – ESOS are as follows:

	Number of options over ordinary shares of RM1 each				
	1.1.2016	**Granted**	**Exercised**	**Lapsed**	**31.12.2016**
Azizan Bin Yahaya	50,000	–	–	(50,000)	–
Azlina Binti Ismail	20,000	–	–	–	20,000
Bala Krishnan A/L Ramasamy	25,400	–	–	–	25,400
Balaganapathy A/L Subramaniam	10,000	–	–	–	10,000
Chen Chee Leong	50,000	–	–	–	50,000
Chiam Sai Cing	30,000	–	–	–	30,000
Chin Poh Ming	75,000	–	–	–	75,000
Fang Foong Mei	28,000	–	–	–	28,000
Gan Lai Hoon	50,000	–	–	–	50,000
Goh Sin Huat	115,000	–	–	–	115,000
Hazliza Binti Abdul Ghani	20,000	–	–	–	20,000
Ho Kok Hong	40,000	–	–	–	40,000
Khoo Kheng Kiat	400,000	–	–	–	400,000
Kon Khen Kong	30,000	–	–	–	30,000
Koo Ko Kee	40,000	–	–	–	40,000
Kshithi Devan A/L CK Nair	75,000	–	–	–	75,000
Lawrence A/L Anthonysamy	75,000	–	–	–	75,000
Lee June Vee	40,000	–	–	–	40,000
Lee Kit Seng	50,000	–	–	–	50,000
Lee Mam Moy	5,000	–	–	–	5,000
Lee Wei Ling	75,000	–	–	–	75,000
Leong Kok Wai	50,000	–	–	–	50,000
Lim Ah Ber	45,000	–	–	–	45,000
Lim Shee Hau	75,000	–	–	–	75,000
Lim Swee Peng	115,000	–	–	–	115,000
Loh Boon Lin	75,000	–	–	–	75,000
Lye Tuck Yew	75,000	–	–	–	75,000
Mohamad Hazlin Bin Hamzah	40,000	–	–	–	40,000
Mohd Samsani Bin Jamil	20,000	–	–	–	20,000
Mohd Isfaruddin Ah Sha'Ari	40,000	–	–	–	40,000
Mohd Jaiz Bin Mohammad	100,000	–	–	–	100,000
Navin A/L Selvaraj	20,000	–	–	–	20,000
Ng Kah Yin	30,000	–	–	–	30,000
Norhaslinda Binti Kamaruddin	20,000	–	–	–	20,000
Nora Md Nor	20,000	–	–	–	20,000
Saravanakumar A/L G. Vellasamy	15,000	–	–	–	15,000
Sritharan A/L Supayah	28,000	–	–	(28,000)	–
Siti Sara Binti Abu Mansor	30,000	–	–	–	30,000
So Kooi Mui	40,000	–	–	–	40,000
Soh Ru Vern	30,000	–	–	–	30,000
Soo Kok Eng	20,000	–	–	–	20,000
Syed Nurul Ahmad Syed Aris	30,000	–	–	(30,000)	–
Tan Kim Yong (Kathy)	30,000	–	–	–	30,000
Teh Hock Hua	500,000	–	–	–	500,000
Teh Yee Yin	75,000	–	–	–	75,000
Teng Siong Kwang	50,000	–	–	–	50,000
Tong Soot Ting	30,000	–	–	(30,000)	–
Wan Heng Lin	100,000	–	–	–	100,000
Yap Fook Peng	45,000	–	–	–	45,000
Yeap Du Leong	10,000	–	–	–	10,000
Yong Sing Ying	18,000	–	–	(18,000)	–

EMPLOYEE SHARE OPTION SCHEME (CONTINUED)

Other than the directors whose interests are disclosed separately in the Directors' Report, the eligible employees of the Group in the Company pursuant to the CBHB – ESOS are as follows (Continued):

	Number of options over ordinary shares of RM1 each				
	1.1.2016	Granted	Exercised	Lapsed	31.12.2016
Yong Tiok Chin	200,000	–	–	–	200,000
Yong Tiok Nee	70,000	–	–	–	70,000
Za'Azlin Bin Abdul Maulud	75,000	–	–	–	75,000

There was no exercise of ESOS since the end of the previous financial year.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah
Koh Hua Lan
Yong Shang Ming
Keong Choon Keat
Mohd Khasan Bin Ahmad
Kam Yong Kan
Yong Tiok Keng (Alternate Director to Koh Hua Lan)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 134 of the Companies Act 1965 in Malaysia, the interests of directors in office at the end of the financial year in shares and options of the Company during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2016 RM	Bought RM	Sold RM	At 31.12.2016 RM
The Company				
Crest Builder Holdings Berhad				
Direct interests				
Keong Choon Keat	118,000	–	–	118,000
Kam Yong Kan	100,000	–	(100,000)	–
Indirect interests				
Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah #	6,807,939	–	–	6,807,939
Koh Hua Lan #	–	66,622,000	–	66,622,000
Yong Shang Ming #	–	66,622,000	–	66,622,000
Yong Tiok Keng # *	–	66,622,000	–	66,622,000

DIRECTORS' REPORT
(cont'd)

DIRECTORS' INTERESTS (CONTINUED)

	Number of options over ordinary shares of RM1 each				
	At 1.1.2016 RM	Granted RM	Exercised RM	Lapsed RM	At 31.12.2016 RM
The Company					
Crest Builder Holdings Berhad					
Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah	200,000	–	–	–	200,000
Koh Hua Lan	500,000	–	–	–	500,000
Yong Shang Ming	500,000	–	–	–	500,000
Yong Tiok Keng *	500,000	–	–	–	500,000
Keong Choon Keat	100,000	–	–	–	100,000
Mohd Khasan Bin Ahmad	100,000	–	–	–	100,000
Kam Yong Kan	100,000	–	–	–	100,000

Held by a company in which the director has interest
* *Alternate Director to Koh Hua Lan*

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 6A of the Companies Act 1965 in Malaysia, Koh Hua Lan, Yong Shang Ming and Yong Tiok Keng are deemed to have an interest in the ordinary shares of the subsidiary companies to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 38 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted pursuant to the ESOS.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event subsequent to the end of the financial year are as disclosed in Note 45 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

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

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH
Director

YONG SHANG MING
Director

Kuala Lumpur
Date: 17 April 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 RM	2015 RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	16,759,993	11,702,281
Investment properties	6	320,800,000	320,800,000
Golf club membership	8	54,000	54,000
Goodwill	9	33,608,137	33,608,137
Land held for property development	10	6,747,149	6,747,149
Operating financial asset	11	275,017,858	280,464,340
Deferred tax assets	12	9,445,303	11,898,784
Trade receivable	13	11,467,293	8,976,632
Total non-current assets		673,899,733	674,251,323
Current assets			
Property development costs	15	104,533,885	59,349,523
Inventories	16	66,356,780	81,985,213
Operating financial asset	11	45,098,914	45,098,914
Trade and other receivables	13	281,078,014	240,187,677
Amount due from contract customers	17	41,927,223	66,633,446
Tax recoverable		8,800,936	5,272,850
Short term investments in financial institutions	18	28,020,520	59,417,818
Fixed deposits placed with licensed banks	19	83,309,309	95,682,646
Cash and bank balances	20	10,807,466	10,990,032
Total current assets		669,933,047	664,618,119
TOTAL ASSETS		1,343,832,780	1,338,869,442

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016
(cont'd)

	Note	2016 RM	2015 RM
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	21	176,921,657	176,921,657
Share premium	22	4,269,147	4,269,147
Treasury shares	23	(5,795,292)	(3,152,005)
Reserves	24	227,816,068	220,817,861
Shareholders' funds		403,211,580	398,856,660
Non-controlling interests		13,517,869	6,890,813
TOTAL EQUITY		416,729,449	405,747,473
Non-current liabilities			
Term loans	26	48,797,310	73,080,734
Sukuk Murabahah	27	419,079,632	445,426,711
Hire purchase payables	28	1,494,489	374,127
Deferred tax liabilities	12	13,913,579	11,002,376
Trade and other payables	29	13,145,667	11,946,889
Total non-current liabilities		496,430,677	541,830,837
Current liabilities			
Bank borrowings	30	176,244,929	127,030,187
Sukuk Murabahah	27	29,795,299	29,649,335
Hire purchase payables	28	683,743	344,436
Tax payable		804,074	278,330
Trade and other payables	29	221,914,364	232,892,540
Amount due to contract customers	17	1,230,245	1,096,304
Total current liabilities		430,672,654	391,291,132
TOTAL LIABILITIES		927,103,331	933,121,969
TOTAL EQUITY AND LIABILITIES		1,343,832,780	1,338,869,442

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

CONSOLIDATED STATEMENT **OF COMPREHENSIVE INCOME**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	2015 RM
Revenue	31	282,197,256	280,012,374
Cost of sales	32	(184,180,661)	(167,626,754)
Gross profit		98,016,595	112,385,620
Other income		5,057,556	27,083,260
Administrative expenses		(30,736,854)	(65,927,632)
Operating profit		72,337,297	73,541,248
Finance costs	33	(46,422,094)	(46,461,583)
Profit before tax	34	25,915,203	27,079,665
Income tax expense	35	(10,926,989)	(15,081,482)
Profit for the financial year		14,988,214	11,998,183
Other comprehensive income, net of tax		–	–
Total comprehensive income for the financial year		14,988,214	11,998,183
Profit for the financial year attributable to:			
Owners of the Company		13,212,158	9,686,023
Non-controlling interests		1,776,056	2,312,160
		14,988,214	11,998,183
Total comprehensive income attributable to:			
Owners of the Company		13,212,158	9,686,023
Non-controlling interests		1,776,056	2,312,160
		14,988,214	11,998,183
Earnings per share (sen)	36		
- basic		7.73	5.74
- diluted		7.73	5.74

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Attributable to Owners of the Company								
					Non-distributable		Distributable			
	Note	Share capital RM	Treasury shares RM	Share premium RM	Capital reserves RM	Share option reserves RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 January 2015		165,043,105	(937,928)	3,875,012	394,135	476,143	216,326,197	385,176,664	4,578,653	389,755,317
Total comprehensive income for the financial year		–	–	–	–	–	9,686,023	9,686,023	2,312,160	11,998,183
Transactions with owners:										
Dividends on ordinary shares	37	–	–	–	–	–	(6,370,317)	(6,370,317)	–	(6,370,317)
Exercise of Warrants B	25	11,878,552	–	–	–	–	–	11,878,552	–	11,878,552
Reclassification of reserve account		–	–	394,135	(394,135)	–	–	–	–	–
Options granted under ESOS	38	–	–	–	–	699,815	–	699,815	–	699,815
ESOS lapsed		–	–	–	–	(199,475)	199,475	–	–	–
Purchase of treasury shares	23	–	(2,214,077)	–	–	–	–	(2,214,077)	–	(2,214,077)
Total transactions with owners		11,878,552	(2,214,077)	394,135	(394,135)	500,340	(6,170,842)	3,993,973	–	3,993,973
At 31 December 2015		176,921,657	(3,152,005)	4,269,147	–	976,483	219,841,378	398,856,660	6,890,813	405,747,473

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

		← Attributable to Owners of the Company →							
					Non-distributable	Distributable			
	Note	Share capital RM	Treasury shares RM	Share premium RM	Share option reserves RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 January 2016		176,921,657	(3,152,005)	4,269,147	976,483	219,841,378	398,856,660	6,890,813	405,747,473
Total comprehensive income for the financial year		–	–	–	–	13,212,158	13,212,158	1,776,056	14,988,214
Transactions with owners:									
Dividends on ordinary shares	37	–	–	–	–	(6,827,662)	(6,827,662)	–	(6,827,662)
Options granted under ESOS	38	–	–	–	613,711	–	613,711	–	613,711
ESOS lapsed		–	–	–	(36,120)	36,120	–	–	–
Purchase of treasury shares	23	–	(2,643,287)	–	–	–	(2,643,287)	–	(2,643,287)
Arising from increase in share capital in a subsidiary company		–	–	–	–	–	–	4,851,000	4,851,000
Total transactions with owners		–	(2,643,287)	–	577,591	(6,791,542)	(8,857,238)	4,851,000	(4,006,238)
At 31 December 2016		176,921,657	(5,795,292)	4,269,147	1,554,074	226,261,994	403,211,580	13,517,869	416,729,449

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	2015 RM
Cash flows from operating activities			
Profit before tax		25,915,203	27,079,665
Adjustments for:			
Change in fair value of investment properties		–	(21,500,000)
Depreciation of property, plant and equipment		1,572,751	1,823,892
Effect of discounting of trade payables		(56,332)	(34,475)
Effect of discounting of trade receivables		270,955	–
Effect of unwinding of interest from the discounting of Sukuk Murabahah	33	3,798,885	3,869,834
Effect of unwinding of interest from the discounting of trade payables		–	93,510
Gain on disposal of property, plant and equipment		(281,115)	(752,683)
Impairment loss on trade and other receivables		–	33,833,813
Interest expense		42,352,254	42,591,749
Interest income		(3,307,789)	(3,918,617)
Property, plant and equipment written off		7,334	–
Share options expenses	38	613,711	699,815
Operating profit before changes in working capital		70,885,857	83,786,503
Changes in working capital:			
Operating financial asset		5,446,482	4,820,573
Property development costs		(45,184,362)	14,818,227
Inventories		17,405,033	(60,573,983)
Trade and other receivables		(27,624,804)	(34,290,491)
Accrued billings in respect of property development		(11,176,149)	36,968
Amount due from contract customers		24,706,223	5,719,231
Trade and other payables		(14,536,066)	54,731,248
Progress billings in respect of property development		–	(18,715,073)
Amount due to contract customers		133,941	691,495
Net cash flows generated from operations		20,056,155	51,024,698
Income tax paid		(9,003,724)	(13,061,109)
Income tax refunded		439,077	112,523
Net cash flows from operating activities		11,491,508	38,076,112

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

	Note	2016 RM	2015 RM
Cash flows from investing activities			
Interest received		1,705,087	1,673,995
Proceeds from disposal of property, plant and equipment		286,674	1,487,642
Proceeds from disposal of short term investments		33,000,000	13,000,000
Purchase of property, plant and equipment	5	(1,764,956)	(3,218,310)
Net cash flows from investing activities		33,226,805	12,943,327
Cash flows from financing activities			
Dividends paid	37	(6,827,662)	(6,370,317)
Interest paid		(42,352,254)	(42,591,749)
Fixed deposits pledged		(1,681)	(160,789)
Proceeds from exercise of Warrants B	25	–	11,878,552
Purchase of treasury shares		(2,643,287)	(2,214,077)
Net repayments of term loans		(17,302,519)	(6,455,592)
Net repayments of hire purchases payables		(382,331)	(603,769)
Net repayment of Sukuk Murabahah		(30,000,000)	–
Net drawdown of bank borrowings		35,133,997	8,592,749
Net decrease in cash and bank balances maintained in an escrow account		57,894	31,321
Net cash flows used in financing activities		(64,317,843)	(37,893,671)
Net (decrease)/increase in cash and cash equivalents		(19,599,530)	13,125,768
Cash and cash equivalents at the beginning of the financial year		80,971,248	67,845,480
Cash and cash equivalents at the end of the financial year		61,371,718	80,971,248
Analysis of cash and cash equivalents			
Fixed deposits placed with licensed banks	19	83,309,309	95,682,646
Cash and bank balances	20	10,807,466	10,990,032
		94,116,775	106,672,678
Bank overdrafts	30	(28,992,897)	(21,893,057)
Less: Fixed deposits pledged with licensed banks	19	(2,952,564)	(2,950,883)
Cash and bank balances maintained in an escrow account	20	(799,596)	(857,490)
		61,371,718	80,971,248

