MGB BERHAD

(formerly known as ML Global Berhad)
(Company No.: 589167-W)

ANNUAL REPORT 2017

VALUE DRIVEN INNOVATION

VALUE DRIVEN INNOVATION

With a new brand, comes new life and opportunities. In MGB, we constantly look to bring innovative inspiration that gives our clients the best end result. We believe in efficient innovation that drives to be better, our people that gives us strength to inspire others and our unfailing determination to serve our clients. With multiple professional expertise, we promise to give the future a better tomorrow.

Contents

ZENOPY RESIDENCES,
AN EXCLUSIVE SERVICED
RESIDENCE DEVELOPMENT
IN SERI KEMBANGAN BY MGB

ARTIST'S IMPRESSION

VALUE DRIVEN

INNOVATION

MESSAGE

Value Driven Innovation

MGB believes in providing value in all facets of its business that drives innovation; always exploring new ways of working and technologies to elevate productivity and efficiency.

REASONS TO BELIEVE

INNOVATION

Driving efficiency by constantly adopting new methods to optimise value, quality, time, resources and processes for better productivity.

MANIFESTS THROUGH

MALAYSIAN

PEOPLE

Integrity and solid leadership are core strengths of MGB that fuels value, innovation and inspires human connection that makes a difference.

GENERATIONS

RELIABILITY

Demonstrated through accountability, product quality, efficiency in project management and overall service experience.

BUILDER

OUR VISION

To be a recognised design and build expert setting new standards in creating living spaces to enrich life.

OUR MISSION

To constantly push boundaries and surpass expectations through Quality, Reliability and Innovation.

BRAND VALUES

PASSION.

We believe that passion in the business causes us to self-innovate. It spurs us to explore and to embrace new ideas of working, new software and new ways of communication to create greater timeliness and efficiency for our clients. Greater efficiency means a better bottomline.

CREATIVITY.

We understand that every generation has different needs. Innovation can come through creative thinking that provides apt solutions that cater to the specific needs, so that greater value is felt to the end consumer.

CARE.

We believe in a working culture that puts people first - people innovation. Apart from caring for their well-being, we believe in promoting and nurturing talent by providing the right environment and guidance to create a culture of seeking progress.

CORPORATE STRUCTURE

UPDATED AS AT 31 MARCH 2018

MGB BERHAD
(formerly known as ML Global Berhad)
589167-W

- 100% **MITC ENGINEERING SDN BHD**
  - 100% **PRISMA CRAFT SDN BHD**
  - 100% **PRISMA KASTURI SDN BHD**
  - 100% **TOP ACE SOLUTIONS SDN BHD**
  - 70% **MGB GEOTECH SDN BHD**
  - 51% **MGB SANY (M) IBS SDN BHD**
  - 30% **MGB JPC CONSULTANCY SDN BHD**
  - 30% **YLT CONSULTANCY SDN BHD**
- 100% **MGB CONSTRUCTION SDN BHD** (formerly known as Vintage Tiles Industries Sdn Bhd)
- 100% **MGB LAND SDN BHD** (formerly known as Vintage Tiles Industries (EM) Sdn Bhd)
  - 100% **DELTA GALLERY SDN BHD**
  - 100% **IDAMAN KUKUH SDN BHD**
  - 100% **MULTI COURT DEVELOPERS SDN BHD**
- 100% **VINTAGE ROOFING & CONSTRUCTION SDN BHD**
  - 100% **TIRAI IMPRESIF SDN BHD**
  - 100% **VTI CONSORTIUM SDN BHD**
- 100% **VINTAGE TILES HOLDINGS SDN BHD**
- 80% **NEWSTEEL BUILDING SYSTEMS SDN BHD**
- 51% **ALUNAN WARTA SDN BHD**

CORPORATE INFORMATION

AS AT 31 MARCH 2018

BOARD OF DIRECTORS

DATO' ABDUL MAJIT BIN AHMAD KHAN DIMP
Independent Non-Executive Chairman

TAN SRI LIM HOCK SAN
PSM, SSAP, DSSA, JP
Group Managing Director

DATUK WIRA LIM HOCK GUAN
DCSM, DMSM, PJK, JP
Executive Director

DATUK LIM LIT CHEK DPSM
Executive Director &
Chief Executive Officer

MR LIM KIM HOE
Executive Director &
Deputy Chief Executive Officer

DATO' BEH HANG KONG DSIS
Non-Independent
Non-Executive Director

MR CHIN SUI YIN
Senior Independent
Non-Executive Director

DATUK TAN CHOON HWA JMK, JP
Independent Non-Executive Director

AUDIT COMMITTEE

MR CHIN SUI YIN (Chairman)
DATO' ABDUL MAJIT BIN AHMAD KHAN
DATUK TAN CHOON HWA

NOMINATION & REMUNERATION COMMITTEE

DATO' ABDUL MAJIT BIN AHMAD KHAN (Chairman)
MR CHIN SUI YIN
DATUK TAN CHOON HWA

RISK MANAGEMENT COMMITTEE

DATUK LIM LIT CHEK (Chairman)
MR LIM KIM HOE
MR WONG TACK LEONG
MR CHEW WEE SEONG
MR LEE HON MENG
MS TAN SUAN SUAN
MR TOH CHIEW KIAN
MR YEO WEE CHING

COMPANY SECRETARY

MR YEO WEE CHING
(MAICSA 7063236)

REGISTERED OFFICE

I-6, Sunway PJ@51A
Jalan SS9A/19, Seksyen 51A
47300 Petaling Jaya
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Malaysia
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BUSINESS ADDRESS

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47300 Petaling Jaya
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SALES GALLERY

ZENOPY RESIDENCES
173 & 175 Jalan LP 7/2
Taman Lestari Perdana
Bandar Putra Permai
43300 Seri Kembangan
Selangor Darul Ehsan
Malaysia
Hotline: 1700 81 8998

HOSPITALITY

ZETTER SUITES
C-G-31, Barrington Square Apartment
Jalan Golden Hills 1
Cameron Golden Hills, 39000
Tanah Rata, Cameron Highlands
Pahang Darul Makmur
Malaysia
T +605-485 1119

SHARE REGISTRAR

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

SOLICITORS

Steven Tai, Wong & Partners
Manjit Singh Sachdev, Mohammad Radzi & Partners
Nanthakumar & Co
Mah-Kamariyah & Philip Koh

AUDITOR

Messrs. UHY (AF 1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
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T +603-2279 3088
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PRINCIPAL BANKERS

Public Bank Berhad
AmBank (M) Berhad
OCBC Bank (M) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name	: MGB
Stock Code	: 7595
Warrant	: MGB-WA
Warrant Code	: 7595WA
Sector	: Construction

WEBSITE

www.mgbgroup.com.my

EMAIL

Customer Service:
custcare@mgbgroup.com.my

SOCIAL MEDIA

Follow MGB Berhad on:

DIRECTORS' PROFILES

DATO' ABDUL MAJIT BIN AHMAD KHAN
Independent Non-Executive Chairman

Nationality	Malaysian
Age / Gender	72 / Male

Dato' Abdul Majit bin Ahmad Khan ("**Dato' Abdul Majit**") was appointed to the Board as Independent Non-Executive Chairman of the Company on 1 August 2014. He is the Chairman of the Nomination and Remuneration Committee and a member of Audit Committee of the Company.

Dato' Abdul Majit holds a Bachelor of Economics (Honours) from Universiti Malaya. He served with the government for thirty four (34) years and held various positions in the Prime Minister's Department and the Ministry of Foreign Affairs of Malaysia. His positions provided him with wide exposures in various countries that he served at, such as Laos, Vietnam, USA, Nigeria, Ghana, Cote de Ivoire, Sierra Leone and Cameroon, the Democratic People's Republic of Korea and the People's Republic of China.

In his capacity as the Under Secretary of West Asia and the Organisation in Islamic Cooperation ("**OIC**"), he participated in several Ministerial and prime Ministerial visits to West Asian Countries and OIC Meetings. He was the Director General of the Association of Southeast Asian Nations ("**ASEAN**") Division of the Ministry of Foreign Affairs, from 1996 until 1998. As Director General of ASEAN Division, he actively participated in the organisation of the 30th ASEAN Ministerial Meeting held in Kuala Lumpur as well as the ASEAN Heads of Summit and the 10+3 Summit Meetings in Malaysia.

In 1998, Dato' Abdul Majit was appointed as the Ambassador of Malaysia to the People's Republic of China until his retirement on 2 January 2005.

Dato' Abdul Majit's other directorship in public companies include Hong Leong Asset Management Berhad, Zecon Berhad, OSK Holdings Berhad and Dutaland Berhad.

He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

TAN SRI LIM HOCK SAN, JP

Group Managing Director

Nationality	Malaysian
Age / Gender	60 / Male

Tan Sri Lim Hock San ("**Tan Sri Lim**") was appointed to the Board as a Non-Independent Non-Executive Director on 1 August 2014. Subsequently, he was re-designated as the Managing Director on 5 July 2016.

Upon graduation in 1982 with First Class Honours in Civil Engineering from University of Wales, UK, Tan Sri Lim returned to Malaysia and took over the realm of the family business from his father. Two decades later, the businesses have expanded to become LBS Bina Group Berhad ("**LBGB**"). On 6 December 2001, he was appointed as the Managing Director of LBGB.

With excellent entrepreneurship, acquired management skills and experienced technical expertise, Tan Sri Lim became the Key Leader and spearheaded LBGB and its subsidiaries ("**LBGB Group**") to become one of the leading players in the property development industry.

These outstanding accolades were awarded personally to Tan Sri Lim:-

i. Second prize in the British Steel Corporation Competition for Design in Hollow Steel Section, 1982
ii. Recipient of the inaugural Platinum Entrepreneur Award by SMI Association of Malaysia, 2011
iii. Prestigious Entrepreneur of the Year by Asia Pacific Entrepreneurship Awards (APEA), 2012
iv. Malaysia Best Company for Leadership of Property Development of the Year by International Alternative Investment Review (IAIR) Awards, 2014
v. Conferment of World Chinese Economic Summit (WCES) Lifetime Achievement Award for continued efforts in enhancing bilateral relations between Malaysia and China (Guangdong Province), 2015
vi. Bestowed with The BrandLaureate Hall of Fame – Lifetime Achievement Brand Icon Leadership Awards by Asia Pacific Brands Foundations, 2015
vii. Global Best Company for Leadership of Property Development of the Year by International Alternative Investment Review (IAIR) Awards, 2016
viii. Most Affluent Chinese Entrepreneur Awards, 2016
ix. Property Insight Prestigious Developer Awards (PIPDA) - Personality of the Year, 2017
x. Asia Corporate Excellence & Sustainability Awards (ACES) - Outstanding Leader in Asia, 2017
xi. Special Distinguished Award for Promotion of China-ASEAN Relations at the 9th World Chinese Economic Summit (WCES), 2017
xii. Worldwide Excellence Award (WEA) - Person of the Year, 2017
xiii. Queen Victoria Commemorative Medal by The Europe Business Assembly, 2017

Being an active advocate of social and community works, Tan Sri Lim sits on the board of these charitable organisations:-

1. Overseas Representative, Fifth Session of The 12th Chinese People's Political Consultative Conference (CPPCC)
2. Overseas Representative, Fujian Chinese People's Political Consultative Conference (CPPCC)
3. Chairman, Board of Governors of SMJK Katholik
4. Chairman, Board of Governors of SJK (C) Tun Tan Siew Sin
5. President, The Federation of Malaysia Lim Associations
6. President, Persekutuan Persatuan-Persatuan Ann Koai Malaysia
7. President, Malaysia-Guangdong Chamber of Investment Promotion
8. President, Wushu Federation of Federal Territory Kuala Lumpur
9. President, Malaysia Chamber of Commerce In China-Guangdong
10. President, Persatuan Anxi Selangor dan W.P. Kuala Lumpur
11. Vice President, The World Lin's Association
12. Vice President, Fujian Overseas Exchanges Association 6th Council
13. Honorary Life Chairman, Selangor Petaling Business & Industry Association
14. Honorary Life Chairman, Board of Governors of SJK (C) Sungai Way
15. Honorary Chairman, Rumah Berhala Leng Eng Tian
16. Honorary Life President, Gabungan Persatuan Cina Petaling Jaya, Selangor
17. Honorary President, Malaysia-China Silk Road Entrepreneurs Association
18. Honorary President, Catholic High School Alumni Association
19. Honorary President, Persatuan Penganut Tho Guan Sen
20. Honorary President, The Federation of Malaysian Clans and Guilds Youth Association
21. Honorary President, Young Malaysians Movement
22. Honorary Life Adviser, The Federation of Chinese Associations Malaysia
23. Honorary Adviser, The Federation of Malaysia Chinese Surname Association
24. Honorary Adviser, Malaysia-China Chamber of Commerce
25. Honorary Adviser, Gabungan Persatuan Keturunan Cina Negeri Sembilan
26. Adviser, Majlis Pembangunan Sekolah Menengah Jenis Kebangsaan (Conforming) Malaysia
27. Adviser, Persatuan Ko Chow Sungai Way
28. Adviser, Kelab Sungai Way
29. Advisory Committee, Malaysia China Mergers & Acquisitions Association
30. Deputy Chairman, Selangor/KL Lim Clansmen Association
31. Committee, The 6th China Overseas Exchange Association
32. Committee, China Federation 9th Plenary Session
33. Committee, China Chamber of International Commerce
34. Committee, Fujian Provincial Federation
35. National Council Member, The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM)

Tan Sri Lim is the father of Mr Lim Kim Hoe and brother of Datuk Wira Lim Hock Guan, both who are the Executive Directors of the Company. Pursuant to Section 8 of the Companies Act, 2016, Tan Sri Lim is deemed a major shareholder of the Company and does not have any conflict of interest other than those disclosed in the Company's Circular to Shareholders dated 27 April 2018.

DATUK WIRA LIM HOCK GUAN, JP
Executive Director

Nationality	Malaysian
Age / Gender	56 / Male

Datuk Wira Lim Hock Guan was appointed to the Board as the Non-Independent Non-Executive Director of the Company on 1 August 2014. Subsequently, he was re-designated as Executive Director of the Company on 5 July 2016.

He was appointed as Executive Director of LBS Bina Group Berhad ("**LBGB**") on 6 December 2001. He holds a B.Sc. Civil Engineering from the Tennessee Technology University, USA. He started his career as a Civil Engineer upon his graduation.

Datuk Wira Lim Hock Guan has more than 20 years of extensive experience in the field of property development and construction. He is in charge of the LBGB and its subsidiaries' ("**LBGB Group**") projects in Klang Valley and he is one of the major driving forces behind the LBGB Group's successful implementation of the projects in the Klang Valley.

He is also active in community works and has involved in several non-profit-making organisations. He is the Chairman of Persatuan Hokkien Sungai Way, President of Selangor Petaling Business & Industry Association, Vice President of Malaysia-Guangdong Chamber of Investment Promotion and the Vice President of The Malaysian Chamber of Commerce in Guangdong, China. He is also a qualified sharpshooter from National Rifle Association, Washington D.C.

Datuk Wira Lim Hock Guan sits on the Board of several subsidiary companies of the LBGB Group. He is member of Risk Management Committee and ESOS Committee in LBGB. He also sits on the Board of Zhuhai Holdings Investment Group Limited, a company listed on the Main Board of Hong Kong Stock Exchange, as Non-Executive Director.

He is the brother of Tan Sri Lim Hock San, the Group Managing Director of the Company. He is also deemed as a Major Shareholder of the Company pursuant to Section 8 of the Companies Act, 2016. He has no conflict of interest with the Company other than those disclosed in the Company's Circular to Shareholders dated 27 April 2018.

DATUK LIM LIT CHEK
Executive Director & Chief Executive Officer

Nationality	Malaysian
Age / Gender	41 / Male

Datuk Lim Lit Chek was appointed to the Board as Executive Director and Chief Executive Officer ("**CEO**") of the Company on 1 December 2016. He is also the Chairman of Risk Management Committee of the Company.

He graduated with a Master Degree in Engineering Management from the Ivy League's Cornell University in New York. He also holds a First Class Honours Bachelor Degree in Civil Engineering and a Bachelor Degree in Business Administration with the highest distinction from the RMIT University in Melbourne.

His other academic achievements include winning the VICROADS Education Prize, Best Student Award, Golden Key National Honor Society Award, Most Innovative Award in Concrete Design Competition (C.I.A.), all of which in Australia and the Fellowship Merit Award from Cornell University.

As a member of Board of Engineering Malaysia, he has seventeen (17) years of experience in the field of property development and construction.