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 RM	2015 RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	–	–
Investment in subsidiary companies	7	97,365,270	97,365,270
Amount due from subsidiary companies	14	67,574,150	16,078,393
Total non-current assets		164,939,420	113,443,663
Current assets			
Amount due from subsidiary companies	14	82,883,600	122,630,289
Prepayments		17,916	16,979
Tax recoverable		642,686	719,636
Short term investments in financial institutions	18	20,100,783	29,161,197
Fixed deposits placed with licensed banks	19	2,925,380	2,925,380
Cash and bank balances	20	115,075	124,962
Total current assets		106,685,440	155,578,443
TOTAL ASSETS		271,624,860	269,022,106
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	21	176,921,657	176,921,657
Share premium	22	4,269,147	4,269,147
Treasury shares	23	(5,795,292)	(3,152,005)
Reserves	24	27,940,490	27,750,286
TOTAL EQUITY		203,336,002	205,789,085
Non-current liability			
Term loan	26	16,714,000	25,426,000
Total non-current liability		16,714,000	25,426,000
Current liabilities			
Other payables	29	328,138	480,209
Amount due to subsidiary companies	14	38,239,645	27,810,723
Bank borrowings	30	13,007,075	9,516,089
Total current liabilities		51,574,858	37,807,021
TOTAL LIABILITIES		68,288,858	63,233,021
TOTAL EQUITY AND LIABILITIES		271,624,860	269,022,106

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

STATEMENT OF **COMPREHENSIVE INCOME**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	2015 RM
Revenue	31	17,172,503	15,488,086
Cost of sales		–	–
Gross profit		17,172,503	15,488,086
Administrative expenses		(1,410,315)	(1,977,225)
Operating profit		15,762,188	13,510,861
Finance costs	33	(9,052,364)	(4,947,700)
Profit before tax	34	6,709,824	8,563,161
Income tax expense	35	(305,669)	(229,765)
Profit for the financial year		6,404,155	8,333,396
Other comprehensive income, net of tax		–	–
Total comprehensive income for the financial year		6,404,155	8,333,396

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

STATEMENT OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Attributable to Owners of the Company					
				Non-distributable		Distributable	
	Note	Share capital RM	Treasury shares RM	Share premium RM	Capital reserves RM	Share option reserves RM	Retained earnings RM	Total equity RM
At 1 January 2015		165,043,105	(937,928)	3,875,012	394,135	476,143	24,611,249	193,461,716
Total comprehensive income for the financial year		–	–	–	–	–	8,333,396	8,333,396
Transactions with owners:								
Dividends on ordinary shares	37	–	–	–	–	–	(6,370,317)	(6,370,317)
Exercise of Warrants B	25	11,878,552	–	–	–	–	–	11,878,552
Options granted under ESOS	38	–	–	–	–	699,815	–	699,815
ESOS lapsed		–	–	–	–	(199,475)	199,475	–
Reclassification of reserve account		–	–	394,135	(394,135)	–	–	–
Purchase of treasury shares	23	–	(2,214,077)	–	–	–	–	(2,214,077)
Total transactions with owners		11,878,552	(2,214,077)	394,135	(394,135)	500,340	(6,170,842)	3,993,973
At 31 December 2015		176,921,657	(3,152,005)	4,269,147	–	976,483	26,773,803	205,789,085

STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(cont'd)

		Attributable to Owners of the Company					
					Non-distributable	Distributable	
	Note	**Share capital RM**	**Treasury shares RM**	**Share premium RM**	**Share option reserves RM**	**Retained earnings RM**	**Total equity RM**
At 1 January 2016		176,921,657	(3,152,005)	4,269,147	976,483	26,773,803	205,789,085
Total comprehensive income for the financial year		–	–	–	–	6,404,155	6,404,155
Transactions with owners:							
Dividends on ordinary shares	37	–	–	–	–	(6,827,662)	(6,827,662)
Options granted under ESOS	38	–	–	–	613,711	–	613,711
ESOS lapsed		–	–	–	(36,120)	36,120	–
Purchase of treasury shares	23	–	(2,643,287)	–	–	–	(2,643,287)
Total transactions with owners		–	(2,643,287)	–	577,591	(6,791,542)	(8,857,238)
At 31 December 2016		176,921,657	(5,795,292)	4,269,147	1,554,074	26,386,416	203,336,002

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

STATEMENT OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	2015 RM
Cash flows from operating activities			
Profit before tax		6,709,824	8,563,161
Adjustments for:			
Dividend income		(12,000,000)	(11,000,000)
Interest income		(5,172,503)	(4,488,086)
Interest expense		3,075,887	3,226,250
Effect of unwinding of interest from the discounting of amount due from subsidiary companies		5,976,477	1,721,450
Share options expenses	38	613,711	699,815
Operating loss before changes in working capital		(796,604)	(1,277,410)
Changes in working capital:			
Prepayments		(937)	(1,979)
Other payables		(152,071)	252,348
Net cash flows used in operations		(949,612)	(1,027,041)
Income tax paid		(228,719)	–
Net cash flows used in operating activities		(1,178,331)	(1,027,041)
Cash flows from investing activities			
Dividends received		12,000,000	11,000,000
Interest received		4,232,917	3,373,078
Proceeds from disposal of short term investments		10,000,000	2,000,000
Decrease in amount due from subsidiary companies		(17,725,545)	(5,378,686)
Net cash flows from investing activities		8,507,372	10,994,392
Cash flows from financing activities			
Dividends paid	37	(6,827,662)	(6,370,317)
Fixed deposits held as security value		–	(159,380)
Interest paid		(3,075,887)	(3,226,250)
Subscription of additional shares issued by subsidiary companies		–	(1,599,998)
Acquisition of a subsidiary company		–	(2)
Repayments of term loan		(8,777,590)	(8,774,210)
Proceeds from exercise of Warrants B	25	–	11,878,552
Purchase of treasury shares		(2,643,287)	(2,214,077)
Increase in amount due to subsidiary companies		10,428,922	1,229,529
Net cash flows used in financing activities		(10,895,504)	(9,236,153)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

	Note	2016 RM	2015 RM
Net (decrease)/increase in cash and cash equivalents		(3,566,463)	731,198
Cash and cash equivalents at the beginning of the financial year		(430,134)	(1,161,332)
Cash and cash equivalents at the end of the financial year		(3,996,597)	(430,134)
Analysis of cash and cash equivalents			
Fixed deposits placed with licensed banks	19	2,925,380	2,925,380
Cash and bank balances	20	115,075	124,962
		3,040,455	3,050,342
Bank overdrafts	30	(4,111,672)	(555,096)
Fixed deposits pledged with licensed banks	19	(2,925,380)	(2,925,380)
		(3,996,597)	(430,134)

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Crest Builder Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 62-2, Jalan 2A/27A, Section 1, Wangsa Maju, 53300 Kuala Lumpur.

The principal place of business of the Company is located at Penthouse, The Crest, 3 Two Square, No. 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged as an investment holding company. The principal activities of the subsidiary companies are as disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17 April 2017.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Adoption of Amendments/Improvements to FRSs

The Group and the Company have adopted the following amendments/improvements to FRSs that are mandatory for the current financial year:

Amendments/Improvements to FRSs	
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 101	Presentation of Financial Statements
FRS 116	Property, Plant and Equipment
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investments in Associates and Joint Ventures
FRS 138	Intangible Assets

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New FRS, Amendments/Improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

The Group and the Company have not adopted the following new FRS, amendments/improvements to FRSs and new IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New FRS</u>		
FRS 9	Financial Instruments	1 January 2018
<u>Amendments/Improvements to FRSs</u>		
FRS 1	First-time Adoption of FRSs	1 January 2018
FRS 2	Share-based Payment	1 January 2018
FRS 4	Insurance Contracts	1 January 2018
FRS 10	Consolidated Financial Statements	Deferred
FRS 12	Disclosure of Interests in Other Entities	1 January 2017
FRS 107	Statement of Cash Flows	1 January 2017
FRS 112	Income Taxes	1 January 2017
FRS 128	Investments in Associates and Joint Ventures	1 January 2018/Deferred
FRS 140	Investment Property	1 January 2018
<u>New IC Int</u>		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

A brief discussion on the above significant new FRS, amendments/improvements to FRSs and new IC Int are summarised below. Due to the complexity of these new FRS, amendments/improvements to FRSs and new IC Int, the financial effects of their adoption are currently still being assessed by the Group and the Company.

FRS 9 Financial Instruments

Key requirements of FRS 9:

- FRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New FRS, Amendments/Improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Continued)

FRS 9 Financial Instruments (Continued)

- FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

Amendments to FRS 1 First-time Adoption of FRSs

Amendments to FRS 1 deleted the short-term exemptions that relate to FRS 7 *Financial Instruments: Disclosure*, FRS 119 *Employee Benefits* and FRS 10 *Consolidated Financial Statements* because they are no longer applicable.

Amendments to FRS 2 Share-based Payment

Amendments to FRS 2 provide specific guidance on the accounting for:

(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to FRS 4 Insurance Contracts

Amendments to FRS 4 introduce two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying the Standard on Financial Instruments for entities whose activities are predominantly connected with insurance.

Amendments to FRS 12 Disclosure of Interests in Other Entities

Amendments to FRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of FRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New FRS, Amendments/Improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Continued)

Amendments to FRS 107 Statement of Cash Flows

Amendments to FRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities.

Amendments to FRS 112 Income Taxes

Amendments to FRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to FRS 128 Investments in Associates and Joint Ventures

Amendments to FRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

Amendments to FRS 140 Investment Property

Amendments to FRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in FRS 10 and those in FRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in FRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New FRS, Amendments/Improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Continued)

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

MASB Approved Accounting Standards, MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* ("Transitioning Entities"). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply MFRSs Framework for annual periods beginning on or after 1 January 2018. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of MFRSs Framework. As such, the Group and the Company will prepare their first MFRSs financial statements using MFRSs Framework for financial year ended 31 December 2018. The main effects arising from the transition to MFRSs Framework are discussed below.

The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effects may change or additional effects may be identified, prior to the completion of the Group's and of the Company's first MFRSs based financial statements.

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New FRS, Amendments/Improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Continued)

MFRS 15 Revenue from Contracts with Customers

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

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

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

The Group is currently assessing the impact of the adoption of this standard.

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statements of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statements of financial position except for short-term and low value asset leases. Due to the complexity of this new MFRS, the financial effects of its adoption are currently still being assessed by the Group and the Company.

MFRS 141 Agriculture

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.4 Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of Measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.6 Use of Estimates and Judgement

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of Consolidation

(i) Subsidiary Companies

Subsidiary companies are entities, including structured entities, controlled by the Company.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiary companies are measured in the Company's statement of financial position at costs less any impairment losses, unless the investment is classified as held for sale or distribution.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of Consolidation (Continued)

(ii) Business Combination

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

Acquisition of subsidiary companies are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in the other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, and equity instruments issued, plus any cost directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 3.6. Any excess of the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised immediately as bargain purchase gain in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquirer are reassessed on acquisition date unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with a business combination are expensed as incurred.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary company, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Changes in the Group's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of Consolidation (Continued)

(iii) Non-controlling Interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary company not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iv) Transactions Eliminated on Consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

3.2 Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Subsequent to recognition, property, plant and equipment, except for freehold land, are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is stated at cost less impairment losses.

Freehold land has an unlimited useful lives and therefore is not depreciated.

Building-in-progress is stated at cost unless in the opinion of the directors there is a permanent diminution in value. Depreciation on building-in-progress commences when the asset is ready for its intended use.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. The depreciable amount is determined after deducting the residual value. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Buildings	2 – 20%
Equipment, furniture and fittings	10 – 20%
Light equipment	20%
Motor vehicles	20%
Plant and machinery	20%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Property, Plant and Equipment and Depreciation (Continued)

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

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

3.3 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Alternatively, the fair value of the investment properties are performed by using discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Gains or losses arising from changes in fair value of investment properties are recognised in profit or loss in the financial year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 3.2 up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Leases

(i) As Lessee

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

Leased rentals are depreciated over the estimated useful lives of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful lives or the leased term.

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

(ii) As Lessor

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

3.5 Other Investments

Other investments are stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15.

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

3.6 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7.

3.7 Impairment of Non-financial Assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill that has an indefinite useful lives, the recoverable amount is estimated at the end of each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment of Non-financial Assets (Continued)

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the Group's CGUs, or group of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

The recoverable amount of an asset is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or group of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or group of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the assets are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss of an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised for asset in prior years. The reversal is recognised in profit or loss, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is treated as a revaluation increase.

3.8 Land Held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7. Cost includes cost of land and attributable development expenditures.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to the profit or loss as incurred unless such costs are directly identifiable to the consequent property development activity.

Land held for property development is reclassified to property development cost (current asset) 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Operating Financial Asset

The Group constructs or upgrade infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include infrastructure used in public-to-private service concession arrangement for its entire concession period.

The financial asset model is used when the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services.

In the financial asset model, the amount due from the grantor meets the definition of a receivable which is measured at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the interest income on that amount is calculated using the effective interest method.

3.10 Property Development Costs

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

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

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

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

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

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings in respect of property development costs and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as advance billings in respect of property development costs.

3.11 Construction Contracts

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Construction Contracts (Continued)

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

3.12 Inventories

Inventories comprising properties held for sale are valued at the lower of cost and net realisable value.

Cost of unsold completed properties comprises costs associated with the acquisition of land, direct construction costs and appropriate proportions of common cost.

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

3.13 Financial Assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income on the financial assets at fair value through profit or loss are recognised separately in the profit or loss as part of other losses or other income.

Financial asset at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and Receivables

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Financial Assets (Continued)

(iii) Held-to-maturity Investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group and the Company have the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

As at the end of the reporting period, there were no financial assets classified under this category.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories.

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

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting period.

A financial asset is derecognised where the contractual right to receive cash flows from the financial asset has expired or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

3.14 Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances, cash in hand, demand deposits (other than deposits pledged with financial institutions) and bank overdrafts.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude deposits pledged to secure banking facilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Impairment of Financial Assets

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

(i) Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost

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

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

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

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

(ii) Unquoted Equity Securities Carried at Cost

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

(iii) Available-for-sale Financial Assets

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

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Impairment of Financial Assets (Continued)

(iii) Available-for-sale Financial Assets (Continued)

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

3.16 Financial Liabilities

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

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

(i) Financial Liabilities at Fair Value through Profit or Loss

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

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

As at the end of the reporting period, there were no financial liabilities classified under this category.

(ii) Other Financial Liabilities

The Group's and the Company's other financial liabilities include trade and other payables, amount due to subsidiary companies and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group as issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

3.18 Provisions for Liabilities

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

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

3.19 Equity Instruments

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

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

3.20 Treasury Shares

When shares of the Company, that have been cancelled, recognised as equity are reacquired, the amount of the consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When the treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

3.21 Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and to the Company as well as the amount of the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 3.11.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Revenue Recognition (Continued)

(ii) Property Development

Revenue from sale of properties under development is accounted for by the stage of completion method as described in Note 3.10.

(iii) Rental Income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

(iv) Services

Revenue is recognised net of discount upon the rendering of services.

(v) Finance Income

Finance income is recognised as it accrues using the effective interest method in profit or loss. The notional interest income resulting from the accretion or unwinding its financial asset using effective interest method is recognised in the profit or loss.

(vi) Dividend Income

Dividend income is recognised in profit or loss when the right to receive payment is established.

(vii) Car Park Income

Car park income is recognised for rental of car park spaces.

(viii) Sale of Completed Unsold Properties

Revenue from sale of completed unsold properties are measured at the fair value of the consideration receivable and are recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

(ix) Maintenance Revenue

Revenue from maintenance works is recognised based on monthly fixed fee and recognised when earned over the term of the concession.

(x) Interest Income

Interest income is recognised as it accrues on time proportion basis.

3.22 Employee Benefits

(i) Short Term Employee Benefits

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 Employee Benefits (Continued)

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred.

(iii) Employee Share Option Scheme

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury share if the options are satisfied by reissuance of treasury shares.

3.23 Borrowing Costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with the borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualified assets are recognised in profit or loss using the effective interest rate method.

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.24 Income Tax

(i) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.24 Income Tax (Continued)

(ii) Deferred Tax

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

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

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.24 Income Tax (Continued)

(iii) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except:

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

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

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

3.25 Earnings Per Share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise convertible notes, bonus issue and share options granted to employees.

3.26 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

3.27 Operating Segment

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.28 Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for the identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

4.1 Depreciation and Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

4.2 Impairment of Goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill at the end of the reporting period is RM33,608,137 (2015: RM33,608,137). Details of the impairment assessment are disclosed in Note 9 to the financial statements.

4.3 Deferred Tax Assets

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

4.4 Construction Contracts and Property Development

The Group recognises construction contracts and property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction contracts and property development costs incurred for the work performed to date bear to the estimated total construction contracts and property development costs respectively. Significant judgement is required in determining the stage of completion, the extent of the construction costs and property development costs incurred, the estimated total construction contracts and property development revenue and costs, as well as the recoverability of the construction contracts and development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

4.5 Impairment of Loans and Receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 42 to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

4.6 Employee Share Options

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. The directors are also required to use judgement in determining the most appropriate inputs to the valuation model including volatility and dividend yield. The assumptions and model used are disclosed in Note 21 to the financial statements.

4.7 Income Taxes

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the taxes payable. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.8 Revaluation of Investment Properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. Significant judgement is required in determining fair value which may be derived based on different valuation method. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The Group engaged independent valuation specialists to determine fair value as at 31 December 2016.

4.9 Impairment of Investment in Subsidiary Companies

The Company tests impairment of investment in subsidiary companies for indication of impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Equipment, furniture and fittings RM	Light equipment RM	Motor vehicles RM	Plant and machinery RM	Building-in-progress RM	Total RM
2016								
Cost								
At 1 January	3,049,653	3,175,978	6,776,842	5,754,404	4,674,508	18,180,964	2,659,268	44,271,617
Additions	–	–	526,247	–	287,086	6,790,567	816,056	8,419,956
Disposals	(5,559)	–	–	–	(1,086,550)	(543,600)	–	(1,635,709)
Written off	–	–	(686,091)	(1,003,704)	(514,935)	(650,000)	–	(2,854,730)
Transfer to inventories	–	(1,880,000)	–	–	–	–	–	(1,880,000)
Reclassification	–	3,475,324	–	–	–	–	(3,475,324)	–
At 31 December	3,044,094	4,771,302	6,616,998	4,750,700	3,360,109	23,777,931	–	46,321,134
Accumulated depreciation								
At 1 January	–	550,391	5,088,834	5,655,559	3,149,258	18,125,294	–	32,569,336
Depreciation for the financial year	–	575,417	467,787	17,969	448,968	62,610	–	1,572,751
Disposals	–	–	–	–	(1,086,550)	(543,600)	–	(1,630,150)
Written off	–	–	(686,091)	(1,003,704)	(514,935)	(642,666)	–	(2,847,396)
Transfer to inventories	–	(103,400)	–	–	–	–	–	(103,400)
At 31 December	–	1,022,408	4,870,530	4,669,824	1,996,741	17,001,638	–	29,561,141
Carrying amount at 31 December 2016	3,044,094	3,748,894	1,746,468	80,876	1,363,368	6,776,293	–	16,759,993

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM	Buildings RM	Equipment, furniture and fittings RM	Light equipment RM	Motor vehicles RM	Plant and machinery RM	Building-in-progress RM	Total RM
2015								
Cost								
At 1 January	3,049,653	3,957,798	6,217,800	5,754,404	5,352,133	18,180,964	–	42,512,752
Additions	–	–	559,042	–	864,475	–	2,659,268	4,082,785
Disposals	–	(781,820)	–	–	(1,542,100)	–	–	(2,323,920)
At 31 December	3,049,653	3,175,978	6,776,842	5,754,404	4,674,508	18,180,964	2,659,268	44,271,617
Accumulated depreciation								
At 1 January	–	533,733	4,637,926	5,631,729	4,245,344	17,285,673	–	32,334,405
Depreciation for the financial year	–	63,519	450,908	23,830	446,014	839,621	–	1,823,892
Disposals	–	(46,861)	–	–	(1,542,100)	–	–	(1,588,961)
At 31 December	–	550,391	5,088,834	5,655,559	3,149,258	18,125,294	–	32,569,336
Carrying amount at 31 December 2015	3,049,653	2,625,587	1,688,008	98,845	1,525,250	55,670	2,659,268	11,702,281

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Equipment, furniture and fittings RM
2016	
Cost	
At 1 January/31 December	14,465
Accumulated depreciation	
At 1 January/31 December	14,465
Carrying amount at 31 December 2016	–
2015	
Cost	
At 1 January/31 December	14,465
Accumulated depreciation	
At 1 January/31 December	14,465
Carrying amount at 31 December 2015	–

(a) During the financial year, the aggregate costs of property, plant and equipment acquired by means of:

	Group	
	2016 RM	**2015 RM**
Purchase of property, plant and equipment	8,419,956	4,082,785
Financed by:		
- hire purchase	1,842,000	864,475
- other payables	4,813,000	–
Cash payments on purchase of property, plant and equipment	1,764,956	3,218,310

(b) The carrying amount of property, plant and equipment acquired under hire purchase arrangements are as follows:

	Group	
	2016 RM	**2015 RM**
Motor vehicles	1,039,217	1,290,248
Plant and machineries	1,680,000	–
	2,719,217	1,290,248

The leased assets are pledged as security for the hire purchase liabilities.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. INVESTMENT PROPERTIES

	Group	
	2016 RM	2015 RM
At fair value		
At 1 January	320,800,000	299,300,000
Change in fair value recognised in profit or loss	–	21,500,000
At 31 December	320,800,000	320,800,000

(a) Included in the above are:

	Group	
	2016 RM	2015 RM
At fair value		
Freehold land and building	192,800,000	192,800,000
Leasehold land and building with unexpired lease period of more than 50 years	128,000,000	128,000,000
At 31 December	320,800,000	320,800,000

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

	Group	
	2016 RM	2015 RM
Rental income from investment properties	15,954,394	16,526,969
Direct operating expenses on income generating investment properties	(6,369,945)	(6,745,816)

(c) Investment properties of the Group with fair value of RM291,348,888 (2015: RM291,348,888) are pledged for credit facilities granted to the Group as disclosed in Note 26 and Note 30 to the financial statements.

(d) The investment properties are stated at fair value, which has been determined based on valuations at the end of the reporting period. Valuations are performed by accredited valuers as at 31 December 2016 and 31 December 2015. The fair value of the investment properties has been determined using the comparison approach and investment approach depending on the nature of the properties.

6. INVESTMENT PROPERTIES (CONTINUED)

(e) Fair value of investment properties are categorised as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2016				
Office, retails and shoplot	–	4,800,000	316,000,000	320,800,000
2015				
Office, retails and shoplot	–	4,800,000	316,000,000	320,800,000

Level 2 Fair Value

Level 2 fair values of buildings have been derived using the sales comparison approach. Transactions of comparable buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable buildings.

Level 3 Fair Value

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

Property category	Valuation technique	Significant unobservable inputs	By the accredited valuers
Mixed development of office, retails and carpark	Investment method and Comparison method	- Estimated average rental rate per square foot per month	RM1.08 to RM20
		- Estimated price per parking bay	RM25,000 to RM50,000
		- Estimated outgoings per square foot per month	RM0.75 to RM1.50
		- Term yield	6.0% to 6.5%

The estimated fair value would increase/(decrease) if:

- Estimated average rental rate per square foot per month was higher/(lower)
- Estimated price per parking bay was higher/(lower)
- Estimated outgoings per square foot per month was lower/(higher)
- Term yield rate was higher/(lower)

6. INVESTMENT PROPERTIES (CONTINUED)

Valuation Processes applied by the Group for Level 3 Fair Value

The fair value of investment properties is determined by external independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's investment properties portfolio annually. Changes in Level 3 values are analysed by the management annually after obtaining valuation report from the independent property valuers. There has been no change to the valuation technique during the financial year.

Highest and Best Use

In estimating the fair value of the properties, the highest and best use of the properties in their current use.

Policy on Transfer between Levels

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

Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 fair values during the financial year ended 31 December 2016 or 31 December 2015.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2016 RM	**2015 RM**
Unquoted shares - at cost	97,365,270	97,365,270

The details of the subsidiary companies, all of which are incorporated in Malaysia are as follows:

Name of company	Effective ownership interest and voting interest 2016 %	2015 %	Principal activities
Direct subsidiary companies			
3 Two Square Sdn. Bhd.	100	100	Property investment and property development
CB Land Sdn. Bhd.	100	100	Property investment and property development
CBTech (M) Sdn. Bhd.	100	100	Mechanical and electrical engineering services

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

The details of the subsidiary companies, all of which are incorporated in Malaysia are as follows (Continued):

Name of company	Effective ownership interest and voting interest 2016 %	2015 %	Principal activities
Direct subsidiary companies (Continued)			
Crest Builder International Sdn. Bhd.	100	100	Investment holding
Crest Builder Sdn. Bhd.	100	100	Construction
CB Infrastructure Sdn. Bhd.	100	100	Construction
Damansara One Sdn. Bhd.	100	100	Property investment and property development
Nepfield Sdn. Bhd.	100	100	Property investment and property development
Vertical Success Sdn. Bhd.	100	100	Property investment and property development
Jalur Elit Sdn. Bhd. (Note 7(a))	100	100	Property investment and property development
Held through Crest Builder Sdn. Bhd.			
Crestland Development Sdn. Bhd.	100	100	Property investment and property development
Landasan Bayu Sdn. Bhd. (Note 7(b))	51	51	Property investment and property development
Held through Crest Builder International Sdn. Bhd.			
Unitapah Sdn. Bhd.	51	51	Concession holder
Intan Sekitar Sdn. Bhd.	51	51	Property investment and property development

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(a) Acquisition of a Subsidiary Company

(i) In the previous financial year, the Company acquired 2 ordinary shares of RM1 each, representing 100% of the total issued and paid-up share capital of Jalur Elit Sdn. Bhd. ("JESB") for cash consideration of RM2. As a result, JESB became a wholly-owned subsidiary company of the Group.

The fair value of identifiable asset and liability of JESB at the date of acquisition are:

	JESB RM
Asset	
Cash in hand	2
Liability	
Other payables	(3,773)
Net identifiable liabilities acquired	(3,771)
Goodwill on consolidation (Note 9)	3,773
Purchase consideration for the acquisition	2

The effect of the acquisition on cash flow is as follows:

	2015 RM
Total cost of the business combination	2
Less: Cash and cash equivalent of a subsidiary company acquired	(2)
Net cash outflow on acquisition	–

(ii) The acquired subsidiary company has contributed the following results to the Group:

	2015 RM
Revenue	–
Loss before tax	(1,765)

(iii) If the acquisition had occurred on 1 January 2015, the consolidation results for the financial year ended 31 December 2015 would have been as follows:

	2015 RM
Revenue	–
Loss before tax	(5,538)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(b) During the financial year, a wholly-owned subsidiary company, Crest Builder Sdn. Bhd. acquired additional 5,049,000 ordinary shares of RM1 each representing 51% of total issued and paid up share capital of Landasan Bayu Sdn. Bhd.

(c) **Non-controlling Interests in Subsidiary Companies**

The Group's subsidiary companies that have material non-controlling interests ("NCI") are as follows:

	2016			
	Unitapah Sdn. Bhd. 49% RM	**Landasan Bayu Sdn. Bhd. 49% RM**	**Other individually immaterial subsidiary company RM**	**Total RM**
NCI percentage of ownership interest and voting interest				
Carrying amount of NCI	8,778,875	4,737,072	1,922	13,517,869
Profit/(Loss) allocated to NCI	1,906,546	(97,693)	(32,797)	1,776,056

Summarised Financial Information before Intra-group Elimination:

	Unitapah Sdn. Bhd. RM	**Landasan Bayu Sdn. Bhd. RM**
At 31 December 2016		
Non-current assets	275,017,873	175,000
Current assets	259,450,641	23,579,843
Non-current liabilities	(478,640,737)	(14,070,813)
Current liabilities	(34,406,705)	(16,537)
Net assets	21,421,072	9,667,493
Financial year ended 31 December 2016		
Revenue	47,428,080	–
Profit/(Loss) for the financial year	3,890,911	(199,373)
Total comprehensive income/(loss)	3,890,911	(199,373)
Cash flows from/(used in) operating activities	46,993,717	(23,508,787)
Cash flows from investing activities	1,514,489	–
Cash flows (used in)/from financing activities	(59,702,538)	23,508,722
Net decrease in cash and cash equivalents	(11,194,332)	(65)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(c) **Non-controlling Interests in Subsidiary Companies (Continued)**

Summarised Financial Information before Intra-group Elimination (Continued):

	Unitapah Sdn. Bhd. RM	Landasan Bayu Sdn. Bhd. RM
Financial year ended 31 December 2016		
Dividends paid to NCI	–	–

	Unitapah Sdn. Bhd. 49%	2015 Other individually immaterial subsidiary companies RM	Total RM
NCI percentage of ownership interest and voting interest			
Carrying amount of NCI	6,872,329	18,484	6,890,813
Profit/(Loss) allocated to NCI	2,371,348	(59,188)	2,312,160

Summarised Financial Information before Intra-group Elimination:

	Unitapah Sdn. Bhd. RM
At 31 December 2015	
Non-current assets	280,465,232
Current assets	271,733,573
Non-current liabilities	(495,543,210)
Current liabilities	(39,125,434)
Net assets	17,530,161
Financial year ended 31 December 2015	
Revenue	48,221,518
Profit for the financial year	4,839,487
Total comprehensive income	4,839,487

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(c) Non-controlling Interests in Subsidiary Companies (Continued)

Summarised Financial Information before Intra-group Elimination (Continued):

	Unitapah Sdn. Bhd. RM
Financial year ended 31 December 2015	
Cash flows from operating activities	47,873,868
Cash flows from investing activities	1,838,917
Cash flows used in financing activities	(30,199,257)
Net increase in cash and cash equivalents	19,513,528
Dividends paid to NCI	–

8. GOLF CLUB MEMBERSHIP

	Group 2016 RM	2015 RM
Golf club membership		
At cost		
At 1 January/31 December	54,000	54,000

Golf club membership of the Group which were designated as available-for-sale financial assets are stated at cost as their fair values cannot be reliably measured using valuation techniques.