In 2007, he founded MITC Engineering Sdn Bhd, a subsidiaries of MGB Berhad (formerly known as ML Global Berhad) and hold the position of Managing Director, under his astute leadership, the company business has achieved great milestone.

He is actively involved in Non-Governmental Organisation ("**NGO**"). He is currently the President of Petaling Lim Clan Association, Vice President of Malaysia Guangdong Chamber of Investment Promotion (MGCIP), Vice President of Selangor Petaling Business and Industry Association, Vice President of KL-Selangor Anxi Association, Vice President of Selangor Sungai Way Hokkien Association and Deacon of Mega Chinese Methodist Church.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

MR LIM KIM HOE
Executive Director & Deputy Chief Executive Officer

Nationality	Malaysian
Age / Gender	33 / Male

Mr Lim Kim Hoe was appointed to the Board as Executive Director of the Company on 1 August 2014. Currently, he is the Deputy Chief Executive Officer and also a member of Risk Management Committee of the Company.

Mr Lim Kim Hoe graduated with an Honour Degree in Bachelor of Engineering (Civil) from the University of Melbourne, Australia. After graduation, he began his career with LBS Bina Group Berhad where he was involved in property management, business development and construction activities.

He is a member of the Yayasan Ang Koai Selangor, the Lim Association Selangor, the Persatuan Hokkien Seri Setia as well as other charitable and non-profit-making organisations.

He does not hold any directorship in other public companies. He is the son of Tan Sri Lim Hock San, the Group Managing Director of the Company. He has no conflict of interest with the Company.

DATO' BEH HANG KONG
Non-Independent Non-Executive Director

Nationality	Malaysian
Age / Gender	60 / Male

Dato' Beh Hang Kong ("**Dato' Beh**") was appointed to the Board as the Managing Director on 16 January 2008 and was re-designated as an Executive Director of the Company on 4 July 2016. Subsequently, on 31 January 2017, he was re-designated as Non-Independent Non-Executive Director of the Company.

He started his career in 1980 as a reporter with China Press Berhad. In 1982, he was employed as a Regional Executive Secretary by the Malaysian Chinese Association. He left this position in 1985 to establish a company involved in the marketing of office equipment before he extensively invest into property investments and development.

From 1986 – 1990, he served as Municipal Councillor for the Majlis Perbandaran Shah Alam. Currently, he is the Executive Director of Yong Tai Berhad, a company listed on the main market of Bursa Malaysia Securities Berhad. He is also the Deputy Board Chairman of China-Malaysia Qinzhou Industrial Park (CMQIP) in Qinzhou, Quangxi, People's Republic of China and directors of several other private limited companies.

On the Non-Governmental Organisation ("**NGO**") side, he is a director of Malaysia-China Business Council (MCBC), Chairman of China-Asean Entrepreneur Association (Malaysia) and Deputy Chairman of Malaysia-Guangdong Chamber of Investment and Promotion (MGCIP).

He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

MR CHIN SUI YIN
Senior Independent Non-Executive Director

Nationality	Malaysian
Age / Gender	55 / Male

Mr Chin Sui Yin ("**Mr Chin**") was appointed to the Board as an Executive Director of Company on 28 November 2007 and was re-designated as Non-Independent Non-Executive Director on 9 May 2008. On 14 September 2012, Mr Chin was re-designated as Independent Non-Executive Director of the Company. Subsequently, he was appointed as Senior Independent Non-Executive Director on 31 January 2017. Mr Chin is the Chairman of Audit Committee and a member of Nomination and Remuneration Committee of the Company.

Mr Chin is an Accountant by profession, a fellow member of the Association of Chartered Certified Accountants (FCCA), United Kingdom and a member of Malaysian Institute of Accountants (MIA). He started his career with an international accounting firm KPMG in 1983, handling various audit and non-audit assignments of companies involved in a wide range of business activities. He moved on to commercial sector in 1989 and has 28 years of commercial experience working in various industries such as financial institutions, stock exchange, manufacturing and data centre and has held difference roles including corporate restructuring, risk management, compliance, equity dealings, treasury management and was a member of audit committee and risk management committee in a local leading financial institution. Currently, Mr Chin holds a key leadership role in a data centre operator with a leading position in South East Asia.

Mr Chin does not hold any other Directorship in other public company. He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

DATUK TAN CHOON HWA, JP
Independent Non-Executive Director

Nationality	Malaysian
Age / Gender	60 / Male

Datuk Tan Choon Hwa ("**Datuk Tan**") was appointed as an Independent Non-Executive Director on 27 July 2009. He is a member of Audit Committee, Nomination and Remuneration Committee of the Company.

He is a businessman with twenty (20) years of experiences in various industries such as timber, mining, hotel resort, housing, land development and finance investment holding. He is the Executive Chairman of TCH Group, holds directorships in Wazlian Group and MK Green Resources Group. Currently, he acts as Business Advisor to China Sino Great Wall Group and Aladdin Group.

He also sits on the boards and committees of several associations. He is the President Malaysia-China Chamber of Commerce (Kelantan Branch) and Centre Committee, Vice President of Malaysia-Guangdong Chamber of Investment Promotion and as an advisor to Asean China Chamber of Commerce.

Datuk Tan's other directorship in public companies include Ni Hsin Resources Berhad, Sand Nisko Capital Berhad and SMTrack Berhad.

He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

KEY MANAGEMENT'S PROFILES

* For details of Datuk Lim Lit Chek's profile, please refer to page 11 of this Annual Report.

^ For details of Mr Lim Kim Hoe's profile, please refer to page 12 of this Annual Report.

KEY MANAGEMENT'S PROFILES

- **DATUK LIM LIT CHEK***
  Executive Director &
  Chief Executive Officer
- **MR LIM KIM HOE^**
  Executive Director &
  Deputy Chief Executive Officer
- **MR WONG TACK LEONG**
  Deputy Chief Executive Officer
- **MR CHEW WEE SEONG**
  Chief Operating Officer
- **MR LEE HON MENG**
  Chief Operating Officer
- **MS TAN SUAN SUAN**
  Assistant General Manager of
  Accounts & Finance Department
- **MR WONG YUEN MENG**
  Executive Director of
  MGB Geotech Sdn Bhd
- **MS LEE KAR YEN**
  Assistant General Manager of
  Contract Department
- **MR YEO WEE CHING**
  Assistant General Manager of
  Secretarial, Corporate Affairs and
  Risk Management Department

MR WONG TACK LEONG
Deputy Chief Executive Officer

Nationality	Malaysian
Age / Gender	46 / Male

Mr Wong Tack Leong ("**Mr Wong**") was appointed as Deputy CEO of the Company on 1 December 2016. He oversees the operational functions including administration, construction and project management, contract administration as well as monitoring the financial performance of the MGB Berhad and its subsidiaries ("**MGB Group**"). He is also a member of Risk Management Committee of the Company.

He holds Bachelor of Building (Quantity Surveying) from University of South Australia. He is also a member of Australia Institute of Quantity Surveyors, Associate member of the Malaysian Institute of Arbitrators and Institute of Value Management Malaysia.

He joined MITC Engineering Sdn Bhd ("**MITCE**"), a subsidiary of MGB as a General Manager in 2007 and was later promoted as Executive Director of MITCE.

Prior to joining MGB, he worked as an associate Quantity Surveyor Consultant in construction industry. He has over 20 years of experience in various aspects of construction sector particulary in relation to building and infrastructure projects as well as oil and gas related fields. He has wide range of knowledge and actively involved in pre and post building contract implementation, EPCC contract, costing and feasibility studies.

Mr Wong does not hold any directorship in other public company and listed issuer. He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

MR CHEW WEE SEONG
Chief Operating Officer

Nationality	Malaysian
Age / Gender	47 / Male

Mr Chew Wee Seong ("**Mr Chew**") was redesignated as Chief Operating Officer ("**COO**") of the Company on 1 December 2016. Currently, he is responsible for MGB's Group corporate functions including Accounts and Finance, Treasury, Legal, Secretarial, Corporate Affairs and Risk Management. He is also member of Risk Management Committee.

He is a Bachelor of Finance graduate of St. Cloud State University in the United States. He is also a MBA (Merit) graduate from the prestigious Cardiff Metropolitan University in Cardiff, United Kingdom.

Mr Chew served as Head of Credit Administration Department with a leading local bank. For more than five (5) years of working experience in the banking and finance industry, he gained extensive experience including credit processing, marketing, credit control and review, security and risk management and consumer banking operations. His previous experience also provided him with training in marketing, financial management and planning skills.

Mr Chew joined LBS Bina Group Berhad ("**LBGB**") Group in August 2000. He gained a vast experience in property related development. Over the years with LBGB Group, he has held several portfolios including customer service, maintenance, sales and marketing, credit administration and property management for projects of LBGB Group.

He was appointed as the Chief Executive Officer ("**CEO**") of the Company from August 2014 to November 2016, before he was re-designated as COO of the Company. During his tenure as CEO of the Company, he had overseen the corporate function of the group, as well as the day to day operation of both construction and manufacturing. He had successfully turned around the Company from a loss making to profitable entity and also successfully uplifted the Company from being classified as PN17.

Mr Chew does not hold any directorship in public company and listed issuer. He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

MR LEE HON MENG
Chief Operating Officer

Nationality	Malaysian
Age / Gender	39 / Male

Mr Lee Hon Meng ("**Mr Lee**") was appointed as Chief Operating Officer of the Company on 1 December 2016. He is currently responsible for Construction Division and Purchasing Department. He is also member of Risk Management Committee of the Company.

He graduated with Bachelor of Science (Physics) from Universiti Sains Malaysia (USM). He has 16 years of experience in the field of Construction Management.

Mr Lee had completed various high profile projects. These projects include the Putrajaya LRT Station and the new Pantai Highway Bridge from Taman Datuk Harum to Pantai Dalam.

Mr Lee areas of expertise, among others, are high rise construction, geotechnical engineering, infrastructure works and value engineering in achieving cost optimisation. He leads in establishing and monitoring effective management systems based on international standards namely, Quality Management System (ISO 9001:2015), Health and Safety Management System (OHSAS 18001:2007) and Environmental Management System (ISO 14001:2015).

Mr Lee does not hold any directorship in public company and listed issuer. He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

MS TAN SUAN SUAN
Assistant General Manager of Accounts & Finance Department

Nationality	Malaysian
Age / Gender	35 / Female

Ms Tan Suan Suan ("**Ms Tan**") was appointed as Assistant General Manager, Accounts & Finance of the Company on 20 December 2016. She is also member of Risk Management Committee of the Company.

She graduated with Bachelor of Commerce majoring in Account & Finance from University of Queensland, Australia. She is also a member of Malaysian Institute of Accountants (MIA) and Certified Practicing Accountants (CPA), Australia.

Ms Tan began her career with Messrs. Ernst & Young ("**EY**") in 2005. Throughout the years with EY, she has accumulated vast experience in audit and advisory services especially for listed entities in different sectors including property development, construction, manufacturing, concessionaire and food and beverages.

Prior to joining MGB, she was the Senior Group Finance Manager and Head of Department for a local listed construction group. She is the key person responsible for reporting and compliance matters, banking and treasury matters, corporate exercises and investor relation. During her tenure as the Head of Department, she was being appointed as the representative of the company in a due diligence working group for the corporate exercise which involved merger and acquisition and private placements of shares.

Ms Tan does not hold any directorship in public company and listed issuer. She does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

MR WONG YUEN MENG
Executive Director of MGB Geotech Sdn Bhd

Nationality	Malaysian
Age / Gender	49 / Male

Mr Wong Yuen Meng ("**Mr Wong**") was appointed as an Executive Director of MGB Geotech Sdn Bhd, an indirect subsidiary of the Company on 8 May 2017. He is responsible for overseeing the piling construction and foundation works in MGB Group.

He graduated with a Diploma in Automobile Engineer from The Federal Institute of Technology in 1990. He has more than 16 years of experience in the field of property development and construction especially in foundation engineering.

Mr Wong started his career in year 1991 as an Assistant Store Keeper at Hudson Malaysia Sdn Bhd. Thereafter, he joined NEC Corporation of Malaysia Sdn Bhd as Regional Spare Parts Controller from 1993 to 1995. After years of experience in variety of jobs, in 1996, he joined Durapile Sdn Bhd, a pile manufacturing company as a company director.

Prior to current position in MGB Geotech Sdn Bhd, he was appointed as a Director of Summit Piling Sdn Bhd from year 2007 until 2009 and a director of MNM Piling Sdn Bhd from 2009 until 2017.

Mr Wong does not hold any directorship in public company and listed issuer. He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

MS LEE KAR YEN
Assistant General Manager of Contract Department

Nationality	Malaysian
Age / Gender	40 / Female

Ms Lee Kar Yen, **Chrissie** ("**Ms Chrissie**") was appointed as Assistant General Manager, Contract Department on 1 January 2018. She is involved in all pre and post contracts of projects and oversees the administration of Contract Department of the Company.

She graduated with Bachelor of Science majoring in Construction Management from University Science Malaysia. She started her career in year 2000 and has 17 years of experience in the field of building contract administration and quantity surveying.

Prior to her current position, she joined MITC Engineering Sdn Bhd, a subsidiary of MGB in 2012 as the head of Contract Department where she led the department in managing and supervising full range of pre and post contract activities, including tenders, budgets, estimations, claims and payment certification.

Ms Chrissie does not hold any directorship in public company and listed issuer. She does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

MR YEO WEE CHING
Assistant General Manager of Secretarial, Corporate Affairs and Risk Management Department

Nationality	Malaysian
Age / Gender	35 / Male

Mr Yeo Wee Ching ("**Mr Yeo**") was appointed as Company Secretary of the Company on 1 September 2016. He is also member of Risk Management Committee of the Company.

He is an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) since 2011 and graduated from Tunku Abdul Rahman College with Advance Diploma in Business Management in 2005.

He started his career in year 2004. He has 13 years extensive working experience in corporate secretarial practices of public listed companies and private limited companies.

In September 2016, he was transferred and promoted to the position of Company Secretary of the Company to head the Secretarial, Corporate Affairs and Risk Management Department, a year after re-joining LBS Bina Group Berhad ("**LBGB**") as a Joint Company Secretary in August 2015.

Prior to re-joining LBGB, he was attached to RHB Banking Group and held the last position as Acting Head of Department, Islamic Banking, Group Secretariat. He was attached to LBGB from 2009 to 2014 and held managerial position as the Assistant Company Secretary prior to joining RHB Banking Group.

Mr Yeo does not hold any directorship in public company and listed issuer. He does not have any family relationship with any Director or Major Shareholder of the Company, nor any conflict of interest with the Company.

MGB AT A GLANCE

AS AT 31 DECEMBER 2017

MGB Berhad's core business is providing a comprehensive and integrated array of construction and development services. With vast experience in Design and Build, Industrialised Building System (IBS), geotechnical specialisation, value engineering, project management and construction services; MGB diversified its business into property development.