9. GOODWILL

	Group 2016 RM	2015 RM
At 1 January	33,608,137	33,604,364
Acquisition of a subsidiary company (Note 7(a))	–	3,773
At 31 December	33,608,137	33,608,137

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9. GOODWILL (CONTINUED)

(a) Impairment Test for Goodwill

Goodwill arising from business combination has been allocated to the Group's CGUs identified according to the business segments as follows:

	Construction RM	Investment holding RM	Property development RM	Total RM
2016	33,550,094	32,988	25,055	33,608,137
2015	33,550,094	32,988	25,055	33,608,137

(b) Key Assumptions used in Value in Use Calculations

The goodwill allocated to investment holding and property development segments are not significant in comparison with the Group's total carrying amount of goodwill.

The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections based on financial forecasts approved by the directors for the next three years. The key assumptions used for value in use calculations are:

	2016		2015	
	Discount rate %	Gross profit margin %	Discount rate %	Gross profit margin %
Construction	14	12	12	16

The following describes each key assumption on which the directors have based the cash flows projections for the purposes of impairment testing of goodwill:

(i) Discount rate – based on the weighted average cost of capital of the CGU
(ii) Gross profit margin – consistent with the forecasted margin for projects secured by CGU

(c) Sensitivity to Changes in Assumptions

With regard to the assessment of value in use of the construction unit, the directors believe that no reasonably possible change in any of the above key assumptions would have caused the carrying value of the unit to materially exceed its recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

10. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2016 RM	2015 RM
Freehold land, at cost		
At 1 January	6,200,000	–
Transfer from property development costs (Note 15)	–	6,200,000
At 31 December	6,200,000	6,200,000
Development costs		
At 1 January	547,149	–
Transfer from property development costs (Note 15)	–	547,149
At 31 December	547,149	547,149
Carrying amount at 31 December	6,747,149	6,747,149

11. OPERATING FINANCIAL ASSET

The Group had entered into a concession agreement with the Government of Malaysia and Universiti Teknologi Mara ("UiTM") on 4 May 2010 to design, develop, construct of the Facilities and Infrastructure and the maintenance works for a period of 23 years comprising 3 years of construction works and 20 years of maintenance works. Upon expiry of the concession period, the Group is required to handover the Facilities and Infrastructure at no cost to UiTM in a well maintained condition, fair wear and tear.

	Group	
	2016 RM	2015 RM
Non-current	275,017,858	280,464,340
Current	45,098,914	45,098,914
	320,116,772	325,563,254

The operating financial asset represents the concession arrangement for UiTM project which carries interest rates of 11.85% (2015: 11.85%) per annum.

Ageing analysis of operating financial asset

	Group	
	2016 RM	2015 RM
Neither past due nor impaired	320,116,772	325,563,254

12. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2016 RM	2015 RM
Deferred tax assets		
At 1 January	11,898,784	13,620,783
Recognised in profit or loss	(2,453,481)	(1,721,999)
At 31 December	9,445,303	11,898,784
Deferred tax liabilities		
At 1 January	(11,002,376)	(7,229,377)
Recognised in profit or loss	(2,911,203)	(3,772,999)
At 31 December	(13,913,579)	(11,002,376)

The recognition of the deferred tax assets of the Group are dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The evidence used to support this recognition is the directors' budget, which shows that it is probable that the deferred tax assets would be realised in future years.

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

Group	At 1 January 2015 RM	Recognised in profit or loss RM	At 31 December 2015 RM	Recognised in profit or loss RM	At 31 December 2016 RM
Deferred tax assets					
Allowance for impairment	–	46,269	46,269	–	46,269
Property development	13,466,287	(4,483,812)	8,982,475	(808,109)	8,174,366
Unabsorbed capital allowances	46,315	12,575,404	12,621,719	481,698	13,103,417
Unutilised tax losses	1,717,143	2,375,150	4,092,293	(1,282,512)	2,809,781
	15,229,745	10,513,011	25,742,756	(1,608,923)	24,133,833
Deferred tax liabilities					
Property, plant and equipment	(32,111)	(295,582)	(327,693)	601,828	274,135
Investment properties	4,998,645	1,075,000	6,073,645	–	6,073,645
Operating financial asset	3,871,805	15,228,591	19,100,396	3,153,933	22,254,329
	8,838,339	16,008,009	24,846,348	3,755,761	28,602,109
	6,391,406	(5,494,998)	896,408	(5,364,684)	(4,468,276)

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Presented after appropriate offsetting:

	Group	
	2016 RM	2015 RM
Deferred tax assets	9,445,303	11,898,784
Deferred tax liabilities	(13,913,579)	(11,002,376)
At 31 December	(4,468,276)	896,408

13. TRADE AND OTHER RECEIVABLES

	Group	
	2016 RM	2015 RM
Non-current		
Trade receivable		
Retention sums	11,467,293	8,976,632
Current		
Trade receivables		
Trade receivables	184,390,080	179,562,438
Accrued billings in respect of property development	11,176,149	–
Retention sums	32,044,060	33,390,040
	227,610,289	212,952,478
Less: Impairment for trade receivables	(31,681,223)	(31,681,223)
Trade receivables, net	195,929,066	181,271,255
Other receivables		
Sundry receivables	59,571,096	55,082,701
Less: Impairment for other receivables	(4,797,961)	(4,797,961)
Other receivables, net	54,773,135	50,284,740
GST refundables	348,366	2,505,455
Advances made to trade payables	1,481,176	3,801,387
Deposits	27,903,159	2,097,079
Prepayments	643,112	227,761
Total other receivables, net	85,148,948	58,916,422
	281,078,014	240,187,677
Total trade and other receivables	292,545,307	249,164,309

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade Receivables

The Group's normal trade credit terms range from 14 to 90 days (2015: 14 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables of the Group is an amount of RM23,014,979 (2015: RM23,014,979) due from a company in which a director has interest.

Ageing analysis of trade receivables

The Group maintains an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's trade receivables (excluded accrued billings) are as follows:

	Group	
	2016 **RM**	**2015** **RM**
Neither past due nor impaired	65,655,104	34,833,012
Past due but not impaired		
1 to 30 days past due but not impaired	7,165,466	11,025,941
31 to 60 days past due but not impaired	5,664,368	2,007,733
61 to 90 days past due but not impaired	5,247,868	9,915,188
91 to 120 days past due but not impaired	112,487,404	132,466,013
	130,565,106	155,414,875
Impaired	31,681,223	31,681,223
	227,901,433	221,929,110

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM130,565,106 (2015: RM155,414,875) that are past due at the end of the reporting period but not impaired because the Group has a credit policy in place and the exposure of credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. The Group does not hold any collateral or credit enhancements over these balances.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade Receivables (Continued)

Trade receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period are as follows:

	Group	
	2016 **RM**	**2015** **RM**
Individually impaired		
Trade receivables	31,681,223	31,681,223
Less: Allowance for impairment	(31,681,223)	(31,681,223)
	–	–

The movement in impairment for trade receivables is as follows:

	Group	
	2016 **RM**	**2015** **RM**
At 1 January	31,681,223	2,157,550
Additions	–	29,523,673
At 31 December	31,681,223	31,681,223

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

Included in impairment for trade receivables of the Group is an amount of RM23,014,979 (2015: RM23,014,979) due from a company in which a director has interest. The Group had enter into an agreement with this company to make repayment in next six years.

Included in the trade receivables and retention sums of the Group are amounts of RM27,502,516 (2015: RM27,502,516) due from customers for contracts under dispute. The details are as follows:

(i) A subsidiary company of the Company, Crest Builder Sdn. Bhd. ("CBSB") is a claimant in an arbitration case against an employer in respect of a construction project. CBSB is claiming RM51,398,443 for workdone, variation work, retentions money and prolongation costs. The employer filed a defence counterclaim which includes claims of RM65,109,486 for damages for delay and cost of rectification of defective works. The hearing is completed and the final award is expected to be delivered in Quarter 2 of year 2017.

No allowance and provision has been made in the financial statements of the Group as the directors have been advised by their solicitor that CBSB has reasonable prospect of success in resisting the employer's claim and success in this claim.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade Receivables (Continued)

(ii) A dispute arose between the parties wherein CBSB was employed by an employer as the main contractor to complete a project. Due to, amongst others, the failure by the employer to make timely payment to CBSB, CBSB contended that the employer had repudiated the contract and thereby, terminating the contract by accepting the repudiation in September 2011. Subsequently, the employer issued a Notice of Reference of Arbitration on 8 May 2012 to refer the disputes to arbitration.

A preliminary meeting was held on 14 September 2015 where parties were directed to file their respective pleadings, documents and witness statements by agreed datelines. The employer is claiming against CBSB the total sum of RM94,685,625 comprising liquidated damages of RM6,580,000. CBSB contested all of the employer's claims and in turn counterclaims against the employer for the sum of RM31,084,048 and interest thereon and costs. On 10 January 2017, the Arbitrator delivered his decision allowing CBSB's amendment application. The parties are now awaiting the Arbitrator's further directions on the arbitration proceedings, such as the dates for filing of witness statements and the hearing dates.

No allowance and provision has been made in the financial statements of the Group as the directors have been advised by their solicitor that CBSB has reasonable prospect of success in resisting the employer's claim and success in this claim.

(b) Other Receivables

Included in sundry receivables of the Group is an amount of RM49,000,000 (2015: RM44,149,000) due from two non-controlling shareholders which is unsecured, interest free and repayable on demand.

Included in deposits is an amount of RM23,914,553 (2015: Nil) placed with Prasarana Malaysia Berhad ("Prasarana") and Lembaga Getah Malaysia ("LGM") for the development projects prior to the fulfilment of condition precedents as stated in the agreements. Once the condition precedents are fulfilled, the amount will be recognised as land cost in property development costs.

<u>Other receivables that are impaired</u>

At the end of the reporting period, the Group has provided an allowance of RM4,797,961 (2015: RM4,797,961) for impairment of the other receivables. These other receivables are in significant delay in payments or have defaulted on payments. These other receivables are not secured by any collateral or credit enhancements.

The movement in impairment for other receivables is as follows:

	Group	
	2016 RM	2015 RM
At 1 January	4,797,961	487,821
Additions	–	4,310,140
At 31 December	4,797,961	4,797,961

Included in total impairment for other receivables of the Group is an amount of RM2,422,824 (2015: RM2,422,824) due from a company in which a director has interest. The Group had entered into an agreement with this company to make repayment in next six years.

14. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

The amount due from subsidiary companies is non-trade in nature, unsecured, interest free, repayable on demand and is expected to be settled in cash, except for an amount of RM58,049,791 (2015: RM34,054,699) which bears an effective interest rate ranging from 8.20% to 8.45% (2015: 8.35%) per annum.

Included in the amount due from subsidiary companies are amount of RM67,574,150 (2015: RM16,078,393) are not expected to be settled within next twelve months.

The amount due to subsidiary companies are non-trade in nature, unsecured, interest free, repayable on demand and is expected to be settled in cash.

15. PROPERTY DEVELOPMENT COSTS

	Group	
	2016 RM	**2015 RM**
Freehold lands, at cost		
At 1 January	13,298,361	22,369,972
Less: Reversal of completed project	(5,750,735)	(1,585,076)
Unsold units transfer to inventories	–	(1,286,535)
Transfer to land held for development (Note 10)	–	(6,200,000)
At 31 December	7,547,626	13,298,361
Development costs		
At 1 January	105,908,702	131,960,573
Costs incurred during the financial year	62,438,239	125,424,329
Less: Reversal of completed project	(54,122,102)	(87,639,075)
Unsold units transfer to inventories	–	(63,289,976)
Transfer to land held for development (Note 10)	–	(547,149)
Transfer to deposits	(8,516,956)	–
At 31 December	105,707,883	105,908,702
Property development costs at 31 December	113,255,509	119,207,063
Accumulated costs recognised in profit or loss		
At 1 January	(59,857,540)	(73,415,646)
Recognised during the financial year	(8,736,921)	(75,666,045)
Reversal of completed project	59,872,837	89,224,151
At 31 December	(8,721,624)	(59,857,540)
Carrying amount at 31 December	104,533,885	59,349,523

Included in the development costs incurred during the financial year are interest and rental expenses capitalised of RM388,462 and RM153,352 (2015: RM1,159,658 and RM150,480) respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

16. INVENTORIES

	Group 2016 RM	2015 RM
Completed development properties		
- at cost	64,591,780	80,220,213
- at net realisable value	1,765,000	1,765,000
	66,356,780	81,985,213

The Group's cost of inventories recognised as an expense during the financial year in the Group amounted to RM17,405,032 (2015: RM4,002,528).

17. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group 2016 RM	2015 RM
Aggregate construction contract costs incurred to-date	1,276,660,841	1,187,247,908
Add: Attributable profits	131,283,863	143,530,316
	1,407,944,704	1,330,778,224
Less: Progress billings	(1,367,247,726)	(1,265,241,082)
	40,696,978	65,537,142
Represented by gross amounts:		
- due from contract customers	41,927,223	66,633,446
- due to contract customers	(1,230,245)	(1,096,304)
	40,696,978	65,537,142
Advances received on contracts, included within progress billings	9,609,165	9,570,873

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

	Group 2016 RM	2015 RM
Hire of plant and machineries	2,353,244	686,438
Depreciation of property, plant and equipment	14,809	253,737
Rental of premises	86,750	17,673

Included in the amount due from contract customers of the Group are amount of RM28,599,071 (2015: RM28,599,071), which the contracts are under dispute as disclosed in Note 13(a)(i) and Note 13(a)(ii) to the financial statements.

18. SHORT TERM INVESTMENTS IN FINANCIAL INSTITUTIONS

The short term investments of the Group and of the Company are in respect of investment in unquoted trust fund and earns interest at effective interest rate ranging from 3.30% to 3.93% (2015: 3.22% to 4.16%) and 3.47% to 3.93% (2015: 3.22% to 4.16%) per annum respectively.

19. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The fixed deposits placed with licensed banks of the Group and of the Company earn interest rates ranging from 1.64% to 3.40% (2015: 1.73% to 3.25%) and 1.64% to 1.78% (2015: 1.73% to 2.72%) per annum respectively.

Included in fixed deposits of the Group amounting to RM27,184 (2015: RM25,503), which is pledged for the purpose as a guarantee for performance bonds issued in favour of third parties in respect of projects undertaken by a subsidiary company.

Included in fixed deposits of the Group and of the Company amounting to RM2,925,380 (2015: RM2,925,380), which is pledged for the purpose as a debt services reserve for term loan of the Group and of the Company as disclosed in Note 26 to the financial statements.

Included in fixed deposits of the Group amounting to RM80,356,745 (2015: RM92,731,763), which is operated by a security trustee of a subsidiary company and restricted from use in other operations.

20. CASH AND BANK BALANCES

Included in cash and bank balances of the Group amounting to RM300,733 (2015: RM5,012), which is operated by a security trustee of a subsidiary company and restricted from use in other operations.

Included in cash and bank balances of the Group is an amount of RM604,575 (2015: RM1,325,875) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 in Malaysia and therefore restricted from use in other operations.

Included in cash and bank balances of the Group is an amount of RM799,596 (2015: RM857,490) which was maintained in an escrow account.

21. SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of Shares Unit	RM	Number of Shares Unit	RM
Ordinary shares of RM1 each				
Authorised:				
At 1 January/31 December	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid:				
At 1 January	176,921,657	176,921,657	165,043,105	165,043,105
Issuance of shares:				
- exercise of Warrants B	–	–	11,878,552	11,878,552
At 31 December	176,921,657	176,921,657	176,921,657	176,921,657

21. SHARE CAPITAL (CONTINUED)

CBHB – ESOS

Information in respect of the number of share options granted under the CBHB – ESOS is as follows:

	Number of share options	
	2016	**2015**
	Unit	**Unit**
At 1 January	5,424,400	7,056,400
Lapsed	(156,000)	(1,632,000)
At 31 December	5,268,400	5,424,400

The movements of options over unissued new ordinary shares of RM1 each of the Company granted under the CBHB – ESOS during the financial year are as follows:

			Number of share options			
Date of offer	**Option price**	**1.1.2016**	**Granted**	**Exercised**	**Lapsed**	**31.12.2016**
19.4.2007	RM1.00	453,000	–	–	–	453,000
19.4.2009	RM1.00	266,000	–	–	–	266,000
19.4.2012	RM1.00	778,000	–	–	–	778,000
18.4.2014	RM1.40	3,927,400	–	–	(156,000)	3,771,400
		5,424,400	–	–	(156,000)	5,268,400

The ESOS, which was expired on 18 April 2012 has been granted with the extension for another five (5) years until 18 April 2017.

On 18 April 2014, the ESOS Committee had made the decision to grant 5,616,000 additional Options under the existing CBHB – ESOS at an exercise price of RM1.40 each. The Options granted can be exercised over three (3) years from the date of ESOS granted but not later than 18 April 2017.

Fair value of share options granted during the financial year are as follows:

The fair value of share options granted was estimated 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:

	19 April 2014
Fair value of share granted (RM)	0.4179
Share price (RM)	1.550
Exercised price (RM)	1.400
Expected volatility (%)	35.41%
Expected lives (years)	3
Risk free rate (%)	3.40%
Expected dividend yield (%)	3.23%

21. SHARE CAPITAL (CONTINUED)

The expected lives of share options was based on historical data and was not necessarily indicative of exercise patterns that may occur. The expected volatility reflected the assumption that the historical volatility was an indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the option was incorporated into the measurement of fair value.

The fair value has been determined based on valuations performed by accredited valuers at the end of the reporting period.

22. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. The share premium may be utilised in the manner set out in Section 60(3) of the Companies Act 1965 in Malaysia.

23. TREASURY SHARES

As at 31 December 2016, the Group held 6,230,100 (2015: 3,558,000) of the Company's shares.

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

During the financial year, the Company repurchased 2,672,100 of its issued ordinary shares from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The average price paid for the shares repurchased was approximately RM0.93 per share including transaction costs.

The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia. The Company has the right to reissue or cancellation of these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased has been sold or cancelled as at 31 December 2015 and 31 December 2016.

24. RESERVES

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Non-distributable					
Share option reserves	(a)	1,554,074	976,483	1,554,074	976,483
Distributable					
Retained earnings	(b)	226,261,994	219,841,378	26,386,416	26,773,803
Total reserves		227,816,068	220,817,861	27,940,490	27,750,286

24. RESERVES (CONTINUED)

(a) Share Option Reserves

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

(b) Retained Earnings

The entire retained earnings of the Company as at 31 December 2016 may be distributed as dividend under the single tier system.

25. WARRANTS

WARRANTS 2012/2015 ("WARRANTS B")

On 18 October 2012, the Company issued a bonus issue of 41,331,912 warrants which entitled shareholders on the basis of three (3) Warrants B for every ten (10) existing shares held on the entitlement date.

In the previous financial year, 11,878,552 Warrants B were converted into ordinary shares.

Any Warrants B not exercised at the date of maturity will lapse and cease to be valid for any purpose. At 22 October 2015, 26,446,130 Warrants B were unexercised and have lapsed.

26. TERM LOANS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current (Note 30)				
- not later than one year	25,739,239	18,758,334	8,895,403	8,960,993
Non-current				
- later than one year but not later than two years	26,283,424	24,283,424	8,712,000	8,712,000
- later than two years but not later than five years	22,513,886	48,166,326	8,002,000	16,714,000
- more than five years	–	630,984	–	–
	48,797,310	73,080,734	16,714,000	25,426,000
	74,536,549	91,839,068	25,609,403	34,386,993

The term loans of the Group and of the Company are denominated in Ringgit Malaysia.

26. TERM LOANS (CONTINUED)

Term loan 1 of the Company of RM25,609,403 (2015: RM34,386,993) bears interest ranging from 8.20% to 8.45% (2015: 8.35%) per annum and is repayable by monthly instalments of RM726,000 over ten years commencing from the day of first drawdown and is secured as follows:

(a) Loan agreement and third party Deed of Assignment of a leasehold investment property of the Group as disclosed in Note 6 to the financial statements;

(b) Corporate guarantee by a subsidiary company, Crest Builder Sdn. Bhd.;

(c) Third party Deed of Assignment of rental proceeds from the property; and

(d) Charge over the monies in the Debt Services Reserve Account as disclosed in Note 19 to the financial statements.

Term loan 2 of a subsidiary company of RM19,104,440 (2015: RM20,000,000) bears interest ranging from 5.85% to 6.45% (2015: 6.30% to 6.55%) per annum and is repayable by quarterly instalments of RM2,500,000 over two years commencing from 18 months after the first disbursement and is secured as follows:

(a) Legal charge under the National Land Code over the Project Land, i.e. Alam Sanjung Project and six retail units at Avenue Crest;

(b) Charge and assignment over residual proceeds of the accounts set up pursuant to the Housing Development Account under Alam Sanjung Project;

(c) Assignment of all right, title and benefits of the Company under the construction contract, insurance policies and performance bonds and assignment over proceeds and/or collections from the car park;

(d) Corporate guarantee by the Company; and

(e) Legal charge and assignment over the Designated Accounts.

Term loan 3 of a subsidiary company of RM29,822,706 (2015: RM37,452,075) bears interest ranging from 6.24% to 6.53% (2015: 6.51% to 6.55%) per annum and is repayable by monthly instalments of RM630,952 over seven years commencing from the day of first drawdown and is secured as follows:

(a) First party legal charge over investment property as disclosed in Note 6 to the financial statements;

(b) Assignment by way of charge over all the interest, title, rights and benefits to all insurance on the investment property;

(c) Assignment by way of charge over all rents and other monies payables and all the subsidiary company's rights, remedies and benefits under the tenancies executed and/or to be executed in respect of the investment property;

(d) A limited debenture by way of fixed and floating charge over the investment property;

(e) A first legal charge over the rental/car park proceeds account to be opened and maintained by the subsidiary company; and

(f) Corporate guarantee by the Company.

27. SUKUK MURABAHAH

On 12 December 2014, Unitapah Sdn. Bhd. issued a SUKUK facility based on the Shariah principles of Murabahah via a Tawarruq arrangement ("SUKUK Murabahah") of RM510 million in nominal value. The tenure of the SUKUK ranges from 1 to 19.5 years with profit rates of 4.66% to 6.47%.

	Group	
	2016 RM	2015 RM
Current		
- not later than one year	29,795,299	29,649,335
Non-current		
- later than one year but not later than two years	24,623,685	29,387,931
- later than two years but not later than five years	72,702,110	96,040,114
- more than five years	321,753,837	319,998,666
	419,079,632	445,426,711
	448,874,931	475,076,046

The SUKUK Murabahah is secured by the following:

(a) Debenture evidencing a fixed and floating charge over a subsidiary company's present and future assets;

(b) First ranking charge and assignment of the Designated Accounts and the credit balances therein; and

(c) First ranking assignment of takaful policies, if any, in relation to the Concession Agreement with the Security Trustee designated as loss payee/mortgagee.

28. HIRE PURCHASE PAYABLES

Hire purchase facilities bear interest rates ranging from 2.38% to 3.20% (2015: 2.38% to 2.60%) per annum.

	Group	
	2016 RM	2015 RM
Minimum hire purchase payables:		
- not later than one year	796,822	369,993
- later than one year but not later than five years	1,656,556	385,198
	2,453,378	755,191
Less:		
Future finance charges	(275,146)	(36,628)
Present value of hire purchase payables	2,178,232	718,563

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. HIRE PURCHASE PAYABLES (CONTINUED)

	Group 2016 RM	Group 2015 RM
Represented by:		
Current		
- not later than one year	683,743	344,436
Non-current		
- later than one year but not later than five years	1,494,489	374,127
	2,178,232	718,563

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Non–current				
Trade payable				
Retention sums	6,374,297	7,479,595	–	–
Other payable				
Maintenance reserve fund	6,771,370	4,467,294	–	–
	13,145,667	11,946,889	–	–
Current				
Trade payables				
Trade payables	149,782,447	143,640,881	–	–
Retention sums	39,602,431	40,912,920	–	–
Total trade payables	189,384,878	184,553,801	–	–
Other payables				
Sundry payables	8,129,624	5,448,965	61,238	252,409
GST payables	1,458,651	628,131	–	–
Deposits received	3,640,457	3,973,766	–	–
Accruals	18,987,986	38,181,915	266,900	227,800
Deferred rental income	312,768	105,962	–	–
Total other payables	32,529,486	48,338,739	328,138	480,209
	221,914,364	232,892,540	328,138	480,209
Total trade and other payables	235,060,031	244,839,429	328,138	480,209

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

29. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Maintenance Reserve Fund

	Group	
	2016 RM	2015 RM
At 1 January	4,467,294	1,971,212
Additions	2,304,076	2,496,082
At 31 December	6,771,370	4,467,294

Maintenance reserve fund relates to a sinking fund established for the purpose of covering costs of periodic major repairs or capital replacements for the Facilities and Infrastructure of UiTM campus.

(b) Trade Payables

The Group's normal trade credit terms granted ranging from 30 to 60 days (2015: 30 to 60 days).

(c) Other Payables

Included in the accruals of the Group are:

(i) an amount of RM13,260,996 (2015: RM29,118,910) which represents accruals in respect of development costs for development projects carried out during the current financial year; and

(ii) an amount of RM515,319 (2015: RM4,359,258) which represents accruals in respect of construction costs on investment properties.

30. BANK BORROWINGS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current				
Secured				
Bankers' acceptances	27,599,137	11,748,656	–	–
Term loans (Note 26)	25,739,239	18,758,334	8,895,403	8,960,993
Revolving credit	93,913,656	74,630,140	–	–
Bank overdrafts	28,992,897	21,893,057	4,111,672	555,096
	176,244,929	127,030,187	13,007,075	9,516,089

30. BANK BORROWINGS (CONTINUED)

The bank borrowings of the Group and of the Company are denominated in Ringgit Malaysia and bear interest rates ranging from 3.58% to 8.45% (2015: 4.05% to 8.60%) and 8.20% to 8.45% (2015: 8.35%) per annum for the Group and for the Company respectively.

The bank borrowings of the Group and of the Company other than term loans are secured by:

(a) Legal charge over Project Land of Hijauan Residensi Project;

(b) Facility agreement together with interest, commission and all other charges thereon;

(c) Second ranking legal charge under the National Land Code over the Security Land;

(d) A first party second fixed charge over investment properties as disclosed in Note 6 to the financial statements;

(e) Supplement Agreement to extend the Assignment of Rental Proceeds executed between borrower and bank;

(f) Second legal charge over the designated escrow account;

(g) Corporate guarantee provided by the Company;

(h) Specific debenture on the Hijauan Residensi Project; and

(i) Any other securities as may be advised by the bank's solicitors.

31. REVENUE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Construction revenue	169,805,137	106,016,694	–	–
Sales of development/ completed properties	48,019,415	107,920,534	–	–
Rental income from investment properties	15,954,394	16,526,969	–	–
Interest income	990,229	1,326,659	5,172,503	4,488,086
Dividend income	–	–	12,000,000	11,000,000
Finance income	38,290,437	38,896,073	–	–
Maintenance income	9,137,644	9,325,445	–	–
	282,197,256	280,012,374	17,172,503	15,488,086

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

32. COST OF SALES

	Group 2016 RM	Group 2015 RM
Costs of construction contracts	152,190,270	94,321,437
Costs of development/completed properties sold	17,078,119	58,218,603
Costs of maintenance of investment properties	6,369,945	6,745,816
Costs of maintenance of facilities and infrastructure	8,542,327	8,340,898
	184,180,661	167,626,754

33. FINANCE COSTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Bank overdrafts interest	1,950,864	2,271,784	298,391	206,163
Bankers' acceptances interest	881,587	549,496	–	–
Effect of unwinding of interest from the discounting of Sukuk Murabahah	3,798,885	3,869,834	–	–
Effect of discounting of trade receivables	270,955	–	–	–
Effect of unwinding of interest from the discounting of amount due from subsidiary companies	–	–	5,976,477	1,721,450
Hire purchase interest	37,094	40,471	–	–
Revolving credit interest	5,017,932	3,098,208	–	–
Sukuk Murabahah interest	28,352,538	30,223,850	–	–
Term loans interest	6,112,239	6,407,940	2,777,496	3,020,087
	46,422,094	46,461,583	9,052,364	4,947,700

34. PROFIT BEFORE TAX

Profit before tax is arrived at:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
After charging:				
Auditors' remuneration				
- current year	208,400	157,900	38,000	20,000
- under accrual in prior years	20,100	14,200	5,000	2,000
- non-statutory audit	12,000	8,000	8,000	8,000
Depreciation of property, plant and equipment (Note 5)	1,572,751	1,823,892	–	–
Effect of unwinding of interest from the discounting of trade payables	–	93,510	–	–
Employee benefits expenses (Note 38)	19,623,846	18,064,479	811,711	897,815
Hire of plant and machineries	2,399,282	686,438	–	–
Impairment loss on:				
- trade receivables	–	29,523,673	–	–
- other receivables	–	4,310,140	–	–
Property, plant and equipment written off	7,334	–	–	–
Rental expense	108,684	101,933	–	–
and crediting:				
Change in fair value of investment properties (Note 6)	–	21,500,000	–	–
Effect of discounting of trade payables	56,332	34,475	–	–
Gain on disposal of property, plant and equipment	281,115	752,683	–	–
Interest income	3,307,789	3,918,617	–	–

35. INCOME TAX EXPENSE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Income tax				
- current year	5,767,589	9,453,246	468,405	229,765
- (over)/under accrual in prior years	(205,284)	133,238	(162,736)	–
	5,562,305	9,586,484	305,669	229,765
Deferred tax (Note 12)				
- current year	4,569,872	5,614,807	–	–
- under/(over) accrual in prior years	794,812	(119,809)	–	–
	5,364,684	5,494,998	–	–
	10,926,989	15,081,482	305,669	229,765

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

The reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income 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	25,915,203	27,079,665	6,709,824	8,563,161
Tax at applicable statutory tax rate of 24% (2015: 25%)	6,219,649	6,769,916	1,610,358	2,140,790
Tax effects arising from:				
- non-taxable income	(4,521,276)	(4,740,444)	(2,880,000)	(2,750,000)
- non-deductible expenses	8,639,088	13,021,549	1,738,047	838,975
- under/(over) accrual in prior years	589,528	13,429	(162,736)	–
- different tax rate	–	17,032	–	–
Income tax expense	10,926,989	15,081,482	305,669	229,765

36. EARNINGS PER SHARE

(a) Basic Earnings per Share

The basic earnings per share is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, adjusted for treasury shares held.