Outstanding Order book

2.29bil

Profit Before Tax

50mil

FY2017

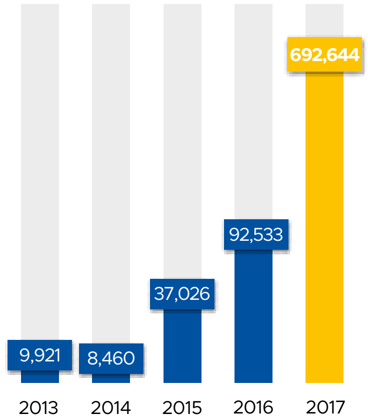
Market Capitalisation **870.6mil**	2017 Revenue **693mil**	Revenue Increase **648%** 2016 (RM92,533,000) 2017 (RM692,644,000)
Profit After Tax **34mil**	Earnings Per Share **8.97sen**	Net Assets Per Share **82.97sen**

GROUP'S FINANCIAL HIGHLIGHTS

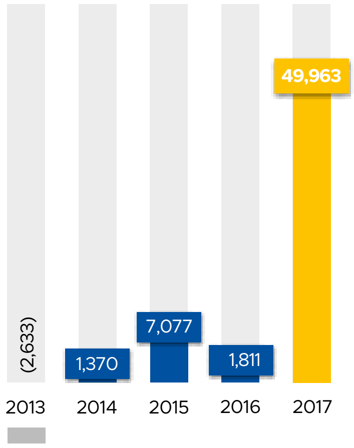
FINANCIAL YEAR ENDED 31 DECEMBER	2013 (RM'000)	2014 (RM'000)	2015 (RM'000)	RESTATED 2016 (RM'000)	2017 (RM'000)
Revenue	9,921	8,460	37,026	92,533	692,644
Profit/(Loss) Before Tax	(2,633)	1,370	7,077	1,811	49,963
Profit/(Loss) After Tax and Non-controlling Interests	(2,734)	118	10,174	62	34,335
Share Capital	97,486	44,817	44,817	268,698	383,282
Equity Attributable To Owners Of The Parent	(15,085)	20,101	30,275	335,501	408,094
Net Tangible Assets	(15,085)	20,101	30,275	73,754	150,073
Basic Earnings per share (sen)	(2.80)	0.13	11.35	0.06	8.97
Gross Dividend per share (sen)	-	-	-	-	-
Net Assets per share (sen)	(15.47)	22.43	33.78	93.87	82.97
Net Tangible Assets per share (sen)	(15.47)	22.43	33.78	20.64	30.51
Total Assets	44,497	51,789	65,089	637,959	816,902
Total Borrowings	23,402	21,813	16,980	38,807	106,416
Net Gearing Ratio	N/A	0.63	0.46	0.09	0.20
Market Capitalisation	9,749	39,439	40,335	296,638	870,567

FINANCIAL CALENDAR	
Financial Year Ended	**31 December 2017**
Announcement of Quarterly Results:-	
First Quarter ended 31 March 2017	**22 May 2017**
Second Quarter ended 30 June 2017	**28 August 2017**
Third Quarter ended 30 September 2017	**23 November 2017**
Fourth Quarter ended 31 December 2017	**27 February 2018**
Publishing of Annual Report	**27 April 2018**
Annual General Meeting	**5 June 2018**

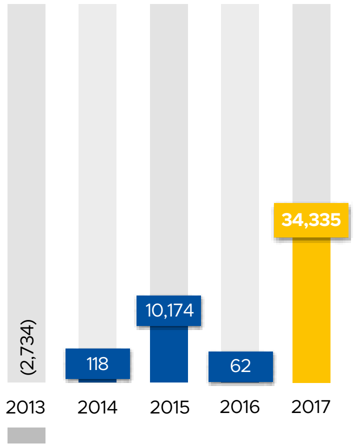
REVENUE (RM'000)



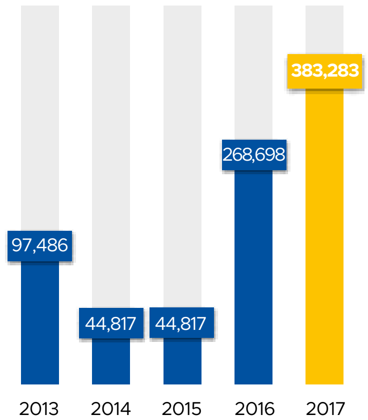
PROFIT/(LOSS) BEFORE TAX (RM'000)



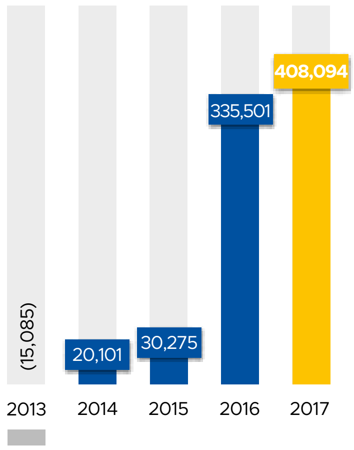
PROFIT/(LOSS) AFTER NON-CONTROLLING INTERESTS (RM'000)



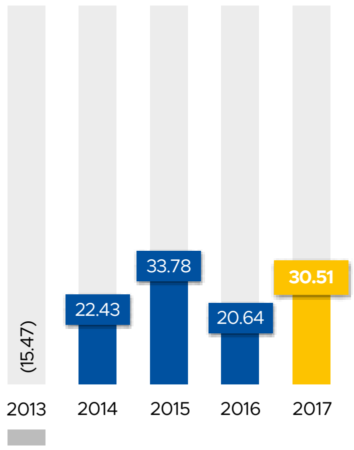
SHARE CAPITAL (RM'000)



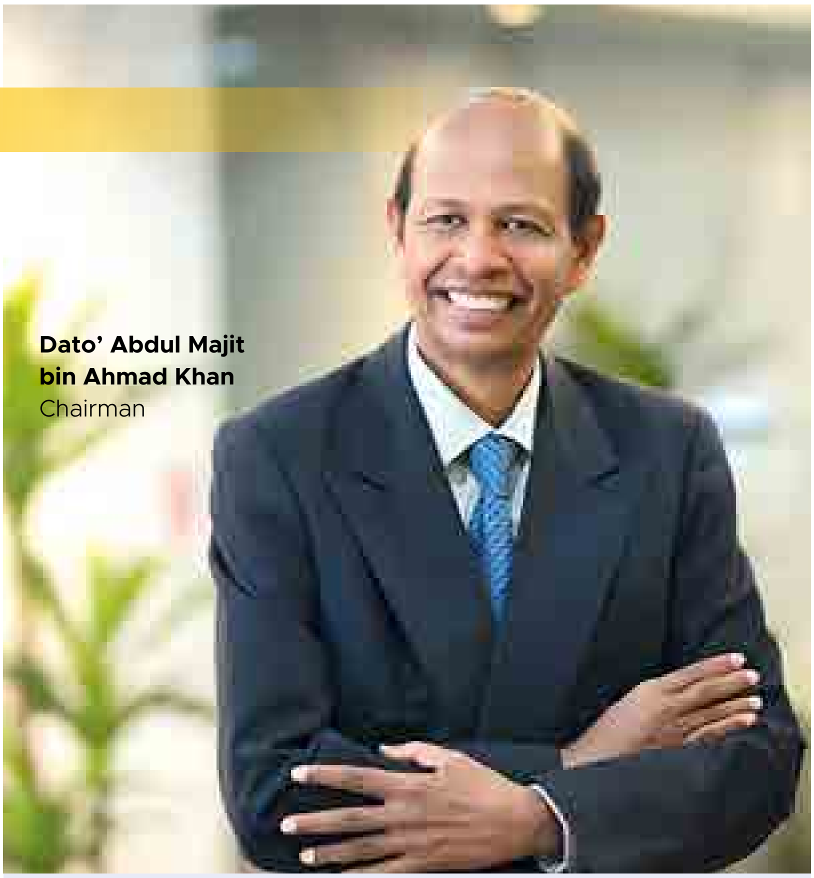
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'000)



NET TANGIBLE ASSETS PER SHARE (SEN)



LETTER FROM THE CHAIRMAN



Dato' Abdul Majit bin Ahmad Khan
Chairman

194%

Market Capitalisation Up 194% from RM296.6 Million in FY2016 to RM870.6 Million in FY2017

28%

Total Assets Up 28% from RM637.9 Million in FY2016 to RM816.9 Million in FY2017

TO OUR VALUED SHAREHOLDERS,

This financial year marks the first full year of operation for the new Board of Directors and Management team since the completion of the major acquisition exercise of MITC Engineering Sdn Bhd as part of LBS Bina Group Berhad's plan to streamline its construction business under MGB Berhad ("**MGB**"). I am pleased to share that MGB has been able to demonstrate growth and diversification to encompass wider range of services over the financial year under review.

Achievements

2017 was a fruitful but a challenging year for MGB and its subsidiaries ("**MGB Group**" or "**the Group**"); the Group's continuing operations achieved remarkable results, which demonstrates our strengths in construction business. It is noteworthy that the revenue recorded an increase of nearly 7.5 times higher and profit after tax increased significantly from RM0.06 million to RM34.3 million as compared to previous financial year.

Besides the revenue and profit improvement, the Group also achieved other significant milestones in 2017. These included securing RM1.70 billion in construction contracts, the highest ever in a single year; expanded construction business to include piling activities; ventured into property development segment and clinched the Gold Platinum Excellence Award (High Rise Building Category) from the Malaysia Occupational Safety and Health Practitioner's Association (MOSHPA) for our outstanding health and safety performance in implementing safety and health in our workplace and sites.

Malaysia Economy & Industry Outlook

In 2017, the Malaysian economy recorded a robust growth of 5.9%, supported by faster expansion in both private and public-sector spending. Domestic demand continued to anchor growth, in particular, private consumption growth strengthened to 7.0% in 2017, supported mainly by continued wage and employment growth, with additional impetus from the Government measures.

The construction sector registered a moderate growth of 6.7%. Growth was supported mainly by the civil engineering sub-sector, due to steady progress of large petrochemical, transportation, and utility projects.

Amid the stronger global economic conditions, the Malaysian economy is projected to grow by 5.5% - 6.0% in 2018. Domestic demand will continue to be the anchor of growth, underpinned by private sector activity. Private consumption growth is expected to remain sustained, supported by continued growth in employment and income, lower inflation and improving sentiments.

The construction sector is expected to register a stronger expansion in 2018 at 7.3% from 6.7% in 2017, driven by large new and existing multi-year civil engineering projects.

(Source: Bank Negara Malaysia Annual Report 2017)

Our Strategy and Prospects

The Group continued to implement all-round growth strategies with emphasis on 'Innovation'. In line with its innovation-driven strategy, the Group capitalises on the potential of the Industrialised Building System (IBS), a prefabricated and precast construction technique where components are manufactured in a controlled environment and assembled into construction works. In this regard, the Group has recently invested in the acquisition of related machineries and equipment for setting up of a mobile plant in Alam Perdana, Ijok construction site and a permanent manufacturing factory in Nilai, Seremban, which are scheduled to be in operation in second and third quarter of 2018 respectively.

We foresee IBS as a major factor which will dramatically affect the construction industry. With this evolvement, our investment in IBS will also help us to improve operational efficiencies through greater automation as it could potentially reduce 15% of construction workforce and 30% of the construction period for projects.

IBS INNOVATION

15% ↓

Reduce Construction Workforce

30% ↓

Reduce Construction Period

The Group continued to implement all-round growth strategies with emphasis on 'Innovation'.

Moving forward, priority will be placed on organic growth in growing our businesses and looking forward to more growth for the construction division, especially when piling activities and precast concrete begin full operations.

The Group is optimistic of its prospects for financial year ending 31 December 2018, with sizeable outstanding order book of RM2.29 billion. Furthermore, in line with the Government's on-going efforts to provide affordable housing and to leverage on huge opportunity by targeting the affordable housing market, we shall continue to enhance our proposition and strengthen rapport with relevant government agencies.

Appreciation

On behalf of the Board of Directors ("**Board**"), I wish to extend the Board's appreciation to all our valued customers, shareholders, business associates, bankers, fund managers and the relevant government authorities for their continuous support and confidence in the Group.

Also, I would like to extend my gratitude to the Management and employees for their continuous contribution, unwavering dedication, loyalty and commitment to the Group which have made the success of the Group.

Last but not least, my special thanks to my fellow Board members for their invaluable contributions in the past years and untiring support.

Dato' Abdul Majit bin Ahmad Khan
Chairman
9 April 2018

RM0.09

Basic Earnings Per Share Up from 0.06 sen in FY2016 to RM0.09 (8.97 sen) in FY2017

648%

Revenue Up 648% from RM92.53 million in FY2016 to RM692.64 million in FY2017

AWARDS & RECOGNITIONS


GOLD PLATINUM AWARD 2017

13th MOSHPA OSH Excellence Award 2017 – **Gold Platinum Award**


GOLD AWARD 2016

12th MOSHPA OSH Excellence Award 2016 – **Gold Award**


Certificate of Registration

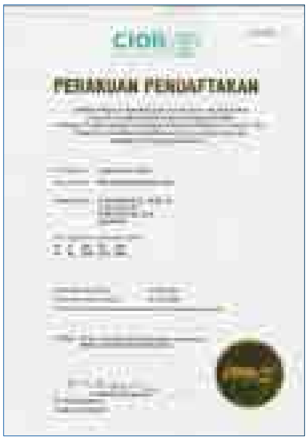
Quality Management System
ISO 9001:2015


Certificate of Registration

Environmental Management System
ISO 14001:2015


Certificate of Registration

Occupational Health and Safety Management System
OHSAS 18001:2007


CIDB
PERAKUAN PENDAFTARAN

Malaysian Construction Industry Development Board **(CIDB) license** – Grade 7

MANAGEMENT DISCUSSION AND ANALYSIS

The information in this management discussion and analysis should be read in conjunction with the Company's consolidated financial statements and the notes related thereto. The discussion of results, causes and trends should not be construed to imply any conclusions that such results, causes or trends will necessarily continue in the future.

OVERVIEW OF GROUP'S BUSINESS AND OPERATION

MGB Berhad ("**MGB**") (formerly known as ML Global Berhad), through its subsidiary companies, is a comprehensive and fully-integrated construction and development company providing a full range of design and construction and development services including design and build, project management, civil engineering, value engineering, geotechnical specialisation and manufacturing in Industrialised Building System ("**IBS**") precast concrete products.

The Company had seen changes at the Board, key management and substantial shareholders level since year 2016, particularly with the entrants of LBS Bina Group Berhad ("**LBGB**") as the holding company of MGB, as well as the new Board lead by Tan Sri Lim Hock San, the Group Managing Director, Datuk Wira Lim Hock Guan, Executive Director and Datuk Lim Lit Chek, Executive Director and Chief Executive Officer of the Company. From then onwards, the Group has been actively re-strategising its business plans with the main focus in construction business while continue exploring further growth opportunities in construction related or other complementary businesses.

In the financial year 2017 ("**FY 2017**"), the construction segment scope of activities have been widened with piling activities. Notwithstanding that, the Group has further enhanced its value engineering concept by entering into joint venture arrangement with SANY Construction Industry Development (M) Sdn Bhd to manufacture, supply of precast concrete products and installation services for building projects. In addition, the Group has also ventured into property development business in FY 2017. Presently, the Group has embarked on a development project known as '*Zenopy Residences*', a mixed development project comprising 398 units of service apartments and 74 of shop units in Seri Kembangan, Selangor.

At a Glance

Share Performance **Market capitalisation:** RM870.6 million as at 31 December 2017 **Share Price in year 2017:** **Year high** : RM1.77 **Year Low** : RM0.83 **Year Close** : RM1.77	**Key Business Activity:** Construction activities **Number of Contract secured in year 2017:** 18 **Amount of Contract secured in year 2017:** RM1.70 billion **Outstanding Order Book as at 31 December 2017:** RM2.29 billion	**Total number of employees:** 232 **Revenue:** RM92.5 million to RM692.6 million **Profit Before Tax:** RM1.8 million to RM50.0 million **Profit After Tax:** RM0.06 million to RM34.3 million

Tan Sri Lim Hock San
Group Managing Director

FINANCIAL PERFORMANCE REVIEW

Revenue and Profit

Despite the challenging economic environment and market conditions which prevailed throughout the financial year, the Group posted a commendable performance for FY 2017 as compared to its previous financial year ended 31 December 2016 ("**FY 2016**"). Revenue soared by 648% to RM692.6 million and Profit After Tax ("**PAT**") of the Group has also significantly leap from RM0.06 million to RM34.3 million.

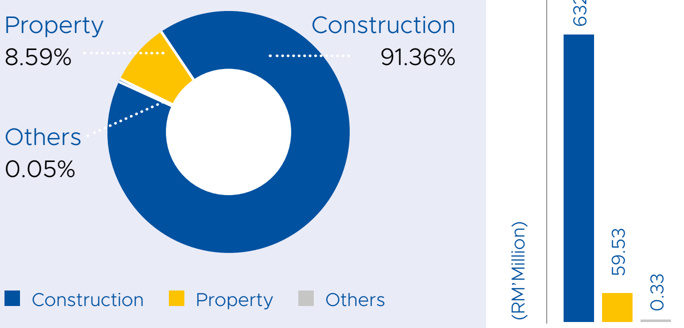
Benefitting from the increase in operating expenses of approximately RM21.2 million, which was, essentially, as a result of the expansion of business operation, the Group experienced a rapid growth and achieved impressive results in its revenue and PAT. The improvement were mainly attributed to the following:-

(i) full year consolidation of MITC Engineering Sdn Bhd's ("**MITCE**") financial results as opposed to only one (1) month contribution in FY 2016 as the acquisition of MITCE was completed in November 2016.

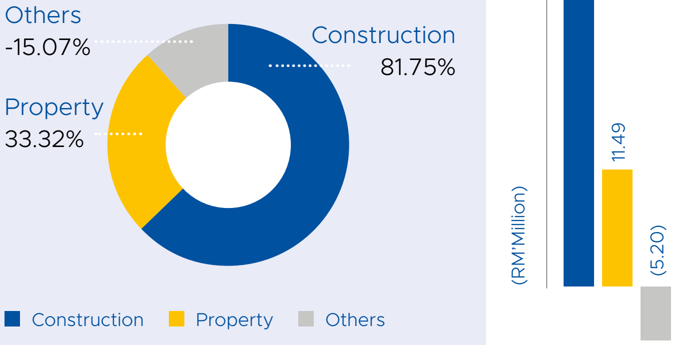
(ii) Two (2) new revenue and income generating divisions, namely property development and piling activities. As at the FY 2017, the property development segment has posted revenue and PAT of approximately RM59.5 million and RM11.5 million respectively while piling activities has generated a total revenue and PAT of approximately RM13.6 million and RM0.7 million from both inhouse and external projects.