	Group	
	2016 **RM**	**2015** **RM**
Profit attributable to owners of the Company (RM)	13,212,158	9,686,023
Number of shares in issue as of 1 January	173,363,657	163,906,105
Effects of:		
- purchase of treasury shares	(2,333,451)	(520,743)
- exercise of Warrants B	–	5,222,021
Weighted average number of ordinary shares in issue	171,030,206	168,607,383
Basic earnings per share (sen)	7.73	5.74

(b) Diluted Earnings per Share

For the purpose of calculating diluted earnings per share, the profit for the financial year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the treasury shares held, for the effects of dilutive potential ordinary shares from exercise of ESOS and conversion of warrants. The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial year, adjusted for treasury shares held and plus the weighted average number of ordinary shares which would be issued on the full conversion of the outstanding ESOS and warrants into ordinary shares. The ESOS and warrants are deemed to have been converted into ordinary shares at the date of issue of the ESOS and warrants. No adjustment is made to the net profit for the calculation.

	Group	
	2016 **RM**	**2015** **RM**
Profit attributable to owners of the company (RM)	13,212,158	9,686,023
Weighted average number of ordinary shares in issue	171,030,206	168,607,383
Adjustment for ESOS	*	136,091
Adjusted weighted average number of ordinary shares in issue and issuable	171,030,206	168,743,474
Diluted earnings per share (sen)	7.73	5.74

* *Not taken into account in the computation of diluted earnings per share because the effect is anti-dilutive.*

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

37. DIVIDENDS ON ORDINARY SHARES

	Group and Company	
	2016 RM	2015 RM
First and final 4.00 sen single tier dividend in respect of financial year ended 31 December 2015, paid on 22 July 2016	6,827,662	–
First and final 3.75 sen single tier dividend in respect of financial year ended 31 December 2014, paid on 31 July 2015	–	6,370,317
	6,827,662	6,370,317

At the forthcoming Annual General Meeting, a single tier first and final dividend of 4 sen per ordinary share on 170,691,557 ordinary shares (net of treasury shares and the outstanding issued and paid-up share capital of the Company with voting rights as at 31 December 2016, pending exercise of employee share option scheme and repurchase of shares by the Company subsequent to 31 December 2016) of RM1 each amounting to RM6,827,662 in respect of the current financial year ended 31 December 2016, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

38. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries, bonus, overtime and allowances	16,694,507	15,006,392	198,000	198,000
Defined contribution plan ("EPF")	1,962,199	1,741,530	–	–
Share options expenses	613,711	699,815	613,711	699,815
Other staff related expenses	353,429	616,742	–	–
	19,623,846	18,064,479	811,711	897,815

38. EMPLOYEE BENEFITS EXPENSES (CONTINUED)

Included in employee benefits expenses are directors' remuneration as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Executive Directors (including alternate director)				
- Salaries and other emoluments (included estimated benefits-in-kind)	1,601,943	2,496,270	–	–
Non-Executive Directors				
- Fees	198,000	198,000	198,000	198,000
Total directors' remuneration	1,799,943	2,694,270	198,000	198,000

The number of Directors of the Group whose total remuneration are analysed into bands of RM50,000 is as follows:

	Number of Directors	
	2016 RM	2015 RM
Executive Directors (including alternate director)		
Less than RM50,000	–	–
RM350,001 to RM400,000	–	1
RM400,001 to RM450,000	–	1
RM450,001 to RM500,000	1	1
RM550,001 to RM600,000	2	–
RM1,200,001 to RM1,250,000	–	1
	3	4
Non-Executive Directors		
Less than RM50,000	4	4
Total	7	8

39. OPERATING LEASE ARRANGEMENTS

(a) The Group as Lessee

The Group has entered into a tenancy agreement for the rental of land, resulting in future rental commitment which may, subject to certain terms in the agreement, be revised accordingly or upon its maturity based on prevailing market rates.

The Group leases a land under non-cancellable operating lease agreement. The Company is required to give a one-month notice for the termination of the agreement.

39. OPERATING LEASE ARRANGEMENTS (CONTINUED)

(a) The Group as Lessee (Continued)

The future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	2016 **RM**	**2015** **RM**
Not later than one year	110,014	146,685
Later than one year and not later than five years	–	110,014
	110,014	256,699

(b) The Group as Lessor

The Group has entered into non-cancellable operating lease agreements on its investment properties portfolio. These leases have remaining non-cancellable lease terms of between one to eight years.

The future minimum lease payments receivable under non-cancellable operating lease contracted for as at the end of the reporting period but not recognised as receivables are as follows:

	Group	
	2016 **RM**	**2015** **RM**
Not later than one year	11,322,471	11,729,296
Later than one year and not later than five years	34,365,097	35,291,979
More than five years	3,724,419	13,794,834
	49,411,987	60,816,109

A few operating lease arrangement are bearing an option to renew for the next one to three years after the contract period.

40. RELATED PARTIES

(a) Identification 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 operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

In general, related parties of the Group include:

(i) Subsidiary companies;
(ii) A company in which directors of the Company have interest;
(iii) Corporate shareholders of subsidiary companies; and
(iv) Key management personnel comprise persons (including the directors of the Company) who have the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

40. RELATED PARTIES (CONTINUED)

(b) Significant Related Party Transactions and Balances

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Transactions with:				
Subsidiary companies				
Dividends received/receivable	–	–	12,000,000	11,000,000
Interest income received/ receivable	–	–	4,182,273	3,161,427
Companies in which directors of the Company have interest				
Impairment loss on:				
- trade receivables	–	23,014,979	–	–
- other receivables	–	2,422,824	–	–
Rental received/receivable	24,000	24,000	–	–
Rental paid/payable	–	25,500	–	–
Directors				
Conversion of warrants	–	6,709,192	–	6,709,192

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 13 and Note 14 to the financial statements.

(c) Key Management Personnel Remuneration

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors of the Company and subsidiary companies				
Short-term employment benefits (included estimated benefits-in-kind)	2,321,767	2,977,289	198,000	198,000
Defined contribution plan ("EPF")	178,020	145,032	–	–
	2,499,787	3,122,321	198,000	198,000

40. RELATED PARTIES (CONTINUED)

(c) Key Management Personnel Remuneration (Continued)

Executive Directors of the Group and of the Company (included alternate director) and other members of key management have been granted the following number of options under CBHB – ESOS:

	Group and Company	
	2016 RM	2015 RM
At 1 January	2,000,000	3,000,000
Lapsed	–	(1,000,000)
At 31 December	2,000,000	2,000,000

41. SEGMENT REPORTING

The information reported to the Chairperson of Group Executive Committee, as the Group's chief operating decision maker, in making decisions to allocate resources to segments and to assess their performance is based on the nature of the industry (business segments) of the Group.

Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Segment statements of comprehensive income are profit earned or loss incurred by each segment with allocation of central administrative costs, non-operating investment revenue, finance cost, tax expense and other non-cash expenses. There are no significant changes from previous financial year in the measurement methods used to determine reported segment statements of comprehensive income.

There are varying levels of integration among Investment holding segment with Construction segment and Property development segments. This integration includes rental of properties, corporate support and provision of construction, mechanical and electrical engineering services. Inter-segment pricing is determined on a negotiated basis.

All the Group's assets are allocated to reportable segments.

All the Group's liabilities are allocated to reportable segments.

Business Segments

For management purposes, the Group is organised into business units based on their products and services provided. The Group is organised into four main business segments as follows:

(i) Construction – general construction, mechanical and electrical engineering services;

(ii) Concession arrangement – construction and maintenance of facilities and infrastructure;

(iii) Investment holding – investment in shares, properties and other investment activities; and

(iv) Property development – development of residential and commercial properties.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Geographical Segments

No information is prepared on the geographical segment as the Group principally operates within Malaysia.

41. SEGMENT REPORTING (CONTINUED)

2016	Construction RM	Concession arrangement RM	Investment holding RM	Property development RM	Adjustments and Eliminations RM	Note	Group RM
Revenue							
External customer	169,721,137	47,428,080	16,802,035	48,246,004	–		282,197,256
Inter-segment revenue	47,783,715	–	16,829,097	–	(64,612,812)	(a)	–
Total revenue	217,504,852	47,428,080	33,631,132	48,246,004	(64,612,812)		282,197,256
Results							
Segment results	10,578,732	38,073,916	24,007,403	14,771,440	(16,489,302)	(b)	70,942,189
Depreciation of property, plant and equipment	(654,173)	(878)	(159,883)	(948,902)	191,085	(b)	(1,572,751)
Finance costs	(4,823,989)	(33,501,424)	(7,820,896)	(2,724,144)	2,448,359	(b)	(46,422,094)
Gain on disposal of property, plant and equipment	281,115	–	–	–	–		281,115
Property, plant and equipment written off	(7,334)	–	–	–	–		(7,334)
Share options expenses	–	–	(613,711)	–	–		(613,711)
Interest income	660,838	2,621,754	3,957	21,240	–		3,307,789
Income tax expense	(2,437,423)	(3,302,457)	(1,349,395)	(2,659,745)	(1,177,969)	(b)	(10,926,989)
Consolidated profit for the financial year							14,988,214
Capital expenditures:							
Addition to property, plant and equipment	7,477,695	–	8,908	2,186,813	(1,253,460)	(b)	8,419,956
Addition to property development costs	–	–	–	68,906,405	(6,468,166)	(b)	62,438,239
	7,477,695	–	8,908	71,093,218	(7,721,626)		70,858,195

41. SEGMENT REPORTING (CONTINUED)

2016	Construction RM	Concession arrangement RM	Investment holding RM	Property development RM	Adjustments and Eliminations RM	Note	Group RM
Assets							
Segment assets	336,515,245	534,468,514	686,668,641	297,679,389	(563,407,385)	(c)	1,291,924,404
Golf club membership	54,000	–	–	–	–		54,000
Goodwill	33,561,766	–	32,988	13,383	–		33,608,137
Deferred tax assets	1,062,996	–	–	253,802	8,128,505	(b)	9,445,303
Tax recoverable	4,825,360	–	868,568	3,107,008	–		8,800,936
Total assets	376,019,367	534,468,514	687,570,197	301,053,582	(555,278,880)		1,343,832,780
Liabilities							
Segment liabilities	212,587,389	11,278,856	227,387,975	168,255,957	(383,219,901)	(d)	236,290,276
Borrowings	67,951,453	448,874,931	98,800,023	60,468,995	–		676,095,402
Deferred tax liabilities	–	7,789,735	6,043,438	80,406	–		13,913,579
Tax payable	218,841	103,921	157,312	–	324,000	(d)	804,074
Total liabilities	280,757,683	468,047,443	332,388,748	228,805,358	(382,895,901)		927,103,331

41. SEGMENT REPORTING (CONTINUED)

2015	Construction RM	Concession arrangement RM	Investment holding RM	Property development RM	Adjustments and Eliminations RM	Note	Group RM
Revenue							
External customer	106,050,655	48,221,518	17,530,649	108,209,552	–		280,012,374
Inter–segment revenue	58,884,259	–	14,783,291	–	(73,667,550)	(a)	–
Total revenue	164,934,914	48,221,518	32,313,940	108,209,552	(73,667,550)		280,012,374
Results							
Segment results	(2,592,097)	38,992,387	23,489,381	28,671,125	(3,327,962)	(b)	85,232,834
Impairment loss on trade and other receivables	(33,833,813)	–	–	–	–		(33,833,813)
Changes in fair value of investment properties	–	–	21,500,000	–	–		21,500,000
Depreciation of property, plant and equipment	(1,439,023)	(7,722)	(150,126)	(227,021)	–		(1,823,892)
Finance costs	(4,544,164)	(34,093,684)	(8,623,032)	(547,346)	1,346,643	(b)	(46,461,583)
Gain on disposal of property, plant and equipment	(720,041)	–	–	(32,642)	–		(752,683)
Share options expenses	–	–	(699,815)	–	–		(699,815)
Interest income	1,127,329	2,736,511	3,882	50,895	–		3,918,617
Income tax expense	2,024,339	(2,788,005)	(2,078,456)	(7,260,548)	(4,978,812)	(b)	(15,081,482)
Consolidated profit for the financial year							11,998,183
Capital expenditures:							
Addition to property, plant and equipment	990,778	–	103,820	3,008,618	(20,431)	(b)	4,082,785
Addition to land held for property development	–	–	–	6,747,149	–		6,747,149
Addition to property development costs	–	–	–	105,996,694	19,427,635	(b)	125,424,329
	990,778	–	103,820	115,752,461	19,407,204		136,254,263

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

41. SEGMENT REPORTING (CONTINUED)

2015	Construction RM	Concession arrangement RM	Investment holding RM	Property development RM	Adjustments and Eliminations RM	Note	Group RM
Assets							
Segment assets	328,315,618	552,198,805	688,421,420	232,190,828	(513,091,000)	(c)	1,288,035,671
Golf club membership	54,000	–	–	–	–		54,000
Goodwill	33,550,094	–	32,988	25,055	–		33,608,137
Deferred tax assets	2,916,310	–	–	–	8,982,474	(b)	11,898,784
Tax recoverable	3,868,518	–	959,115	445,217	–		5,272,850
Total assets	368,704,540	552,198,805	689,413,523	232,661,100	(504,108,526)		1,338,869,442
Liabilities							
Segment liabilities	229,105,706	9,409,973	216,907,662	130,394,635	(339,882,243)	(d)	245,935,733
Borrowings	47,911,913	475,076,045	110,840,692	42,076,880	–		675,905,530
Deferred tax liabilities	2,611	5,116,499	5,792,367	90,899	–		11,002,376
Tax payable	32,066	66,128	180,136	–	–		278,330
Total liabilities	277,052,296	489,668,645	333,720,857	172,562,414	(339,882,243)		933,121,969

41. SEGMENT REPORTING (CONTINUED)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

(a) Inter-segment revenue are eliminated on consolidation;

(b) Inter-segment transactions are eliminated on consolidation;

(c) Inter-segment assets are eliminated on consolidation; and

(d) Inter-segment liabilities are eliminated on consolidation.