Nevertheless, the positive contributions from construction and property development divisions were reduced after consolidating the loss after tax recorded by the Group's other business segments which included investment holding, hospitality and dormant companies. The losses incurred were mainly due to operating expenses in these business segments.

Revenue by Division %



Profit After Tax By Division %



FINANCIAL POSITION REVIEW

Total Assets

Total assets improved from RM637.9 million in FY 2016 to RM816.9 million in FY 2017, representing an increase of RM179.0 million. The increase was mainly attributable to the following:-

- Acquisition of heavy machineries, machineries and equipment, motor vehicles and renovation of approximately RM14.1 million. The capital expenditure ("**Capex**") spending was in correlation to the new venture (piling segment) as well as to ready for the hospitality business which is expected to be in full swing in 2018.

- Property development has given a rise to the total assets in FY 2017 mainly through capitalisation of property development cost of approximately RM54.1 million.

- Construction and trading segment, being the biggest driver of the Group's performance, has contributed an increase of approximately RM77.4 million in total assets. The increase mainly arising from the work-done billed (trade receivables) and contract assets derived from the enlarged order books on hand.

- Increase in other receivables of approximately RM12.9 million mainly due to deposit paid for tender, authority, purchase of machineries, prepayments paid to lease financier and Goods and Services Tax (GST) refundable.

Total Liabilities

Total liabilities increased by RM104.0 million as compared to last financial year was mainly due to the following:-

- Increase in total loans and borrowings of approximately RM67.6 million mainly to finance the acquisition of property, plant and equipment ("**PPE**"), settlement of amount due to related companies for purchase of investment properties in previous year and serve as working capital for various segments;

- Increase in amount due to trade and other payables of approximately RM58.7 million were in conjunction to the increase of work-done by subcontractors and suppliers on the enlarged order books. Out of RM58.7 million, RM20.3 million was due to landowner pursuant to the project *Zenopy Residences*; and

- Increase in income tax and deferred tax liabilities.

Total Equity Attributable to the Owners of the Parent

Total equity attributable to the owner of the parent increased by RM72.6 million compared to the last financial year, as per movement showed below:-

	RM' MIL
Increase in share capital arising from:	
√ Private Placement	30.2
√ Conversion of Warrants	8.2
√ Realisation of reserve	0.1
PAT of the financial year	34.1
Total Movement	72.6

Capital Structure and Resources

The net gearing ratio of the Group as at 31 December 2017 stood at 0.20 times as compared to previous year at 0.09 times due to the Group's loans and borrowings increased by approximately RM67.6 million, which include, inter-alia, financing lease liabilities incurred for the purchase of heavy machineries and equipment particularly for piling activities. Meanwhile, for property development, total borrowings incurred up to FY 2017 amounted to approximately RM22.4 million.

While the Group would continue to purchase piling and construction related machineries and equipment, the Group is also expected to incur Capex for precast concrete manufacturing plant to be in operation in 2018. As at 31 March 2018, the Group has made purchases of approximately RM24.0 million for the said IBS manufacturing plant.

Market Capitalisation

As at 31 December 2017, the market capitalisation of the Company stood at approximately RM870.6 million representing a growth rate of 194% as compared to RM296.6 million in previous financial year, reflecting stakeholders' confidence and belief in the Company's business.

Datuk Lim Lit Chek
Executive Director &
Chief Executive Officer

OPERATION REVIEW

Construction Division

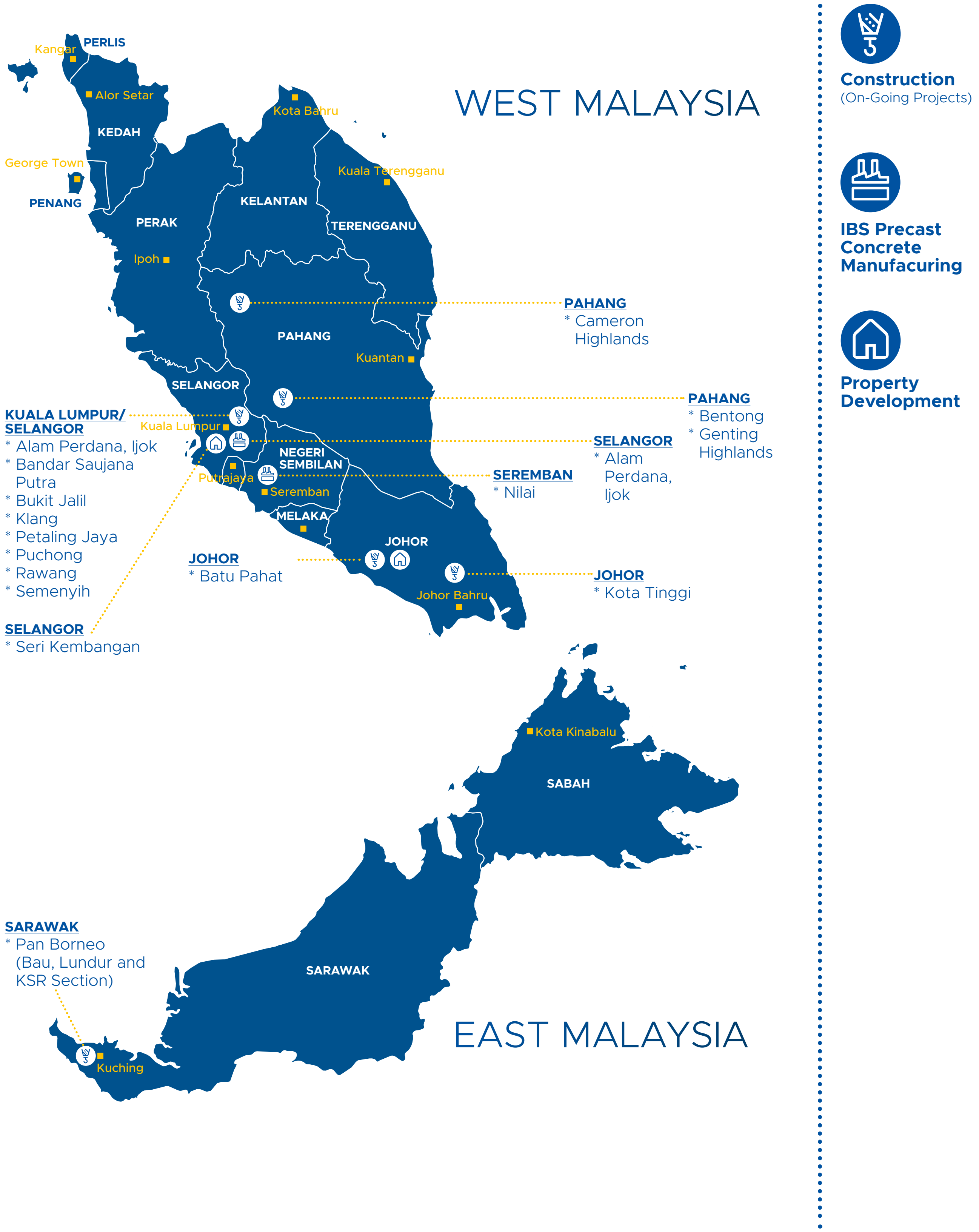
MGB Group, via a few subsidiary companies, holds Grade 7 licence approved by the Malaysian Construction Industry Development Board (CIDB) which enables the Group to tender for all types of construction work of any contract value in Malaysia and the Group also complies with the ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System) and OHSAS 18001:2007 (Health & Safety Management System) standards in all of its construction operations. As an outcome of this commitment, the division was awarded with MOSHPA OSH Excellence Award by Malaysia Occupational Safety and Health Practitioner's Association (MOSHPA) in the year 2016 and 2017.

MGB Group's construction projects on hand are mainly located in Klang Valley, Johor and Pahang, and generally comprise residential properties (high-rise and landed) as well as commercial properties. During the financial year under review, MGB Group continues to make inroads in the construction industry. In addition to the main building construction works, the Group has also ventured into piling activities and has, on 10 July 2017, secured a key sub-contract of RM68.14 million to undertake piling works in Bau, Lundu and KSR Section in Sarawak under the Pan Borneo Highway project.

SkyLake Residence @ Puchong

MGB Group holds Grade 7 licence approved by CIDB

OUR PRESENCE



Following the completion of the acquisition of MITCE in November 2016, construction and trading segment become the key driver of our business operations and accounted for more than 90% of the Group's total revenue for the financial year ended 31 December 2017. With the extensive order books from MITCE, the revenue from the construction activities improved significantly from RM87.9 million to approximately RM632.8 million, representing an increase of approximately 6 times as compared to FY 2016.

The division successfully completed 8 projects during the financial year and secured sterling order book of approximately RM1.70 billion with 18 new contracts bringing total order book to RM3.07 billion. Out of the said order book of the Group, approximately RM0.41 billion in contract value has been secured from external parties (being contracting parties other than companies related to MGB and LBGB Group). As at FY 2017, the Group's outstanding construction order book is approximately RM2.29 billion.

Furthermore, the Group is also actively tendering for new construction projects and if secured, will enhance the order book and earnings of the Group. In light of the above, the construction segment will continue to be the main revenue driver of the Group.

BSP21 @ Bandar Saujana Putra

Zenopy Residences @ Seri Kembangan

Midhills, Tower 2 @ Genting Permai

Business Expansion and Diversification

(i) Property Development Division

While the Group has been making good progress in its construction business, the Group also continues to explore further growth opportunities in construction related or other complementary businesses within the capacities that the Group has experience in.

MGB Group already has the required expertise and experience in property development. To optimise these available resources, the Group has in April 2017 undertaken a development project via joint venture between Alaf Cahaya Development Sdn Bhd and Delta Gallery Sdn Bhd ("**DGSB**"), an indirect wholly-owned subsidiary of the Company, for a block of 32-storey mixed development project known as '*Zenopy Residences*' comprising 74 of shop units (Phase 1) and 398 units of service apartments (Phase 2) in Seri Kembangan, Selangor.

'*Zenopy Residences*' is the Group's maiden development project with estimated total gross development value ("**GDV**") of approximately RM311.0 million.

The project has achieved encouraging take-up rate for its Phase 1 with the sales reaching approximately 90% (excluding affordable shop lots that have yet to be launched) as at 31 December 2017. The construction progress is also at its satisfactory level and is on track to completion. Phase 2 has been officially launched on 22 March 2018 and received take-up rate of approximately 32% as at 31 March 2018.

GDV
RM311
MILLION

Zenopy Residences features serviced residential units and retail units with GDV of RM311 million

GDV
RM93.5
MILLION

The PPA1M Project consist of 365 units of double storey terrace house with an estimated GDV of RM93.5 million

Zenopy Residences @ Seri Kembangan

Thus, the year in review marked the maiden year of the Group's venture into the property development industry. Toward the end FY 2017, a business diversification into property development and property investment with intention to undertake small scale property development by land acreage, which are below 10 acres for high rise building projects and below 100 acres for landed properties, was approved by shareholders.

Apart from the existing development project, the Group has on 5 January 2018 procured a Perumahan Penjawat Awam 1Malaysia development project ("**PPA1M Project**") by way of the acquisition of entire equity interest of Multi Court Developers Sdn Bhd ("**MCDSB**") with purchase consideration of RM2.8 million. The PPA1M Project consist of 365 units of double storey terrace house with an estimated GDV of RM93.5 million. This project is expected to commence in the second quarter of 2018 and is slated for completion by 2020.

Tapping on the experience and expertise that the existing management team and staff possess in property development, the Group expects to extract synergies benefits from the construction business, which would enhance the Group's earnings base deriving from both construction and development profits.

(ii) Construction Division - Piling and Foundation Activities

Since second quarter of 2017, the Group started venture into piling and foundation business, which includes earth retaining systems, bored piling, substructure and basement construction works via a newly incorporated 70%-owned subsidiary company, MGB Geotech Sdn Bhd ("**MGTSB**"). During the financial year, MGTSB has secured six (6) contracts from in-house and external projects worth of RM74.7 million and generated total revenue of approximately RM13.6 million. Moving forward, piling projects are expected to enhance the profitability and diversify the revenue stream.

Piling work for Pan Borneo Highway from Sungai Sematan to KSR, Sarawak.

SkyLake Residence @ Puchong

Cameron Centrum @ Cameron Highlands

PERFORMANCE REVIEW

(iii) Manufacturing Division - Industrialised Building System (IBS)

The IBS system is an innovative technique which increases the efficiency, quality and productivity of projects. The successful implementation of IBS results in faster project completion as well as cleaner, neater and safer construction sites. Other benefits of the IBS system include reduced dependency on manual labour and wastage at the construction sites, and greater quality control. The reliability of the IBS system also makes it possible for improved planning and even completion of projects to be ahead of schedule.

In line with the government's goal in implementing Industrialised Building System (IBS) in all construction projects with aim at mandatory adoption of IBS in three (3) years' time, the Group had on 5 December 2017 entered into the shareholders' agreement with SANY Construction Industry Development (M) Sdn Bhd ("**SANY (M)**") to form a joint venture company to undertake the business of manufacturing of IBS precast products for building projects. Subsequently, a joint venture company known as MGB SANY (M) IBS Sdn Bhd was formed on 13 December 2017 with share capital of RM4.0 million, which MGB Group and SANY (M) hold 51% and 49% stake, respectively.

SANY (M) is an indirect 70%-owned subsidiary of SANY Group Co. Limited. One of SANY Group Co. Limited's subsidiary company, SANY Heavy Industry Co. Ltd, was publicly listed on the Shanghai Stock Exchange on 3 July 2003. It is currently the largest provider of precast concrete equipment solutions in China, accounting for 50% of market share.

It represents the long-term plan to move the Group towards innovative and creative way of construction to deliver quality products at the most cost-effective way.

The first IBS plant is expected to start production by the first half of 2018. The completion of the first phase of the IBS solution will enable MGB to build around 2,000 units of properties annually, effectively reducing the company's reliance on manual labour. This surpasses the IBS requirement imposed by CIDB Malaysia, allowing our clients to attain high quality products, better cost efficiency and timely delivery.

Precast Concrete Panels System

Precast Concrete Panels System

CORPORATE DEVELOPMENT

Change of Company Name

Following the completion of the acquisition of the entire issued and paid up share capital of MITCE in November 2016, the construction business, has been expanding aggressively and becoming the core driver of the Group's revenue stream. Accordingly, the Board is of the view that aligning with the Company's focus and aspiration to be a regional construction company as well as to better reflect the corporate identity and branding of the company, the Company proposed to change its name **from "ML Global Berhad" to "MGB Berhad"**, which stands for **"Malaysian Generations Builder"**.

MGB stand for

Malaysian **Generations** **Builder**

The proposal has been approved by the shareholders and the new name took effect from 28 December 2017.

Private Placement

The Company has in August 2017 successfully placed out a total of 28,000,000 ordinary shares at RM1.08 per placement share to third party investors, raising a total proceeds of RM30.2 million as working capital to grow its business (as part of the business plan of MGB) without incurring additional interest as compared to other means of financing such as bank borrowings or issuance of debt instruments. The issuance of the placement share has increased the Company's capital base after taking into account of MGB Group's intended business operations as well as enhancing its shareholders' equity.

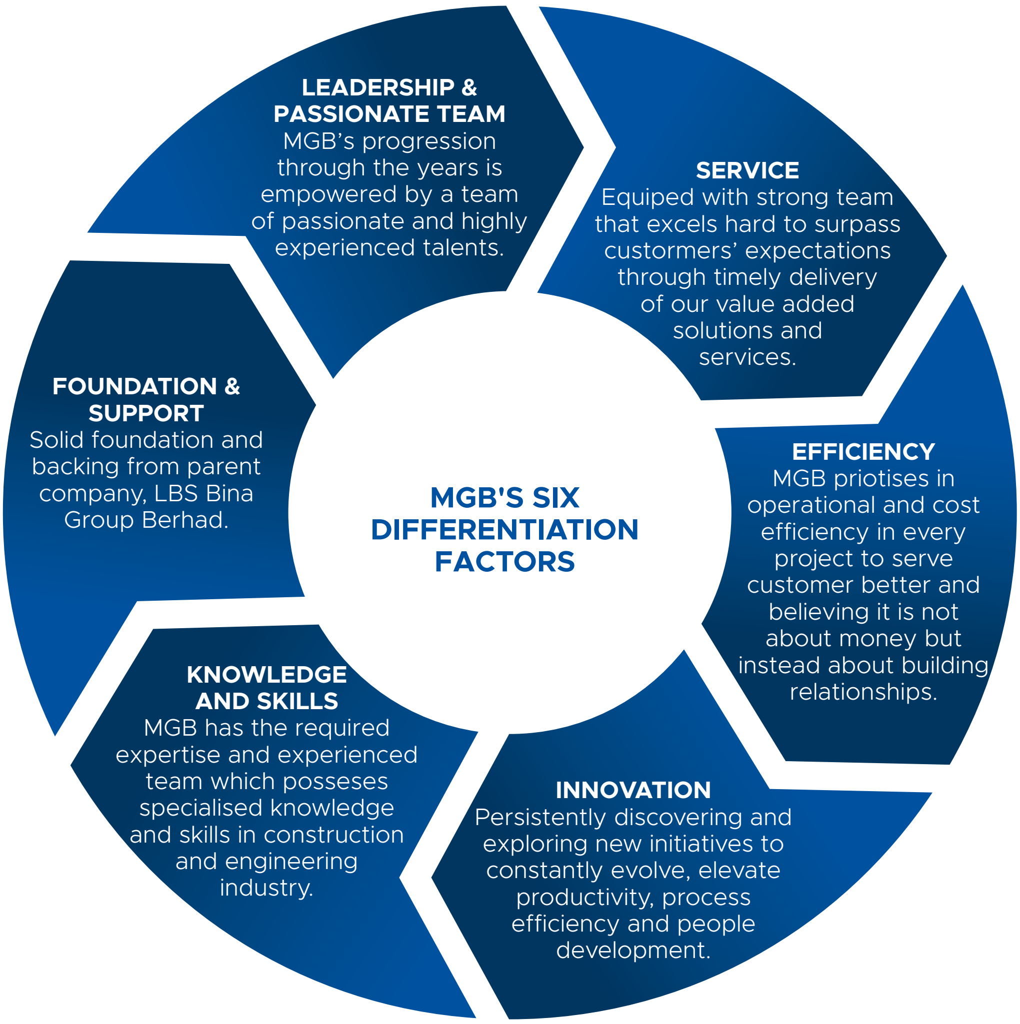
ANTICIPATED OR KNOWN RISKS

(a) Competition within the construction sector

MGB Group is facing a direct competition from both new entrants and existing companies involved in the construction industry. The Group's margin could be eroded by the increasing competition and aggressive pricing from others.

In mitigation, the Group aims to counter competitive risk by maintaining a distinctive brand positioning, which is in line with our new name MGB or known as 'Malaysian Generations Builder' with tagline of 'Value Driven Innovation'. The differentiation of six (6) factors that set MGB apart in the market are as follows:-

In furtherance thereto, we have begun few initiatives to drive operational efficiencies and enhance our competitiveness. We are embarking on a workforce planning exercise to ensure that our structure is correct for the size of our business and to eliminate any overlapping roles and extract cost to be more efficient as well as via exploiting strategic sourcing of construction materials at more competitive pricing and value engineering opportunities to reduce construction costs.



Diversifying our supplier base

RM2.20 BILLION

Outstanding order book as at 31 March 2018

(b) Higher input cost, which may translate into poor margins for its construction business.

Raw material prices and currency rates fluctuation may lead to higher input costs and lower profit margin for the Group. We endeavour to mitigate the fluctuations of the materials price via efficient cost management measure whereby we will negotiate with suppliers on bulk purchase to secure better pricing and term. We are also diversifying our supplier base for essential raw materials and try sourcing locally to avoid unnecessary foreign currency exchange fluctuation.

(c) Slow down in property segment which could lead to an inability to replenish its construction order book

The Group derives earnings mainly from the construction division, which is contract-driven. As such, the failure to secure sizeable contracts to replenish its order book could be an earnings risk.

However, the Group's outstanding order book as at 31 March 2018 is about RM2.20 billion, which is expected to keep the Group busy for at least next 3 years even if it is not able to secure sizeable contracts in the near term. In addition, the Group has a total tender book of RM0.65 billion as at 31 March 2018 of which approximately 30% is external and will continue to aggressively tender for projects which fulfil our margin criteria, especially government projects in building affordable houses and LBGB's projects.

(d) Single customer risk

Based on the outstanding order book of MGB, it was noted that approximately 80% of the contracts were awarded by LBGB, being the holding company. Since 2016, MITCE has started to tender for external projects and had successfully secured, among others, projects from Yayasan Pelajaran Johor, Tenaga National Berhad, Samling Ekovest JV Sdn Bhd and LCB Management Sdn Bhd.

To further mitigate the single customer risk, MGB will actively participate in tendering for external parties' project, especially government projects in building affordable houses.

(e) Shortage of labor and new levy fee policy

Since 2016, our country has been facing shortage of foreign labor due to a national policy imposed by Indonesia. Moreover, Malaysia Government has rolled out the mandatory imposition of levy fee payment by employers and employers would not be allowed to deduct the wages of their foreign workers under the newly-introduced Employer Mandatory Commitment (EMC), which took effect from 1 January 2018. This will be a major risk to the construction sector as it will increase the labor cost significantly and hammer the profit in this sector.

Acknowledging that there is an on-going material and technological advancement in the industry, MGB has over the years improved the construction mechanism and emphasise on value engineering, which includes inter-alia, adoption of IBS mechanisation and modern practices. Through continuous improvement and innovation in technology, the reliance on labor will be reduced subsequently. MGB will also constantly provide training to the workers on new technology in order to increase their efficiency and to provide optimum solutions to its client.

MOVING FORWARD STATEMENT

By reviewing the performance of the Group in 2017, the Board is satisfied with the overall financial performance and achievement. The Group's asset base has increased by approximately 28% and the revenue was recorded at nearly 7.5 times higher as well as PAT increased from RM0.06 million to RM34.3 million as compared to previous financial year. The significant improvement is mainly attributable to the full consolidation of MITCE.

Moving into year 2018, the Group is optimistic that its construction segment will continue to be promising with the sizeable order book in hand.

It is noted that construction sector in rail, roads/highways, affordable housing, and water infrastructure projects are the major sectors that would benefit from the government's high impact initiative and spending in 2018. RM2.2 billion has been allocated to boost home ownership among Malaysian by encouraging the construction of more affordable homes such as Perumahan Rakyat 1Malaysia (PR1MA), Perumahan Penjawat Awam 1Malaysia (PPA1M) and Program Perumahan Rakyat (PPR).

TNB Habu @ Cameron Highlands

Tapping on the government's major focus and initiative in 2018 and with the Group's existing track record and visibility in affordable housing project as well as piling work for infrastructure, the Group possesses competitive advantages to continue to tender for construction projects to replenish its existing order books.

It augurs well for MGB's order book replenishment, which the backing from the parent company's, LBGB, resilient sales performance and its sizeable landbank and future property launches.

MGB presently does not have any formal dividend policy. However, the Board will consider the Group's financial performance, on-going capital needs and other factors deemed relevant in formalising its future dividend policy to reward its shareholders. The Board stands by a belief in building long term shareholders' interest and sharing the fruits of its success with the shareholders whilst ensuring adequate funds for the Group's operation and sustain strategic long-term growth.

With the combined effort of the Management and the staffs, MGB is optimistic that it will deliver satisfactory performance in the coming year.

Moving into year 2018, the Group is optimistic that its construction segment will continue to be promising with the sizeable order book in hand.

OUR FEATURED PROJECTS TRACK RECORD


M3 Mall @Taman Melati


Taman Tasik Puchong Industrial Park, 1 1/2 Storey Semi-D Factory


Taman Tasik Puchong Industrial Park - 3 Storey Bungalow Factory


Somer Square @ Cameron Golden Hills


Nautilus @ D' Island Residence


BSP SkyPark @ Bandar Saujana Putra


Apicalia @ D' Island Residence


Midhills @ Genting Permai

Barrington Square @ Cameron Golden Hills

BSP21 @ Bandar Saujana Putra

Belvia @ D' Island Residence

SUSTAINABILITY REPORT

For us at MGB Berhad (formerly known as ML Global Berhad), Sustainability means harmonising the needs of our stakeholders today and in the future. Our company's main agenda in sustainability is to embrace it as part of our integrated approach in providing solutions that meet business needs while delivering social and environmental benefits. Knowingly, this will create further value for, and build goodwill with, our various valued stakeholders.

GRI-G4

MGB referred to Global Reporting Initiative - G4 Guidelines

ABOUT THIS REPORT

This inaugural sustainability report was codified based on GRI G4 Guidelines as well as in compliance with Bursa Malaysia Securities Berhad's ("**Bursa Securities**") Listing Requirements. This report focuses on MGB Berhad's (formerly known as ML Global Berhad) sustainability initiatives. The scope covered in this report centred on issues that are material to MGB.

Reporting Period
This report covers the financial year from 1 January 2017 to 31 December 2017. This is an inaugural Sustainability Report and it will be produced annually moving forward.

Availability & Coverage
This report is embedded as part of the annual report and will be made available at www.mgbgroup.com.my.

Boundary
This report covers the following:

- All sustainability related activities of MGB.
- Group's operations (offices, project sites).
- Quantitative and qualitative results for indicators of the reporting year.

Audience
This report is published for our valued stakeholders including shareholders, business partners, regulators, industry groups, media and the community at large.

Feedback for the Report
We welcome your comments, thoughts and remarks, which can be directed to:

MGB Berhad
(formerly known as ML Global Berhad)
H-G, Sunway PJ@51A, Jalan SS9A/19,
Seksyen 51A, 47300
Petaling Jaya, Selangor

Telephone: +603 7874 5888
Email: scr@mgbgroup.com.my
Webpage: www.mgbgroup.com.my

HIGHLIGHTS OF 2017

MGB

Economic

Awards and Recognitions
MOSHPA GOLD Award 2016, MOSHPA Gold Platinum Award 2017, ISO 9001:2015 Quality Management System, OHSAS 18001:2007 Health and Safety Management System and CIDB Class G7

MYR 870.6 million
Market Capitalisation

MYR 692.6 million
Revenue

Environment

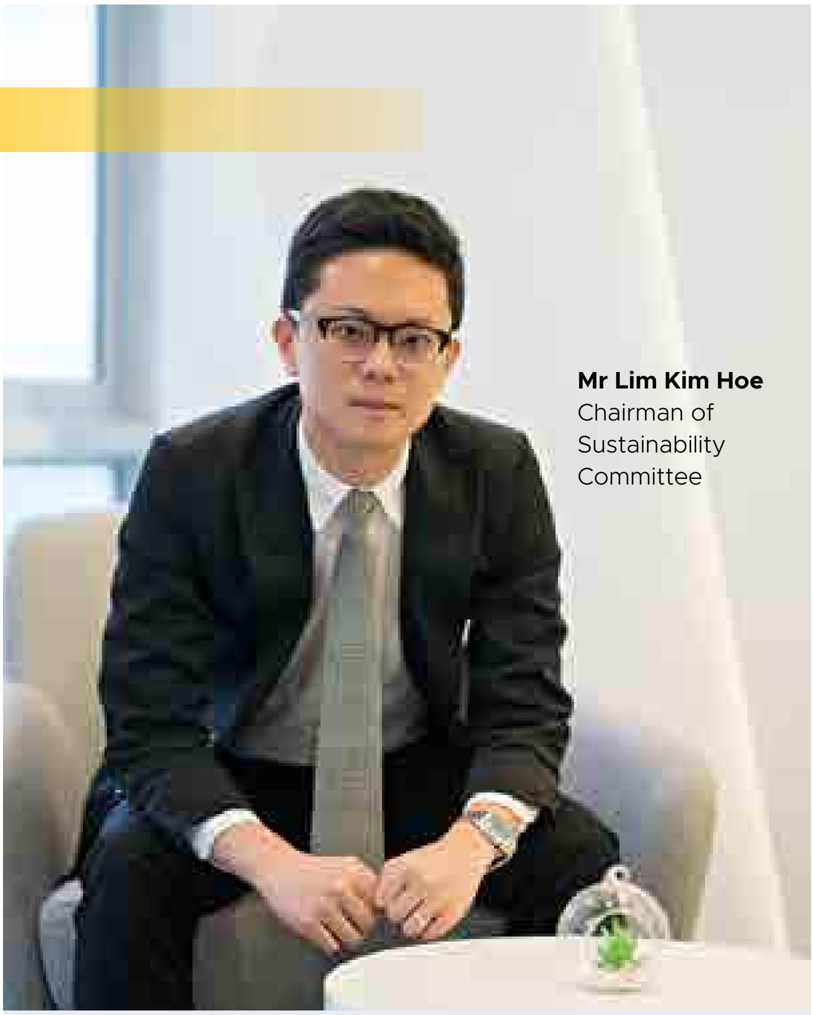
ISO 14001:2015
Environmental Management System Certified

Social

>8
Workforce Represented in Formal Joint Management Worker Health and Safety Committee at each working site

16
Average Training Hours per Employee per Year

ZERO
Non-fatal or fatal injury arising out of or in the course of work



Mr Lim Kim Hoe
Chairman of Sustainability Committee

SUSTAINABILITY COMMITTEE CHAIRMAN'S MESSAGE

"In this ever-changing business era, we at MGB Berhad, see sustainability as a commitment to the current and necessity of the future. As we race forward towards modern excellence, we are continuously exposed to multiple risks that could eventually affect our business. We are committed to embrace sustainability to minimise or transform risks into opportunities that matters to our stakeholders."

Our inaugural Sustainability Report further validates our commitment and principles towards operating in a sustainable and responsible environment.

Governance

We foresee the significance of good corporate governance for a business to sustain and to remain relevant to the current needs. We place emphasis on how we handle our clients and product delivery. All processes are made to uphold integrity and discipline while ensuring quality and timely delivery. Corporate governance is the backbone of our business processes that assist us to perform with great confidence. We believe our stakeholders value this and appreciate our business conduct.

Economic

We are committed to getting to know our customers' needs, including understanding their social and environmental concerns. Developing meaningful living ecosystem remains high on our agenda. We endeavour to produce products and services that not only meet our customers' current needs but also ensure they meet the rapidly changing requirements of our digital age. For us to maintain our significance and distinctive position in the marketplace, we cannot afford to lose sight of our Company's vision – to be a recognised design and build expert setting new standards in creating living spaces to enrich life. Besides providing quality product and services, the Group believes that through continuous innovation, sound material management and active cooperation with suppliers, we can achieve our Company's vision.

Environment

We consistently evaluate direct and indirect impacts of our business on the environment. Understanding the nature of our business processes, we are continuously trying to manage our ecological footprint as we grow locally. We are committed to minimising the environmental impact of our operations when and where possible. To reach this goal, we have established environmental targets and practices in different areas of environmental management such as attaining ISO 14001:2015. The most important approach in controlling our operational impacts on environment is through managing our materials and activities closely. As an ISO 14001:2015 certified company, we strive to achieve our goal of zero environmental non-compliance.

Social

As a caring and inclusive organisation that always emphasises family-friendly initiatives and work-life integration, we continuously review our social policies and programmes. We nurture our talents by continuously providing the necessary skills and aptitude development through meaningful training and development programmes. We appreciate the efforts of our people by rewarding them through short-term cash bonus and long-term equity based rewarding plans. At MGB, we are very concerned about safety, health, and welfare of our most important asset: our people.

As an outcome of this commitment, our subsidiary company, MITCE Engineering Sdn Bhd ("**MITCE**") was awarded with the following:

i. Gold Award 2016 in the category of OSH Management in Engineering; and

ii. Gold Platinum Award 2017 in the category of OSHE Management in Engineering in High Rise Building.

Since this is our inaugural sustainability report, we hope to introduce better tracking points and strategies to evaluate and consider future challenges that need to be addressed. We are looking forward to move beyond data collection and management towards measuring outcomes and the impact of our work in the near future. We have identified our gaps and understood our challenges, and we aspire to improve these areas, especially our key priorities.

We trust that you will find this Sustainability Report informative.

MGB believes that through continuous innovation, sound material management and active cooperation with suppliers, we can achieve our Company's vision

OUR SUSTAINABILITY GOVERNANCE

"Corporate governance is at the heart of our business in realising our sustainability focus."

Building a system in which high standards are maintained and best practices are applied business-wide is essential to our successful long-term performance. We endeavour to maintain integrity, transparency, accountability and discipline in all our practices and have put in place a robust governance framework to ensure we meet our objectives.

The Board of Directors of MGB believes that introducing Environmental, Social and Governance ("**ESG**") considerations in its business decisions is essential to achieve long-term business success, while creating value for all its stakeholders. This includes well thought strategic approach to support and empower communities, encourage social inclusivity and improve the environment where our business operates.