Information about major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue		Segment
	2016 RM	**2015 RM**	
Customer A	18,833,198	26,534,471	Construction
Customer B	27,824,513	38,577,915	Construction
Customer C	67,819,953	25,774,994	Construction
Customer D	45,686,745	–	Construction
Customer E	47,428,080	48,221,518	Concession arrangement

42. FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments

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

42. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of Financial Instruments (Continued)

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

Group	Loans and receivables RM	Fair value through profit or loss RM	Available-for-sale RM	Other financial liabilities RM	Total RM
2016					
Financial assets					
Golf club membership	–	–	54,000	–	54,000
Operating financial asset	320,116,772	–	–	–	320,116,772
Trade and other receivables *	291,553,829	–	–	–	291,553,829
Amount due from contract customers	41,927,223	–	–	–	41,927,223
Short term investments in financial institutions	–	28,020,520	–	–	28,020,520
Fixed deposits placed with licensed banks	83,309,309	–	–	–	83,309,309
Cash and bank balances	10,807,466	–	–	–	10,807,466
	747,714,599	28,020,520	54,000	–	775,789,119
Financial liabilities					
Trade and other payables #	–	–	–	233,288,612	233,288,612
Hire purchase payables	–	–	–	2,178,232	2,178,232
Bank borrowings	–	–	–	150,505,690	150,505,690
Term loans	–	–	–	74,536,549	74,536,549
Sukuk Murabahah	–	–	–	448,874,931	448,874,931
	–	–	–	909,384,014	909,384,014

42. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of Financial Instruments (Continued)

Group	Loans and receivables RM	Fair value through profit or loss RM	Available-for-sale RM	Other financial liabilities RM	Total RM
2015					
Financial assets					
Golf club membership	–	–	54,000	–	54,000
Operating financial asset	325,563,254	–	–	–	325,563,254
Trade and other receivables *	246,431,093	–	–	–	246,431,093
Amount due from contract customers	66,633,446	–	–	–	66,633,446
Short term investments in financial institutions	–	59,417,818	–	–	59,417,818
Fixed deposits placed with licensed banks	95,682,646	–	–	–	95,682,646
Cash and bank balances	10,990,032	–	–	–	10,990,032
	745,300,471	59,417,818	54,000	–	804,772,289
Financial liabilities					
Trade and other payables #	–	–	–	244,105,336	244,105,336
Hire purchase payables	–	–	–	718,563	718,563
Bank borrowings	–	–	–	108,271,853	108,271,853
Term loans	–	–	–	91,839,068	91,839,068
Sukuk Murabahah	–	–	–	475,076,046	475,076,046
	–	–	–	920,010,866	920,010,866

* *exclude prepayments and GST refundables*

\# *exclude deferred rental income and GST payables*

42. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of Financial Instruments (Continued)

Company	Loans and receivables RM	Fair value through profit or loss RM	Other financial liabilities RM	Total RM
2016				
Financial assets				
Amount due from subsidiary companies	150,457,750	–	–	150,457,750
Short term investments in financial institutions	–	20,100,783	–	20,100,783
Fixed deposits placed with licensed banks	2,925,380	–	–	2,925,380
Cash and bank balances	115,075	–	–	115,075
	153,498,205	20,100,783	–	173,598,988
Financial liabilities				
Amount due to subsidiary companies	–	–	38,239,645	38,239,645
Other payables	–	–	328,138	328,138
Term loan	–	–	25,609,403	25,609,403
Bank overdraft	–	–	4,111,672	4,111,672
	–	–	68,288,858	68,288,858
2015				
Financial assets				
Amount due from subsidiary companies	138,708,682	–	–	138,708,682
Short term investments in financial institutions	–	29,161,197	–	29,161,197
Fixed deposits placed with licensed banks	2,925,380	–	–	2,925,380
Cash and bank balances	124,962	–	–	124,962
	141,759,024	29,161,197	–	170,920,221
Financial liabilities				
Amount due to subsidiary companies	–	–	27,810,723	27,810,723
Other payables	–	–	480,209	480,209
Term loan	–	–	34,386,993	34,386,993
Bank overdraft	–	–	555,096	555,096
	–	–	63,233,021	63,233,021

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial Risk Management

The Group and the Company seek to manage effectively the various risks namely credit risk, liquidity risk and interest rate risk, to which the Group and the Company are exposed to in their daily operations.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below:

(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 primarily arises from its operating financial asset and trade and other receivables while the Company's exposure to credit risk primarily arises from amount due from subsidiary companies. The maximum risk associated with recognised financial assets are the carrying amounts as presented in the consolidated statement of financial position and statement of financial position respectively.

Credit risk of the Group is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored by strictly limiting the Group's association to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

The Group and the Company manage their debt maturity portfolio, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient level of cash to meet their working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities of a reasonable level to their overall debt position.

Financial assets that are neither past due nor impaired

Information regarding operating financial asset and trade receivables that are neither past due nor impaired is disclosed in Note 11 and Note 13 to the financial statements. Fixed deposits placed with licensed banks are placed with reputable licensed financial institutions.

Financial assets that are past due but not impaired

Information regarding trade receivables that are past due but not impaired is disclosed in Note 13 to the financial statements.

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial Risk Management (Continued)

(i) Credit Risk (Continued)

Financial assets that are past due but not impaired (Continued)

Credit risk concentration profile

The Group determines the credit risk concentration of its operating financial asset and trade receivables by segment on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2016 RM	**2016 %**	**2015 RM**	**2015 %**
Construction	176,682,108	33%	170,996,178	33%
Concession arrangement	321,076,806	61%	326,523,289	63%
Others	29,754,217	6%	18,291,674	4%
	527,513,131	100%	515,811,141	100%

Related company balances

The Company provides advances to subsidiary companies. The maximum exposure to credit risk is represented by its carrying amounts as disclosed in Note 14 in the statement of financial position as at the end of the financial year.

As at the end of the reporting period, there was no indication that the advances to subsidiary companies are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiary companies.

Financial guarantees

The Company provides secured corporate guarantees to banks in respect of banking facilities to subsidiary companies.

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiary companies. The Company monitors the results of the subsidiary companies and their repayment on an on-going basis. The maximum exposure to credit risk amounting to RM248,484,759 (2015: RM218,029,332) which representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 42(b)(ii). As at the reporting date, there was no indication that the subsidiary companies would default on repayment.

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

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial Risk Management (Continued)

(ii) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by facilities.

The Group and the Company manage its operating cash flows by maintaining sufficient level of cash to meet their working capital requirements and availability of funding through an adequate amount of credit facilities.

<u>Analysis of financial instruments by remaining contractual maturities</u>

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM	Over five years RM
2016					
Financial liabilities					
Trade and other payables #	233,288,612	233,379,419	220,142,945	6,465,104	6,771,370
Hire purchase payables	2,178,232	2,453,378	796,822	1,656,556	–
Bank borrowings	150,505,690	150,505,690	150,505,690	–	–
Term loans	74,536,549	82,602,478	29,825,005	52,777,473	–
Sukuk Murabahah	448,874,931	480,000,000	30,000,000	100,000,000	350,000,000
	909,384,014	948,940,965	431,270,462	160,899,133	356,771,370
2015					
Financial liabilities					
Trade and other payables #	244,105,336	244,139,811	232,158,447	7,514,070	4,467,294
Hire purchase payables	718,563	755,191	369,993	385,198	–
Bank borrowings	108,271,853	108,271,853	108,271,853	–	–
Term loans	91,839,068	105,741,397	24,222,253	81,519,144	–
Sukuk Murabahah	475,076,046	510,000,000	30,000,000	105,000,000	375,000,000
	920,010,866	968,908,252	395,022,546	194,418,412	379,467,294

NOTES TO THE **FINANCIAL STATEMENTS**
(cont'd)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial Risk Management (Continued)

(ii) Liquidity Risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

Company	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM	Over five years RM
2016					
Financial liabilities					
Other payables	328,138	328,138	328,138	–	–
Term loan	25,609,403	28,738,858	10,533,403	18,205,455	–
Bank overdraft	4,111,672	4,111,672	4,111,672	–	–
Amount due to subsidiary companies	38,239,645	38,239,645	38,239,645	–	–
Financial guarantee contracts	–	248,484,759	248,484,759	–	–
	68,288,858	319,903,072	301,697,617	18,205,455	–
2015					
Financial liabilities					
Other payables	480,209	480,209	480,209	–	–
Term loan	34,386,993	39,841,718	11,229,108	28,612,610	–
Bank overdraft	555,096	555,096	555,096	–	–
Amount due to subsidiary companies	27,810,723	27,810,723	27,810,723	–	–
Financial guarantee contracts	–	218,029,332	218,029,332	–	–
	63,233,021	286,717,078	258,104,468	28,612,610	–

\# *Exclude deferred rental income and GST payables*

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate as a result of changes in market interest rates.

The Group's and the Company's primary interest rate risk relate to interest-bearing financial instruments which include hire purchase payables, bank overdrafts, other bank borrowings and term loans. The investments in financial assets are mainly short-term in nature and have been mostly placed in fixed deposits which yield better returns than cash at bank.

The Group and the Company manage their interest rate exposure by maintaining a prudent mix of fixed and floating rates borrowings. The Group and the Company actively review their debt portfolio, taking into account the investment holding period and nature of their assets.

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial Risk Management (Continued)

(iii) Interest Rate Risk (Continued)

This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. As at 31 December 2016, the Group and the Company have not entered into any hedging instruments arrangement to minimise their exposure to interest rate volatility.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 basis point higher/lower and all other variables held constant, the Group's profit and the Company's profit for the financial year ended 31 December 2016 would decrease/increase by RM2,146,109 and RM25,441 respectively as a result of exposure to floating rate borrowings.

At the end of the reporting period, the interest rate profile of the interest-bearing financial instruments is as follows:

Group	Effective interest rate %	Within one year RM	One to five years RM	Over five years RM	Total RM
2016					
Financial assets					
Fixed deposits placed with licensed banks	1.64 - 3.40	83,309,309	–	–	83,309,309
Short term investments in financial institutions	3.30 - 3.93	28,020,520	–	–	28,020,520
Financial liabilities					
Hire purchase payables	2.38 - 3.20	683,743	1,494,489	–	2,178,232
Term loans	5.85 - 8.45	25,739,239	48,797,310	–	74,536,549
Sukuk Murabahah	4.66 - 6.47	29,795,299	97,325,795	321,753,837	448,874,931
Bank borrowings	3.58 - 8.45	150,505,690	–	–	150,505,690
2015					
Financial assets					
Fixed deposits placed with licensed banks	1.73 - 3.25	95,682,646	–	–	95,682,646
Short term investments in financial institutions	3.22 - 4.16	59,417,818	–	–	59,417,818
Financial liabilities					
Hire purchase payables	2.38 - 2.60	344,436	374,127	–	718,563
Term loans	6.30 - 8.35	18,758,334	72,449,750	630,984	91,839,068
Sukuk Murabahah	4.66 - 6.47	29,649,335	125,428,045	319,998,666	475,076,046
Bank borrowings	4.05 - 8.60	108,271,853	–	–	108,271,853

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial Risk Management (Continued)

(iii) Interest Rate Risk (Continued)

Company	Effective interest rate %	Within one year RM	One to five years RM	Over five years RM	Total RM
2016					
Financial assets					
Amount due from subsidiary companies	8.20 - 8.45	82,883,600	67,574,150	–	150,457,750
Fixed deposits placed with licensed banks	1.64 - 1.78	2,925,380	–	–	2,925,380
Short term investments in financial institutions	3.47 - 3.93	20,100,783	–	–	20,100,783
Financial liabilities					
Term loan	8.20 - 8.45	8,895,403	16,714,000	–	25,609,403
Bank overdraft	8.20 - 8.45	4,111,672	–	–	4,111,672
2015					
Financial assets					
Amount due from subsidiary companies	8.35	122,630,289	16,078,393	–	138,708,682
Fixed deposits placed with licensed banks	1.73 - 2.72	2,925,380	–	–	2,925,380
Short term investments in financial institutions	3.22 - 4.16	29,161,197	–	–	29,161,197
Financial liabilities					
Term loan	8.35	8,960,993	25,426,000	–	34,386,993
Bank overdraft	8.35	555,096	–	–	555,096

42. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair Value Measurement

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of current financial assets and financial liabilities are reasonable approximate to their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date. Other long term financial assets and liabilities are reasonable approximation of fair value because they are floating rate instruments which are re-priced to market interest rates or estimated by discounting future cash flows using current lending rates for similar types of arrangements.

It is not practical to determine the fair value of non-current borrowings at fixed rate because of lack of market information of comparable instruments with similar characteristic and risk profile.

Fair Value Hierarchy

Policy on transfer between levels

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

During the financial year ended 31 December 2016 and 31 December 2015, there was no transfer between the fair value measurement hierarchy.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Transfer between Level 1 and Level 2

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2015: no transfer in either directions).

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

42. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair Value Measurement (Continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Group										
2016										
Financial assets										
Golf club membership	–	–	–	–	–	–	–	–	#	54,000
Operating financial asset	–	–	–	–	–	–	320,116,772	320,116,772	320,116,772	320,116,772
	–	–	–	–	–	–	320,116,772	320,116,772	320,116,772	320,170,772
Financial liability										
Sukuk Murabahah	–	–	–	–	–	–	480,000,000	480,000,000	480,000,000	448,874,931
2015										
Financial assets										
Golf club membership	–	–	–	–	–	–	–	–	#	54,000
Operating financial asset	–	–	–	–	–	–	325,563,254	325,563,254	325,563,254	325,563,254
	–	–	–	–	–	–	325,563,254	325,563,254	325,563,254	325,617,254
Financial liability										
Sukuk Murabahah	–	–	–	–	–	–	510,000,000	510,000,000	510,000,000	475,076,046

The fair value cannot be reliably measured using valuation techniques.

42. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair Value Measurement (Continued)

Financial instruments not carried at fair value

Type	Valuation technique	Significant unobservable data	Inter-relationship between significant unobservable inputs and fair value measurement
Operating financial asset	Discounted cash flows	Not applicable	Not applicable
Sukuk Murabahah	Discounted cash flows	Not applicable	Not applicable

Valuation processes applied by the Group for Level 3 fair value

The Group has an established control framework in respect to the measurement of fair values of financial instruments. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurement, including Level 3 fair values, and reports directly to the Executive Director. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

43. CAPITAL COMMITMENT

	Group	
	2016 RM	2015 RM
Contracted but not provided for:		
- Contractual commitment for acquisition of land development rights ^	744,047,293	459,592,404

^ *The gross contractual commitment for the acquisition of land development rights is RM767,961,846 (2015: RM468,109,360). After taking into consideration the deposits paid of RM23,914,553 (2015: RM8,516,956), the net contractual commitment is RM744,047,293 (2015: RM459,592,404).*

44. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust their capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2016 and 31 December 2015.

44. CAPITAL MANAGEMENT (CONTINUED)

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

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by total capital plus net debts. Net debts comprise hire purchase payables, bank overdrafts, other bank borrowings and term loans less cash and bank balances whilst total capital is the shareholders' funds of the Group and of the Company.

The gearing ratio for the Group and for the Company as at 31 December 2016 and 31 December 2015 are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Borrowings				
Hire purchase payables	2,178,232	718,563	–	–
Bank overdrafts	28,992,897	21,893,057	4,111,672	555,096
Term loans	74,536,549	91,839,068	25,609,403	34,386,993
Sukuk Murabahah	448,874,931	475,076,046	–	–
Bank borrowings	121,512,793	86,378,796	–	–
	676,095,402	675,905,530	29,721,075	34,942,089
Less:				
Cash and bank balances	(10,807,466)	(10,990,032)	(115,075)	(124,962)
Net debts	665,287,936	664,915,498	29,606,000	34,817,127
Equity	416,729,449	405,747,473	203,336,002	205,789,085
Total equity plus net debts	1,082,017,385	1,070,662,971	232,942,002	240,606,212
Debt-to-equity ratio	0.61	0.62	0.13	0.14

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Group and certain subsidiary companies are required to comply with certain debt equity ratio and interest coverage ratio in respect of the term loans and revolving credit facilities.

Gearing ratios are not governed by Financial Reporting Standards and their definitions and calculations may vary between reporting entities.

45. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Companies Act 2016

The Minister of Domestic Trade, Co-operatives and Consumerism appointed 31 January 2017 as the date on which Companies Act 2016 comes into operation except for Section 241 and Division 8 of Part III.