We have aligned our corporate governance as the backbone of our business processes. Every year, we evaluate and analyse the current available policies and find ways to improvise in order to adopt new business needs and challenges. It has been a great importance for us to fulfil all legislation requirements through our business conduct.

MGB's commitment towards environmental, social and corporate governance issues is made strong through robust ESG practices that are periodically reviewed in ensuring its relevance to current needs and practises. We strive to adhere to all government requirements that mediates towards good governance, such as Malaysian Code on Corporate Governance ("**MCCG**"), the Bursa Securities Main Market Listing Requirements and other locally relevant regulations. MGB's objective is to ensure all business conducts adhere to ESG that serve as an ethical foundation towards achieving long-term business success.

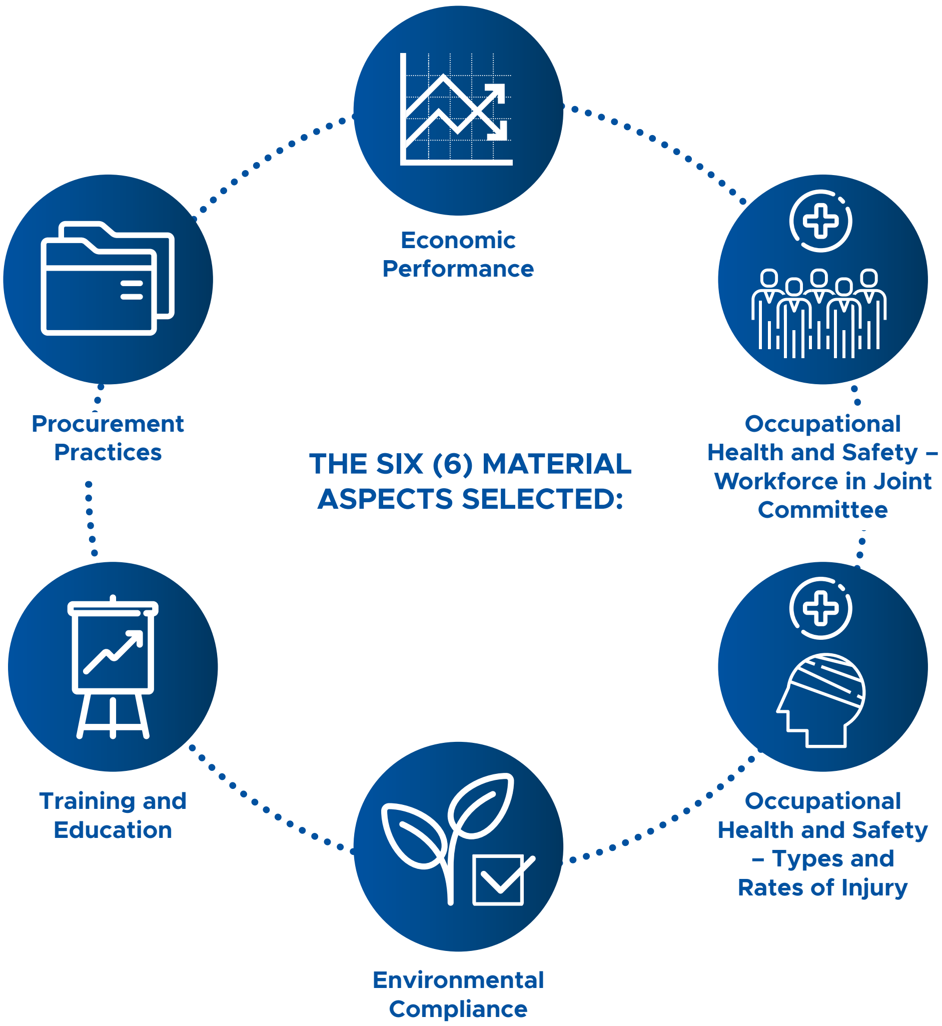
STAKEHOLDER ENGAGEMENT

Understanding our stakeholders' perspective improves our decision making process and guides us in making more informed decisions. We embarked on our sustainability journey by identifying aspects that are important to our stakeholders.

STAKEHOLDERS	MODE OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT
Media	• Press Releases	• As needed
	• Website and Social Media	• As needed
Investors	• Annual General Meeting	• Annually
	• Annual Report	• Annually
	• Quarterly Financial Report	• Quarterly
	• Analysts Briefings	• As needed
	• Extraordinary General Meeting	• As needed
	• Regular Shareholder Communication / Announcement on Bursa Securities and Corporate Website	• As needed
Employees	• Annual Performance Appraisal	• Annually
	• Employee Engagement Surveys	• Semi-Annual
	• Trainings	• Periodic
	• Event and Celebrations	• As needed
	• Management Meetings	• As needed
Regulators	• Income Tax Filing	• Annually
	• Annual Return	• Annually
	• GST Reporting	• Monthly/Quarterly
	• Official Meetings and Visits	• As needed
	• Industry Events and Seminars	• As needed
Suppliers, Business Partners and Industry Groups	• Product Launches and Roadshows	• As needed
	• Regular Meetings and Site Visits	• As needed
	• Supplier Assessment System	• As needed
	• Subcontractor Performance Evaluation	• As needed
Customers	• Feedback channels such as emails, phone calls, hotlines and surveys	• As needed
	• Website and Social Media	• As needed
	• Product Launches and Roadshows	• As needed
	• Marketing and Promotional Programmes and Events	• As needed
Local Communities	• Charitable Contributions	• As needed
	• Website and Social Media	• As needed

STAKEHOLDER ENGAGEMENT (CONT'D)

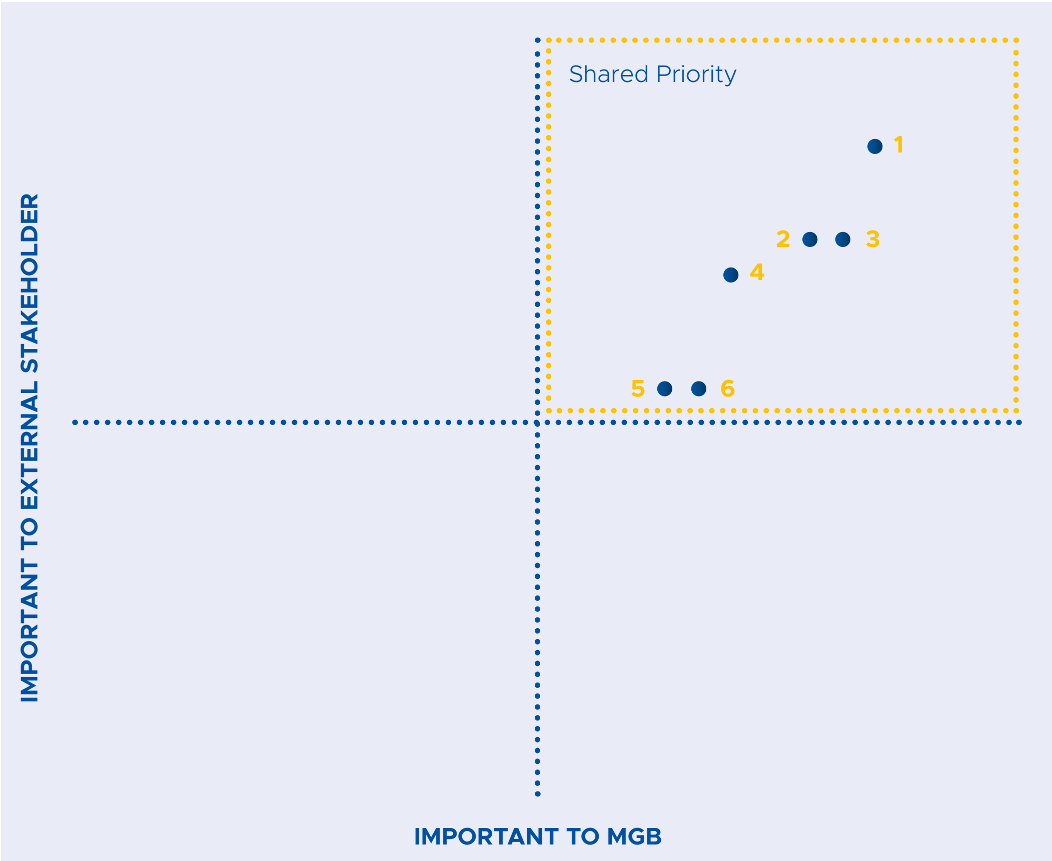
The stakeholder engagement led to the identification of six (6) material aspects as shown in the diagram below:



Our stakeholders that include media, investors, employees, regulators, suppliers, customers and local communities

MATERIALITY MATRIX

MGB adopted the Global Reporting Initiative - G4 Guidelines and took a robust three (3) steps methodical approach in achieving the materiality matrix by identifying the shared priorities of both internal and external stakeholders. The engagements resulted in MGB identifying material aspects that were high concerns of stakeholder.



Methodical Approach in Materiality Engagement

1 Climate Check (Research, Benchmarking and Evaluation)

2 Adherence to GRI G4 Guidelines and Bursa Securities' Main Market Listing Requirements

3 Internal Engagement (Discussions, Workshops or Focus Groups)

The materiality assessment led to the plotting of identified material aspects into a matrix to derive a shared priority area – as shown on the top right quadrant. These shared priority material aspects are disclosed in this report (and the similar material aspects are disclosed in MGB's parent company, LBS Bina Group Berhad's Sustainability Report 2017).

MATERIALITY MATRIX (CONT'D)

CATEGORY	MATERIAL ASPECTS	LIST OF INDICATORS	ASPECT BOUNDARY
Economic	Economic Performance	• G4-EC1: Direct economic value generated and distributed (1)	Within Organisation
	Procurement Practices	• G4-EC9: Spending on local suppliers (5)	Within Organisation
Environmental	Compliance	• G4-EN29: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations (4)	Within Organisation
Social	Occupational Health and Safety	• G4-LA5: Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs (2)	Within Organisation
		• G4-LA6: Types of injury and rates of injury, occupational disease, lost days, and absenteeism, and total number of work-related to fatalities, by region and by gender (3)	Within Organisation
	Training and Education	• G4-LA9: Average hours of training per year per employee by gender, and by employee category (6)	Within Organisation

Note: ( ) Based on position in the Materiality Matrix (refer to page 51)

OUR ENVIRONMENT

ENVIRONMENT

Environment is an integral part of our daily lives as well as our business. We strive to ensure environment is given importance during and after reconstruction phrase. We take responsibility in protecting and preserving the environment through minimising our negative footprints. We strive to integrate environmental-friendly practices in our day-to-day operations. These measures go beyond complying with regulatory requirements and relevant best practices. We ultimately aim to reduce the inevitable environmental business impacts that are caused by our construction activities.

We have established our Environmental Management System ("**EMS**") which complies with ISO 14001:2015. This is carried out through a systematic environmental control to all our on-going projects and headquater processes. This provides a fundamental guideline for us to ensure that every environmental aspect of the organisation is accounted for. As part of our corporate commitment, we have also established our own Environmental Policy to further support MGB's environmental agenda.

Environmental Policy

- Meeting environmental requirements of our clients
- Complying with relevant legal and other requirements
- Carrying out sustainable construction, protecting the environment and preventing environmental pollution
- Continually improving environmental performance

Before the commencement of any construction project, it has been a practice for us to identify environmental impact (adverse or beneficial) for each aspect and record in Environmental Aspects-Impact Register. In addition, we also prepare and implement Project Environmental Management Plan according to scope of works.

During financial year 2017, there was one case of environmental non-compliance recorded. We have studied the case thoroughly and established preventive steps for all other on-going projects. We have also improved our environmental evaluation process for our entire projects site to prevent any non-compliance cases in the future. We aspire to achieve zero case of environmental non-compliance in the future.

Some of our dedicated environmental efforts among many others, include:

Air Quality Control

- Prevent and monitor closely any open burning, air pollution and smoke emission at site

Noise Control

- Set hoarding around perimeter of site as noise barrier, noise level should be maintained less than 65dB(A) at site

Water Quality

- Consistent monitoring on surface run-off, set temporary drainage and drip trays for machineries at site

Waste Control

- Continuous monitoring of waste disposal method for Biomass Waste, Construction Waste, Scheduled Waste, Sewage and E-Waste

Hazardous Material Control

- Consistent monitoring and control of hazardous material (eg. diesel, lubricants, solvents, acid, curing compounds etc.) waste management

Working Environment Maintenance

- House keeping activities (working environment) at work site twice a week or as and when required

3R

- Advocating 3R (Reduce, Reuse and Recycle) as part of waste management protocol

Dengue Prevention

- Conduct fogging and larvae seeding activities twice a week or as and when required

Training and Awareness

- Conduct Toolbox Briefing and Induction training to all site workers, subcontractors, client's representatives prior to the commencement of the work. Conduct internal briefing and training on Awareness on Environmental Management System to all new staff at HQ

OUR ECONOMIC

PROCUREMENT PRACTICES

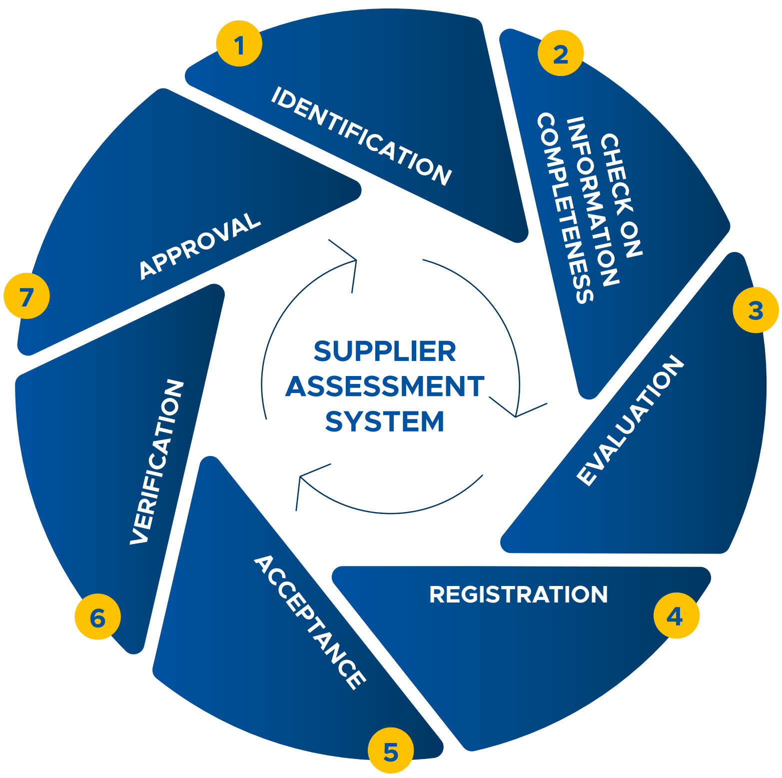
It is a thriving passion for MGB to be established or known as an exemplary company that is sustainable within our industry. We prioritise local suppliers to provide the services and materials required by our Company.

We have established a seven (7) steps Supplier Assessment System to ease the process of allowing local suppliers to becoming a registered supplier with MGB. The purchasing department oversees the entire selection process until a candidate is finally approved by the Management.

In addition, a stringent procurement system has been established to ensure that all material purchased are in compliance with our Quality Management System and other internal requirements such as timeliness, quality of delivery, pricing and others.

Over the years, MGB has been giving high priority and support for local suppliers for our business needs with the goal of achieving 80% on acquiring supplies from local suppliers. The Group has engaged more than 150 local suppliers in year 2017, representing more than 80% local suppliers.

>150 local suppliers engaged in 2017, representing more than 80% local suppliers.



OUR SOCIAL

OCCUPATIONAL HEALTH AND SAFETY ("OHS")

OHS is an essential aspect in our day-to-day operations, ensuring key areas with potential occupational hazards and risks are identified and mitigated. Furthermore, it serves as a basic requirement to provide working condition that are safe for our people while minimising the risk of operational disruptions.

As part of our drive to establish a more conducive workplace, MITCE, a subsidiary of MGB was accredited with OHSAS 18001:2007 from the Worldwide Quality Assurance ("**WQA**"), a certification body providing various management system certifications to companies around the world.

MGB takes a strong stand in striving to improving the effectiveness and efficiency of OHS in our workplace in order to ensure that we deliver quality products without compromising the health and safety.

Thus, we adopted a stringent and effective system - Health and Safety Management System ("**HSMS**"), a framework that is aligned with sectoral of best practice.

HSMS was established to identify, assess and control risks by minimising specific occupational health and safety risks such as, the risk of injury, illness and other emergencies. The aforementioned framework includes establishment of Management Review Committee which will conduct annual meeting to review the effectiveness of our HSMS for continuous performance improvement. It also includes the establishment of Emergency Response Team ("**ERT**") and implementation of Emergency Drill at each site, organisation of annual internal audit on HSMS for each on-going project and headquarter's process and formalisation of reporting and investigating system for any incidents as and when required.

HSMS provides Health and Safety Operation Controls and Work Instructions, among others, Competence, Training and Awareness, Permit to Work, First Aid, and Health Safety Monthly Report.

With the aim to protect the health and safety of our employees site workers, subcontrators, consultants and others who may be affected by our activities, the organisation is committed to:

- Meet and comply with all applicable health and safety legal requirements and other requirements;
- Instill the best practices to prevent work place safety, health illness and injuries;
- Talk to and consult employees and their representatives, and encourage them to participate actively in all elements of the HSMS activities; and
- Ensure awareness of all employees on company's health and safety system.

MOSHPA Gold and Gold Platinum Awards

MITCE won the Occupational Safety and Health (OSH) Management Award in Construction for the year 2016 and 2017.

OUR SOCIAL (CONT'D)

MGB's Operation Control Health, Safety & Environmental ("**HSE**") Committee oversees all aspects of occupational health, safety and environment for all the on-going projects and our HQ.

The Site HSE Committee, consists of our Health and Safety Officer ("**HSO**"), Site Safety Supervisor, Site Engineer, Project Manager, Trade Subcontractors representatives, Nominated Subcontractors representatives and client's representative. The Site HSE Committee members meet on monthly basis to discuss and resolve HSE issues arise from on-going project activities.

Our HSE Committee for HQ consists of our Health and Safety Manager, HSE Management Representative, Head of Construction, Head of Department (HR/Admin, Procurement, Account/Finance, Contract) and Chief Operating Officer ("**COO**"). All HSE Committee members meet periodically to evaluate current approaches on OHS matters.

The diagram below illustrates MGB's workforce represented in formal joint management worker HSE committee in different operational locations. All HSE monthly reports are prepared by HSO for each on-going project and shall be submitted to Department of Occupational Safety and Health (DOSH) at the beginning of every month throughout project duration.

WORKFORCE REPRESENTED IN FORMAL JOINT MANAGEMENT SITE HEALTH, SAFETY AND ENVIRONMENTAL COMMITTEE

BANDAR SAUJANA PUTRA	CAMERON HIGHLANDS	GENTING	PUCHONG	PUNCAK JALIL	KULAI
BSP 21 Phase 1, 2 and 4 (Alphazen) - 24	TNB Habu - 15	Midhills - 24	Desiran Bayu Phase 1 and 2 - 16	Zenopy - 18	YPJ - 21
BSP 21 Phase 3 (YWY) - 18	Kem Slim - 8		Desiran Bayu 3, 4 and 5 - 20		
BSP 21 Phase 5 (Vestland) - 13			Skyvilla - 14		

Site HSE Committee Members

Project Location

Site Office Location

OUR SOCIAL (CONT'D)

TRAINING AND EDUCATION

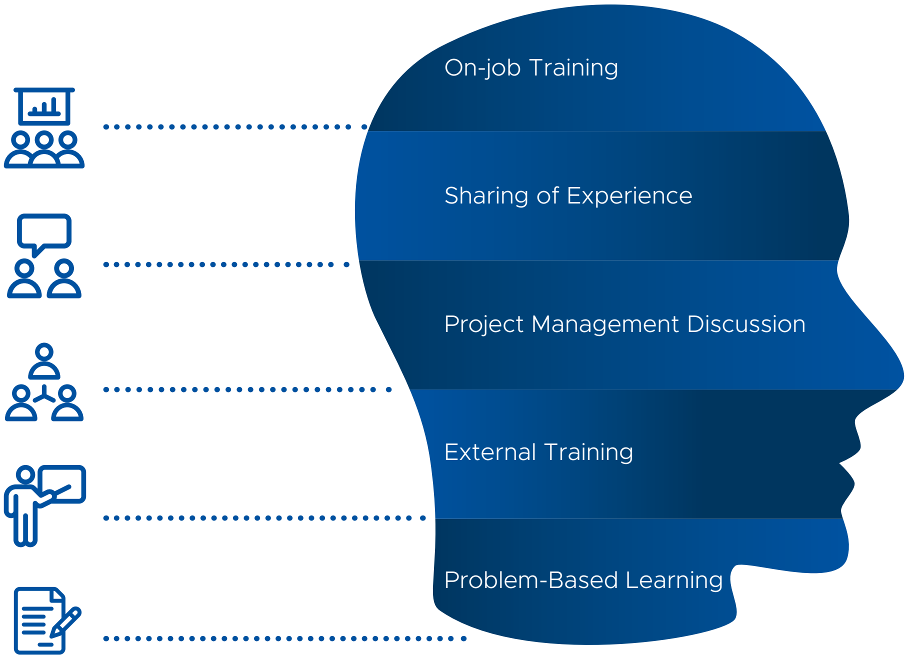
Empowering and retaining our highly talented professionals is one of our key priorities. We believe that investing on human capital development and enhancing their skills are, amongst others, the key drivers of continuous value-creation at MGB. Thus, MGB is a strong supporter of perpetual learning, investing significant amounts of resources into various tailor-made and impactful training development programmes that are conducted both internally and externally. We believe that talent development drives our people towards innovation process and indirectly supports personal career aspirations of our employees. This was apparent from the employee impact analysis performed over the last one year.

The human resource ("**HR**") department plays a vital role in identifying the needs of talent development. HR collaborates with external consultants and subject matter experts to develop tailor-made training programmes.

Toolbox briefing

This ensures all our training modules deliver effective talent development objectives. The management and employees are encouraged to attend trainings organised by both internal and external parties.

In MGB, we believe in learning through creative and impactful learning mediums. Listed below are some of our strategic approaches towards learning.



We believe in learning through creative and impactful learning mediums

OUR SOCIAL (CONT'D)

Our people are also exposed to acquire knowledge on MGB's Construction Management System ("**CMS**"), Quality Management System ("**QMS**") and Environment Management System ("**EMS**"), which are the backbone management systems within the Company. As for this reporting year, we have recorded sixteen (16) hours of training per employee, per year on average. This has been an encouraging number as we target to achieve an average of eight (8) hours of training per employee for all employees for a year.

MGB extends its commitment towards nurturing human capital beyond our business, by providing internship programmes to tertiary institution students. This allows the interns to understand professional working environment and process in place. During the year, eleven (11) students from various universities and colleges have participated in the internship programmes. They were assigned to the Contract Department, Construction Department and Human Resource Department.

CHANNEL FOR COMMUNICATION AND INTERACTION

We strongly uphold the relationship between management and employees. MGB has established various channels for communication and interaction between our management and employees. Some of the medium provided are internal briefing, dialogue sessions held by Executive Directors and Senior Managements, and e-mails. Internal briefings provide an effective communication channel and avenue for employees from all levels to interact with the management. It also provides medium for management to share important information on latest management strategies and corporate developments.

16
Average Training Hours per Employee per Year

17
Average Training Hours per Male Employee per Year

14
Average Training Hours per Female Employee per Year

18
Average Training Hours per Management Employee Category per Year

15
Average Training Hours per Executive Employee Category per Year

OUR COMMUNITY

OUR PEOPLE, OUR SUCCESS

MGB Berhad as a Group has interacted with stakeholders from innumerable communities. This has inspired us to embrace the diversity of the societies we cross paths with and ensure that we continue our efforts in making their lives better. We are consistently mindful of our social obligations and commitment to our community. We pay careful attention to the needs and concerns of our stakeholders from various communities as well as our employees. This is done through a variety of meaningful and emphatic initiatives responding to their concerns. Over the years, we feel humbled to have been able to support communities through our communal efforts.

Some of our key initiatives in the social action space are as follows:

CARE GROUP INITIATIVE

Passion, Creativity and Care are MGB's three Brand Values. These values, particularly on "Care" are embedded into our working culture to ensure the welfare of our people, who are also our asset. Thus, "Care Group" was formed in January 2017. The objective of Care Group initiative is to reward our employees and to enrich MGB's culture in order to maintain a delightful and highly efficient working environment.

This initiative was initiated by analysing and understanding the expectations of our employees and their working needs. This initiative also fulfils the objective of fostering interaction among employees and inculcate strong team spirit. The initiative provides a medium for all levels to discuss and bring forward ideas to better innovate the current work processes in place. We found the activities organised were engaging and informative, especially understanding culture of others, indirectly promotes diversity and inclusion within our organisation.

Care Group Committee

OUR COMMUNITY (CONT'D)

BRAND VALUES

PASSION

We believe that passion in the business causes us to self-innovate. It spurs us to explore and to embrace new ideas of working, new software and new ways of communication to create greater timeliness and efficiency for our clients. Greater efficiency means a better bottomline.

CREATIVITY

We understand that every generation has different needs. Innovation can come through creative thinking that provides apt solutions that cater to the specific needs, so that greater value is felt to the end consumer.

CARE

We believe in a working culture that puts people first – people innovation. Apart from caring for their well-being, we believe in promoting and nurturing talent by providing the right environment and guidance to create a culture of seeking progress.

Some of the events organised are as follows:

OBJECTIVE	EVENTS
To strengthen the relationship between different departments	• *'I Appreciate You'* • *'Thanks for Helping'*
To reward staff and enhance working environment	• *'Surprising Trendy Treat'* • *'Festival Dinner'*
To enhance mutual understanding between Management and employee	• *'Survey'* • *'Photo Competition'*

"I Appreciate You"

Festival Celebration

HAPPILY GROW TOGETHER WITH MGB ("HGTM")

HGTM, is an initiative aimed at rewarding our employees. This initiative is represented by three (3) brand values as illustrated below.

HAPPILY

- Aim: To create an enjoyable yet high performance working environment
- Enjoyable working environment
- Creative workplace
- Be proud of MGB's achievement
- Receive reward accordingly

GROW

- Aim: To promote innovation and creativity in MGB
- Improve personal knowledge and skills
- Develope one's potential - be a better person
- Progressive business and to improve company performance
- To increase companies popularity in the industry

TOGETHER WITH MGB

- Aim: To promote sense of belongingness in MGB
- We are MGB-ian
- We are a family with the same vision - Create Living Space, Enrich Life

Buka Puasa Celebration

Christmas Party

CNY Celebration

Diwali Night

CHARITABLE ACTIVITIES

We aspire to do good and increase our impact on the society. Philanthropy or donations to charitable causes have been one of the corporate social events carried out by the Group annually. MGB participated in several charitable initiatives to extend our commitment to the society and donate to various organisations. In addition, we also encourage employees to participate in community events and support the charity initiatives organised by our parent company, LBS Bina Group Berhad ("**LBGB**") and cultivate the culture of caring and sharing.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("**Board**") recognises the importance of good corporate governance and emphasises in instilling and maintaining a high standards of corporate governance within MGB and its subsidiaries ("**MGB Group**" or "**the Group**") by acknowledging and adopting the relevant principles and recommendations of the Malaysian Code on Corporate Governance ("**MCCG**"), where applicable to the operations of the Group towards financial sustainability and corporate accountability with the ultimate objective of protecting and enhancing long-term shareholders' value, while protecting the interests of all stakeholders.

The Board is, therefore, pleased to report that this statement sets out the extent of the Group's compliance with the recommendations of MCCG that came into effect on 26 April 2017 for the financial year ended 31 December 2017 ("**FY 2017**").

The application of each practice set out in the MCCG during the financial year under review is disclosed under MGB Berhad's Corporate Governance Report published on MGB's Website at www.mgbgroup.com.my.

PRINCIPLE A:
BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

ROLES AND RESPONSIBILITIES

Board of Directors

The Board takes full responsibility in leading, governing, guiding and monitoring the entire performance and enforces standards of accountability including the process for financial reporting, risk management and compliance.

The Board assumes, amongst others, the following roles and responsibilities:-

- to formulate, implement and evaluate the strategic plans and direction of the Group;
- to oversee the conduct and performance of the Group's businesses;
- to identify principal risks affecting the Group, setting the risk appetites and to ensure the implementation of appropriate mitigation measures;
- to establish and review training programme and succession planning to the Board and all candidates appointed to senior management positions are of sufficient calibre;
- to approve the change of corporate organisation structure plan including new investments or divestments both locally or abroad;
- to oversee the development and implementation of shareholder communication policy/practice for the Group; and
- to review the adequacy and the integrity of the Group's management information and internal control system.

PART I – BOARD RESPONSIBILITIES (CONT'D)

The following are some of the major matters specifically reserved for the Board:-

- review, debate and approval of corporate strategies, plans, targets and programmes proposed by management prior to their implementation and execution;
- approval and monitoring of the progress of material investments and divestments, mergers and acquisitions, corporate restructuring both local and aboard;
- appointment of new Directors and Managing Director/Chief Executive Officer based on recommendation of the Group's Nomination and Remuneration Committee;
- annual financial statements and the quarterly financial results prior to releasing to Bursa Malaysia Securities Berhad ("**Bursa Securities**"); and
- material related party transactions and capital financing.

Board Committees

The Board delegates specific responsibilities to the respective committees of the Board, namely Audit Committee, Nomination and Remuneration Committee and Risk Management Committee in order to enhance business and corporate efficiency and effectiveness. The Chairmen of the respective Board Committees will brief the Board on the matters discussed at the respective committees' meetings and minutes of these meetings are circulated to the Board. All Board Committees operate within their clearly defined terms of reference and operating procedures whereupon the Board receives reports of their proceedings and deliberations with their recommendations. The ultimate responsibility for decision making lies with the Board.

Senior Management Team

The Board is not involved in the day-to-day operations whereby the Board delegates the authority and accountability for the day-to-day business operations of the Company, its subsidiaries and their respective operations to the Senior Management team led by the Chief Executive Officer ("**CEO**") who reports periodically to Group Managing Director, Board and Board Committees. The Senior Management team is responsible for assisting the CEO in implementing the policies and procedures adopted by the Board to achieve the Group's objectives.

The delegation of authority includes responsibility for:-

- Developing and implementing the strategies, business plans and budgets of the organisation.
- Identifying and managing operational risks on a daily basis where those risks could have a material impact on the businesses, formulating strategies to manage these risks including the preparation of Risk Assessment Reports and/or convening of Risk Management Committee ("**RMC**") Meeting for all major investments or divestments transactions prior to final decision being made.
- Managing the Company's current financial and other reporting mechanism as well as control and monitoring systems to ensure that these mechanism and systems capture all relevant material information on a timely basis and are functioning effectively.
- Ensuring that the Board and Board Committees are provided with sufficient and updated information on a timely basis in regard to the Group's businesses and, in particular, with respect to the performance, financial condition, operating results and prospect to enable the Board and Board Committees to fulfil their governance responsibilities.

PART I – BOARD RESPONSIBILITIES (CONT'D)

The Board delegates the resources management to the Senior Management team and has unrestricted access to any information pertaining to the Company and the Group. As such, the Senior Management team would be invited to attend the Board Meetings as and when necessary, to furnish with explanations and comments on the relevant agenda items tabled at the Board Meetings or to provide clarification on issue(s) that may be raised by the Directors. The Board and the Senior Management team works together to make decisions that will result in growth of the Company.

A brief profile of each director and key senior management are presented on page 8 to 17 of this Annual Report.

The following diagram shows a brief overview of the roles and responsibilities of the Board, Board Committees and Senior Management Team of the Company:

Board
Responsible for the long-term success of the Group. It sets strategy and oversees its implementation, ensuring only acceptable risks are taken. It provides leadership and direction and is also responsible for corporate governance and the overall financial performance of the Group.

BOARD COMMITTEES

Audit Committee
Responsible for the oversight of Group's financial and reporting processes, the integrity of the financial statements, the external and internal audit processes, and the systems of internal control and risk management.

Please refer to the Audit Committee Report which forms part of this Annual Report for further details.

Nomination and Remuneration Committee
Responsible for reviewing and recommending to the Board on board composition, board evaluation, executive remuneration policy and recommend the remuneration packages of the Executive Directors.

Please refer to Section on Nomination and Remuneration Committee of this Statement on Corporate Governance for further details.

Risk Management Committee
Responsible for the oversight of the implementation of the risk management system and to ensure that the risk management process is in place and functioning effectively.

Details of the Group's Risk Management are set out in the Statement on Risk Management and Internal Control in this Annual Report.

Group Managing Director
Responsible for the implementation of the Board's strategies, day-to-day management of the business and all matters which have not been reserved to the Board or delegated to the Committees.