Accordingly, the Group and the Company shall prepare the financial statements for the financial year ending 31 December 2017 in accordance with the requirements of Companies Act 2016 which will be applied prospectively.

Amongst the key changes introduced in the Companies Act 2016 which will affect the financial statements of the Group and of the Company are, where applicable:

- the removal of the authorised share capital;
- shares issued will have no par or nominal value; and
- share premium and capital redemption reserve will become part of share capital.

In addition, the financial statements disclosure requirements under the Companies Act 2016 are different from those requirements set out in the Companies Act 1965. Consequently, items to be disclosed in the Group's and the Company's financial statements for the financial year ending 31 December 2017 may be different from those disclosed in the financial statements for the current financial year.

SUPPLEMENTARY INFORMATION
ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits or losses of the Group and of the Company as at 31 December are as follows:

	Group		Company	
	2016 **RM**	**2015** **RM**	**2016** **RM**	**2015** **RM**
Total retained earnings:				
- realised	216,807,914	201,528,817	26,386,416	26,773,803
- unrealised	108,254,921	112,229,648	–	–
	325,062,835	313,758,465	26,386,416	26,773,803
Less:				
Consolidation adjustments	(98,800,841)	(93,917,087)	–	–
Total retained earnings	226,261,994	219,841,378	26,386,416	26,773,803

The determination of realised and unrealised profits or losses is based on the Guidance of 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 Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

STATEMENT **BY DIRECTORS**

(PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965)

We, **TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH** and **YONG SHANG MING**, being two of the directors of **CREST BUILDER HOLDINGS BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 47 to 141 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 142 have been prepared in accordance with the Guidance of 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.

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

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH
Director

YONG SHANG MING
Director

Kuala Lumpur

Date: 17 April 2017

STATUTORY **DECLARATION**

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

I, **CHONG SUN CHOI**, being the officer primarily responsible for the financial management of **CREST BUILDER HOLDINGS BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 47 to 141 and the supplementary information set out on page 142 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

CHONG SUN CHOI
Officer

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 17 April 2017.

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CREST BUILDER HOLDINGS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Crest Builder Holdings Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of 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 47 to 141.

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

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 of the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Trade and other receivables (Note 13 to the financial statements)

We focused on this area because the directors made judgements over both the events or changes in circumstances indicating that trade and other receivables are impaired and the estimation of the size of any such impairment. The trade and other receivables are monitored individually by directors and therefore the impairment is assessed based on knowledge of each individual receivable.

Our response:

Our audit procedures included, among others:
- understanding the Group's impairment assessment of receivables that were either in default or significantly overdue;
- developing an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection or legal reports prepared by management;
- obtaining confirmation of balances from selected receivables;
- where available, reading legal opinion obtained for certain trade receivables;
- reviewing subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significantly past due balances; and
- assessing the reasonableness of impairment charges for identified credit exposures.

Key Audit Matters (Continued)

Investment properties (Note 6 to the financial statements)

The Group's investment properties are measured at fair value subsequent to their initial recognition. The directors estimated the fair value of the investment properties based on the market valuation performed by external independent valuers. We focused on this area because the valuation requires significant judgement in determining the appropriate valuation methods and the key assumptions used in the valuations.

Our response:

Our audit procedures included, among others:

- evaluating the competence, capabilities and objectivity of the external valuers which included consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation by reading the terms of engagement to assess whether any matters that might have affected their objectivity or limited the scope of their work;
- reading the valuation reports for all significant properties and discussed with external valuers on their valuation approach and the significant judgements they made, including the selection of comparable properties and adjustments for differences in key attributes made to the transacted value of comparable properties;
- assessing the valuation approach used and appropriateness of the key assumptions based on our knowledge of the property industry; and
- testing, on sample basis, the accuracy and relevance of the key input data used by the external valuers.

Revenue and expenses recognition for construction and property development business (Note 31 to the financial statements)

The amount of revenue and related expenses recognised in a financial year is affected by a variety of uncertainties that depend on the outcome of future events. The recognition of revenue requires significant directors' judgement, in particular with regards to estimating the cost to complete and the amounts of variation orders recognised.

Our response:

Our audit procedures on a sample major projects included, among others:

- understanding the Group's process in recording project costs and project revenue, budgeting process and the calculation of the stage of completion;
- reviewing directors' assumptions by referring to evidence including historical accuracy of the Group's estimates in the previous periods, identification and analysis of changes in assumptions from prior periods and assessment of the consistency of assumptions across the projects, discussing the project progress with project manager; and
- checking the computation of revenue and costs for each project and considered the implications of identified errors and changes in estimates.

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CREST BUILDER HOLDINGS BERHAD
(cont'd)

Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CREST BUILDER HOLDINGS BERHAD (cont'd)

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

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

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 Companies Act 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act 1965 in Malaysia.

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

(c) Our auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act 1965 in Malaysia.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 142 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 contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Dato' Lock Peng Kuan
No: 02819/10/2018 J
Chartered Accountant

Kuala Lumpur

Date: 17 April 2017

LIST OF TOP TEN PROPERTIES BY VALUE

Location	Tenure	Approx. Area / Built-up	Description	Year of Expiry	Fair Value / Carrying Amount @ 31.12.16 (RM)	Approx. Age of Building (years)	Date of Valuation / Acquisition
Tierra Crest, Jalan SS6/3, 47301 Petaling Jaya, Selangor Darul Ehsan	Freehold	280,549 sq ft	A commercial complex - 2 blocks of office building & parking bays	–	158,000,000	4	2016
The Crest, 3 Two Square, No. 2, Jalan 19/1, Petaling Jaya, 46300 Selangor Darul Ehsan	Leasehold	150,522 sq ft	16-storey office block, shops & parking bays	2106	127,000,000	10	2016
Avenue Crest, No. 2A, Jalan Jubli Perak, 22/1 Seksyen 22, 40150 Shah Alam	Freehold	29,210 sq ft	Retail lots & car parks	–	31,000,000	3	2016
GM 1059 Lot No.1863, Mukim Batu, Daerah Kuala Lumpur	Freehold	2.93 acres	Cultivation land	–	6,200,000	–	2004
No. Hakmilik 0244869, Lot No. 0034701, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan	Freehold	7.14 acres	Residential land	–	4,394,990	–	2005
H.S. (D) 46981, Lot No. 11073, Mukim Sg. Buloh, Daerah Petaling, Negeri Selangor	Freehold	9,612 sq ft	3-storey shop office/office	–	3,800,000	16	2016
No. 28 & 30, Jalan SS 24/13, Taman Megah, 47301 Petaling Jaya, Selangor Darul Ehsan	Freehold	12,939 sq ft	2 units of 3-storey shop office/office	–	3,386,823	20	2002
Setia Sky Residences. KL Unit No. A-23-1 & A-35-1, Alia Tower, Lot 54, Seksyen 42, Title No. Geran. 71996	Freehold	174 sq metres	2 units of service apartments	–	1,776,600	4	2010
P.N 19970 (Old title H.S. (D) 44166) P.T. No. 16311, Mukim Setapak, Daerah Wilayah Persekutuan, Negeri Wilayah Persekutuan	Leasehold	4,200 sq ft	3-storey shop office/office	2075	1,000,000	31	2016
Q.T. (R) 2006, L.O. No. PJ 63/59, Town of Petaling Jaya, District of Kuala Lumpur, State of Selangor	Leasehold	5,520 sq ft	Bungalow	2058	920,000	16	2007

ANALYSIS OF SHAREHOLDINGS
AS AT 7 APRIL 2017

Authorised Share Capital	:	RM500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each
Issued and Paid-up Share Capital	:	RM176,921,657
Adjusted Issued Share Capital	:	RM170,691,557 (excluding 6,230,100 Treasury Shares)
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 7 APRIL 2017

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2,188	33.65	106,789	0.06
100 to 1,000	2,009	30.90	746,365	0.44
1,001 to 10,000	1,536	23.62	7,775,300	4.56
10,001 to 100,000	655	10.07	20,598,053	12.07
100,001 to less than 5% of issued shares	113	1.74	82,843,050	48.53
5% and above of issued shares	1	0.02	58,622,000	34.34
Total	6,502	100.00	170,691,557	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 7 APRIL 2017
(In accordance with the Register maintained pursuant to Section 144(1) of the Companies Act, 2016)

	Direct Interests		Indirect Interests	
Name	No. of Shares	%	No. of Shares	%
SC Yong Holdings Sdn Bhd	66,622,000	39.03%	–	–
Koh Hua Lan	–	–	66,622,000	39.03
Yong Shang Ming	–	–	66,622,000	39.03
Yong Tiok Chin	–	–	66,622,000	39.03
Yong Tiok Keng	–	–	66,622,000	39.03
Yong Tiok Nee	–	–	66,622,000	39.03

THIRTY LARGEST SHAREHOLDERS AS AT 7 APRIL 2017
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Shares	%
1	SC Yong Holdings Sdn Bhd	58,622,000	34.34
2	Kenanga Nominees (Tempatan) Sdn Bhd SC Yong Holdings Sdn Bhd	8,000,000	4.69
3	Pertiwi Positif Sdn Bhd	4,807,939	2.82
4	Koperasi Permodalan Felda Malaysia Berhad	4,569,000	2.68
5	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sri Rahayu Binti Tajuddin	4,000,000	2.34
6	Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Siow Wong Yen @ Siow Kwang Hwa	3,341,000	1.96
7	Amanahraya Trustees Berhad Public Smallcap Fund	3,064,200	1.80
8	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account For San Tuan Sam	2,797,200	1.64
9	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1)	2,752,000	1.61

ANALYSIS OF **SHAREHOLDINGS**
AS AT 7 APRIL 2017
(cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 7 APRIL 2017 (CONTINUED)
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Shares	%
10	Hong Leong Assurance Berhad As Beneficial Owner (Life Par)	2,600,000	1.52
11	Lim Khuan Eng	2,170,000	1.27
12	Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Lim Han Weng	2,124,900	1.24
13	Tekad Maju Sdn Bhd	2,120,000	1.24
14	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pertiwi Positif Sdn Bhd	2,000,000	1.17
15	Mercsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Len Min Sin	1,921,000	1.13
16	Amanahraya Trustees Berhad Public Strategic Smallcap Fund	1,841,800	1.08
17	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	1,802,900	1.06
18	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Noor Asiah Binti Mahmood	1,750,000	1.03
19	Koperasi Permodalan Felda Malaysia Berhad	1,720,000	1.01
20	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chow Soong Ming	1,256,890	0.74
21	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Obata-Ambak Holdings Sdn Bhd	1,250,000	0.73
22	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Khoo Ter Kern @ Stanley Khoo	1,200,000	0.70
23	Koperasi Permodalan Felda Malaysia Berhad	1,164,000	0.68
24	Mercsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	1,018,800	0.60
25	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Fong Jong Han	1,000,000	0.59
26	Cimsec Nominees (Tempatan) Sdn Bhd CIMB For General Technology Sdn Bhd	965,000	0.57
27	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Han Weng	887,100	0.52
28	Wong Yu @ Wong Wing Yu	765,000	0.45
29	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Khim Gee @ Chang Khim Gee	573,800	0.34
30	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Aik Wei	550,000	0.32
		122,634,529	71.85

ANALYSIS OF **SHAREHOLDINGS**
AS AT 7 APRIL 2017
(cont'd)

STATEMENT OF DIRECTORS' INTERESTS IN SHARES IN THE COMPANY AS AT 7 APRIL 2017

DIRECTORS' SHAREHOLDINGS
(In accordance with the Register maintained pursuant to Section 59 of the Companies Act, 2016)

	Direct Interests		Indirect Interests	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah	–	–	6,807,939	3.99
Koh Hua Lan	–	–	66,622,000	39.03
Yong Shang Ming	–	–	66,622,000	39.03
Keong Choon Keat	118,000	0.07%	–	–
Mohd Khasan bin Ahmad	–	–	–	–
Kam Yong Kan	–	–	–	–
Yong Tiok Keng	–	–	66,622,000	39.03

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CREST BUILDER HOLDINGS BERHAD
(573382-P)

PROXY FORM

No. of Ordinary Shares Held	

I/We ....

NRIC No. .... /Passport No. ....

of ....
being a member/members of the abovenamed Company hereby appoint

....[holding shares] ....

of..

NRIC No. .... /Passport No. ....
And/or failing him/her

....[holding shares] ....

of..

NRIC No. .... /Passport No. ....
as *my/our proxy to vote for *me/us and on *my/our behalf at the 15th Annual General Meeting of the Company, to be held at Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 7 June 2017 at 10:00 a.m. or at any adjournment thereof.

Ordinary business		**For**	**Against**
1.	To lay the reports of the directors, auditors and the audited financial statements for the year ended 31 December 2016.		
2.	To declare a final single tier dividend of 4.00 sen for the financial year ended 31 December 2016.		
3.	To re-elect the Managing Director, Yong Shang Ming.		
4.	To re-elect the Executive Director, Koh Hua Lan.		
5.	To appoint Messrs Baker Tilly Monteiro Heng, Chartered Accountants, as auditors for the ensuing financial year ending 31 December 2017 and authorise the fixing of their remuneration by directors.		
Special business		**For**	**Against**
6.	To approve payment of directors' remunerations for the year ended 31 December 2016 in accordance with Article 88 of the Company's Articles of Association.		
7.	To empower the Directors to issue shares pursuant to Section 76 of the Companies Act, 2016 and in compliance with the Listing Requirements of Bursa Securities		
8.	To approve the mandate for Share Buy-Back		
9.	To re-elect En.Mohd Khasan Bin Ahmad as Independent Director		
10.	To re-elect Mr. Kam Yong Kan as Independent Director		

Please indicate with a cross [x] in the box provided, how you wish to cast your votes. If no specific instruction as to voting is given, the proxy may vote or abstain at his discretion.

....
Signature of member

Dated:

Notes:-

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint anyone to attend and vote in his stead as his proxy without limitation and the provisions of Section 334 of Act shall apply.*
2. *If a corporation is a member of the Company, the corporation may by resolution of its Board or other governing body authorise a person or persons to act as its representative or representatives at any meeting of members of the Company. A certificate of authorisation by a corporate member shall be prima facie evidence of the appointment or the revocation of the appointment, as the case may be, of a representative pursuant to Section 333 of the Act.*
3. *Shareholders' attention is hereby drawn to the Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities.*
4. *A member may appoint more than one (1) proxy provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office situated at No. 62-2, Jalan 2A/27A, Section 1, Wangsa Maju, 53300 Kuala Lumpur, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.*
6. *In respect to the deposited securities, only members whose name appear in the Record of Depositors on 5 June 2017 shall be eligible to attend the meeting or to appoint proxy to attend and/or vote on his behalf.*

Director   *Director/Secretary*

....

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AFFIX
60 SEN
STAMP

THE COMPANY SECRETARY
CREST BUILDER HOLDINGS BERHAD *(573382-P)*
NO. 62-2, JALAN 2A/27A,
SECTION 1, WANGSA MAJU,
53300 KUALA LUMPUR.

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Crest Builder Holdings Berhad (573382-P)
Penthouse, The Crest, 3 Two Square, No. 2, Jalan 19/1
46300 Petaling Jaya, Selangor Darul Ehsan, Malaysia
T: 03-7841 6000 **F:** 03-7841 6088 **E:** corporate@crestbuilder.com.my

www.crestbuilder.com.my