Senior Management Team
An executive team that operates under the direction and authority of the Chief Executive Officer who reports periodically to Group Managing Director, Board & Board Committees. It assists the Chief Executive Officer in implementing strategies and policies set by the Board and managing the operational and financial performance of the Group. It also addresses other key business and corporate related matters, including succession planning and organisational development.

MANAGEMENT COMMITTEES

Sustainability Committee
Responsible for overseeing and addressing sustainability issues relating to all groups of stakeholders.

Health, Safety & Environment (HSE) Committee
Responsible for establishing and implementing the Group HSE Management System to achieve the objectives of HSE.

Other Ad-Hoc Committees
Ad-hoc Committee will be formed based on the specific corporate exercise or operation of the Group as and when needed.

PART I – BOARD RESPONSIBILITIES (CONT'D)

Roles between the Chairman and Group Managing Director

The roles of the Chairman and Group Managing Director are distinct and separate to ensure balance of power and authority. The Chairman of the Board is primarily responsible for ensuring Board effectiveness and monitoring the workings of the Board whilst Group Managing Director has the overall responsibilities over the Group's operation, organisational performance effectiveness and implementation of strategy, overseeing and managing the day-to-day operations of the Group and the Board policies, decisions, consideration and approval. Group Managing Director is also responsible for determination of strategic direction of the Group for the Board's consideration and approval.

The clear separation of roles of the Chairman and Group Managing Director provides a healthy, independent and professional relationship between the Board and the management.

Qualified and Competent Company Secretary

The Board is supported by a suitably qualified and competent Company Secretary in discharging its role and responsibilities.

The Company Secretary plays an important advisory role and as a central source of guidance, information and advises to the Board and Board Committees on issues relating to corporate compliance with the relevant laws, rules, regulations and procedures affecting the Board and the Group, as well as best practices of governance.

The Board members and Board Committees have unlimited access to the services of the Company Secretary and is updated with new regulatory, regulations or requirements of current developments in the regulatory framework and governance practice concerning their duties and responsibilities. The Company Secretary will brief the Board members and Board Committees on the proposed corporate exercises and timings of material announcements to be made to the Bursa Securities. The Company Secretary also facilitates the organisation of internal as well as external training programmes or seminar for Directors and keeps record of the trainings attended by Directors.

The Company Secretary attends all the Board and Board Committees' meetings and ensures that all board papers are sent to the members in a timely basis, meetings are properly convened and appropriate records of the deliberations and proceedings are accurately recorded duly signed by the Chairman. The Company Secretary also facilitates the communications of decisions made and policies set by the Board to the Senior Management Team for action. The Company Secretary works closely with the Management to ensure that there are timely information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

The Company Secretary has the requisite credentials and is qualified to act as company secretary under Section 235(2) of the Companies Act, 2016. The Company Secretary holds a senior position with adequate authority and report directly to the Board. The appointment and removal of the Company Secretary will be subjected to the approval of the Board.

The profile of the Company Secretary is presented on page 17 of this Annual Report.

PART I – BOARD RESPONSIBILITIES (CONT'D)

BOARD MEETINGS

A pre-scheduled annual calendar of the Board Meetings is circulated to all the Board members at the beginning of each year to facilitate the Directors to plan their schedules. Board Meetings are usually held a minimum of five (5) times in a year. Additional meetings would be convened as and when there are important and urgent decisions to be made, which required to be taken in between the scheduled meetings. Directors are allowed to participate in Board Meetings via tele-conference.

All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated in the Main Market Listing Requirements ("**MMLR**") of Bursa Securities. During the FY 2017, a total of six (6) Board Meetings were held. The attendance of each Director at the Board Meetings is tabulated as below:-

DIRECTORS	ATTENDANCE
Dato' Abdul Majit bin Ahmad Khan (Chairman)	5/6
Tan Sri Lim Hock San, JP	6/6
Datuk Wira Lim Hock Guan, JP	4/6
Datuk Lim Lit Chek	6/6
Mr Lim Kim Hoe	6/6
Dato' Beh Hang Kong	4/6
Mr Chin Sui Yin	6/6
Datuk Tan Choon Hwa, JP	6/6
Mr Heng Chee Wei (*resigned with effect from 31 January 2017*)	-

The proceedings of Board Meetings are conducted in accordance with a structured agenda together with comprehensive management reports and supporting information including operating results, reviews and analysis, board papers in relation to corporate proposals (if any), regulatory/statutory updates which are furnished to the Directors in advance of each Board Meetings so as to accord sufficient time for the Directors to study the meeting materials prior to discussion at the meetings.

At the Board Meetings, the Group Managing Director and Chief Executive Officer provide updates of significant issues relating to the Group's business outlook, major acquisition and disposal of assets/investments and updates from business development while the Head of Accounts & Finance Department presents Group's financial results. The Chairmen of the respective Board Committees would report any significant issues noted and/or deliberated at the relevant Board Committees which require the Board's attention and approval for implementation. Minutes of the respective Board Committees' meetings are also tabled for the Board's notation.

The Board members are constantly updated on the progress and development of any ongoing significant issues or matters at the subsequent meetings. All deliberations at Board Meetings are duly minuted as records of proceedings. Decision made, policies approved and follow-up actions at Board Meetings will be communicated to the Management accordingly.

All Directors are invited to deliberate and discuss on any issues as they deem fit. Where a potential of conflict arises in the Group's transactions involving any Director's interest, such Director is required to declare his/her interest and abstain from the decision-making process. For the FY 2017, there is corporate proposal which created a situation of conflict of interests involving a few present Directors, wherein they had abstained from deliberation and making decision on the proposal accordingly.

The Company Secretary who attend each Board Meetings play an important role to ensure that Board procedures is adhered to at all times during meetings and advises the Board on matters including corporate governance requirements and the Directors' responsibilities in complying with relevant legislation and regulations. The Board is updated with new regulatory, regulations or requirements concerning their duties and responsibilities.

PART I – BOARD RESPONSIBILITIES (CONT'D)

SUPPLY OF INFORMATION

The Management has an obligation to supply the Board and Board's Committees with adequate information, in a timely manner, to enable them to make informed decisions. Where more information is required than those voluntarily given by Management, all Directors are allowed to make further enquiries where necessary.

Therefore, the Board and individual directors have separate and independent access to the Company's senior management for additional information and advice at all times.

The Board is supplied with financial and non-financial information in order for them to monitor the Company's performance against its strategic objectives. Information provided including:-

- quarterly/annual financial performance report of the Group;
- risk assessment reports on major investments and divestments of the Group;
- Group's risk profile;
- updates on corporate exercises and significant compliances; and
- updates on regulatory and legislation changes.

Presentations on major proposals are made at meetings of the Board and Board Committees in a manner that ensures clear and adequate information on the subject matter is delivered. All Directors have the right and duty to make further enquiries where they consider necessary. Members of the Senior Management team are invited to the meeting to provide insight and to furnish clarification on issues that may be raised by the Board.

To ensure that the Board receives information in a timely manner, the notices of meetings are sent to the Directors at least one week in advance and the meeting e-books are delivered on the same day the notices are sent, or in any event, at least three (3) days before the meeting. This provides the Board with sufficient time to go through the meeting e-books and to raise important issues during the meeting.

All Directors, whether as a full Board or individually, have full and unrestricted access to the advice and services of the Senior Management Team, Company Secretary, Internal Auditors and External Auditors in the furtherance of their duties.

When necessary, the Board members may seek external professional advice, whether as a full Board or in their individual capacity, to enable them to discharge their duties with adequate knowledge at the expense of the Company. In addition, the Board has unrestricted access to the Company's information and receive regular information updates from the Management. Corporate announcements released to Bursa Securities are sent via e-mail to all the Directors.

PART I – BOARD RESPONSIBILITIES (CONT'D)

BOARD CHARTER

The Board has adopted a Board Charter which sets how its roles, powers and responsibilities are exercised, having regard to principles of good governance, best practices and applicable laws.

The Board Charter upholds high standard of governance and clarifies, amongst others, the roles and responsibilities of the Board and serves as a general statement of intent and expectation as to how the Board discharge its duties and responsibilities. The Board Charter will be reviewed and updated periodically as and when necessary to ensure its appropriateness and relevance to the Company from time to time and its compliance with the the relevant laws, rules and regulations. The last review of the Board Charter was made in November 2017. The Board Charter is made available at the Company's website at www.mgbgroup.com.my.

The Board Charter comprises, amongst others, the following key areas:-

- Roles of the Board and Board Committees
- Roles of Chairman and Managing Director
- Board Size and Composition
- Code of Ethics for the Board
- Board Efficiency
- Stakeholder Communication
- Process of the Board
- Board Effectiveness Assessment
- Training and Development
- Directors' Selection Criteria
- Terms and Tenure of Appointment

FORMALISED ETHICAL STANDARDS THROUGH CODE OF CONDUCT AND BUSINESS ETHICS

The Group's Code of Conduct and Business Ethics for Directors and employees continue to govern the standards of ethics and good conduct expected from the Directors and employees.

Directors' Code of Conduct

The Board in discharging its function besides observed the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia, the provisions of the Companies Act, 2016 and MCCG, has adopted its Directors Code of Conduct which sets out twelve (12) principles as guidance for proper standards of conduct, sound and prudent business practices as well as standard of ethical behaviour for Directors, based on the principles of integrity, responsibility, sincerity and corporate social responsibility.

PART I – BOARD RESPONSIBILITIES (CONT'D)

Board members are required to observe the Directors' Code of Conduct as follows:

To observe high standards of Corporate Governance	• Have a clear understanding of the aims and purpose, capabilities and capacity of the Company to observe and maintain the high standards of Corporate Governance, ethical and business conduct in the performance and exercise of their responsibilities as Directors of the Company.
To devote sufficient time and effort	• Devote sufficient and reasonable time, effort, energy and attention to the Company to ensure diligent performance of his/her duties, including preparing for meetings and discussions thereby reviewing in advance materials distributed by the Company, if any and making reasonable inquiries; and
	• Should notify the Board before accepting any new Directorships in any public listed companies and the time spent on the new appointments.
To avoid conflict of interest	• Directors have a duty to act honestly and declare any personal interests whether directly or indirectly relating to public duties and take steps to resolve any conflicts arising in a way that protects the interests of the Company;
	• Should dedicate their best efforts to advancing the Company's interest and to make decisions in the best interest of the Company and independent of outside influence including but not limited to financial interests, other business interests, other employment, entertainment and gifts; and
	• When acting on of behalf of the Company, the Director should never accept any benefit as an inducement or reward for taking any action (or specifically not taking any action) in their official capacity as a Director and gifts other than of token value should generally be refused.
To avoid misuse of position and information	• Never uses his/her position as Directors and improper use of any information acquired by virtue of his/her position as Director, directly or indirectly, an advantage for himself/herself or for any other person; and
	• Directors are prohibited from dealing in securities of the Company when he/she is in the possession of unpublished price sensitive information.
To ensure integrity of records	• Should not place themselves under any financial or other obligation to any person that might reasonable be thought to influence them in the performance of their duties;
	• Should disclose immediately all contractual interests whether directly or indirectly with the Company; and
	• Should be willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the Company is at stake.

PART I – BOARD RESPONSIBILITIES (CONT'D)

Board members are required to observe the Directors' Code of Conduct as follows (Cont'd):

To ensure confidentiality of communication and transactions	• Shall maintain confidentiality of information entrusted to them by the Company. The Company's confidential and proprietary information shall not be inappropriately disclosed or used for personal gain or advantage.
To ensure compliance with applicable laws	• Should have access at all times to the advice and services of the Management, Company Secretary, Internal Auditors and External Auditors and the Board may seek any independent professional advice at the expense of the Company if required in furtherance of their duties to ensure all applicable laws, rules and regulations, confidentiality obligations, corporate policies and procedures are complied with.
To demonstrate openness and timeliness of communication	• Subject to the restrains of all applicable laws, Directors will ensure openness and timeliness of the release of announcements and to give reasons about decision and actions.
To exercise duties and act honestly in the best interest of the Company	• Should at all times exercise their powers of the purposes they were conferred, for the benefit, prosperity and sustainability of the Company in any transactions and to act honestly and responsibly in the exercise of his powers in discharging his duties in the best interests of the Company and the Group.
To uphold accountability	• Uphold accountability at all times. This includes ensuring that the Company's resources are properly safeguarded and the Company conducts its operations as economically, efficiently and effectively as possible at all time.
To maintain positive relationship with shareholders, employees, creditors and customers	• Should be conscious of the interest of shareholders, employees, creditors and customers of the Company;
	• Should at all times promote professionalism and improve the competency of management and employees; and
	• Should ensure adequate safety measures and provide proper protection to workers and employees at the workplace.
Corporate Social Responsibility	• Directors should be committed to acting responsibly for the Company's actions and strive to operate in a way that encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and public as a whole.

The Board will review the Code of Conduct and Ethics as and when necessary to ensure it remains relevant and appropriate. The last review of the Directors' Code of Conduct was made in November 2017. The details of the Code of Conduct and Ethics are available for reference at the Company's website at www.mgbgroup.com.my.

PART I – BOARD RESPONSIBILITIES (CONT'D)

The Board has also put in place the following Business Ethics for Directors and all employees at work of the Group:

Insider Trading

Directors and employees who possess price sensitive information which is not available to the public, are not allowed to trade in the Company's securities which is in consistent with Subdivision 2 – Insider Trading, Part V – Market Misconduct and Other Prohibited Conduct of the Capital Markets and Service Act, 2007 and Paragraph 14.04 of the MMLR of Bursa Securities.

Relevant notifications in relation to the dealings of the Company's securities during closed period are sent to Directors and principal officers on a quarterly basis specifying the timeframe of closed period and the day of which they are prohibited from dealing in the Company's securities.

Declaration of Interests

The Directors acknowledge that by declaring their interest in any transaction with the Company and the Group, they will abstain themselves from deliberation and voting on the relevant resolutions at the Board Meetings or any general meeting to be convened to consider the matter. If a corporate proposal has to be approved by the shareholders, the Directors with any interest in the proposal will abstain from voting on the resolution and will further undertake to ensure that persons connected with them also will abstain from voting on the resolution.

Group IT Policies

Under the Group IT Policies, staffs are strictly prohibited from installing, copying or downloading any illegal, unlicensed and unauthorised software onto their desktop PC and notebook, as these would constitute criminal offence under the Copyright Act, 1987. Stern disciplinary actions will be taken against any staff who found committed this offence.

Standard Operating Procedures ("SOPs")

Well documented SOPs of certain functions of the various key departments within the Group were established and approved as standard processes, procedures and responsibilities for employee. It provides as their key reference in maintaining efficiency and the uniformity of the performance of a specific function.

Corporate Disclosure Policy and Procedure

The Board recognises the importance of keeping the shareholders informed and updated of development concerning the Group. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities. The Group practices open communication with its investors.

In order to maintain its commitment of effective communication with shareholders, the Group embrace the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The practice of disclosure of information is to adopt the best practices recommended in the MCCG with regard to strengthening engagement and communication with shareholders, it is not only established just to comply with the MMLR of Bursa Securities.

The Group also endeavour to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

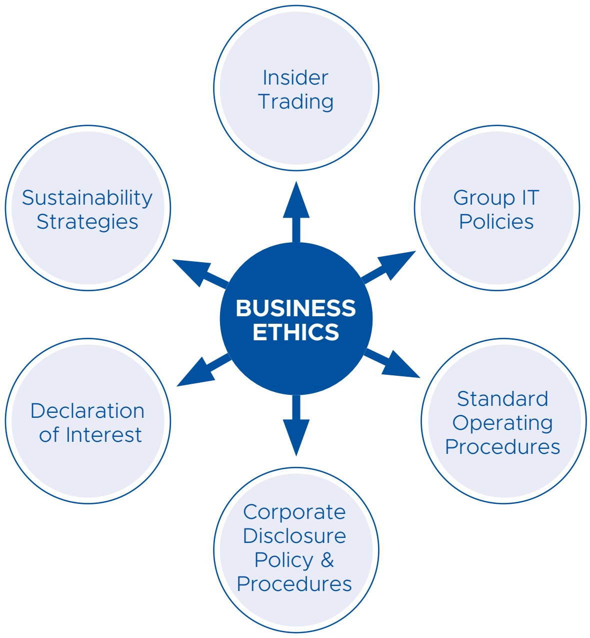
Besides the above, the Company's Annual Report, circulars and financial results are dispatched on annually basis to the shareholders to provide an overview of the Group's business activities and performances. The Share Registrar is available to attend to administrative matters relating to shareholder interests. The Company strives to provide a high level of transparency reporting in order to provide value for users.

PART I – BOARD RESPONSIBILITIES (CONT'D)

Strategies Promoting Sustainability

The Board recognises the importance of sustainability that encouraged continuous improvement process for an organisation in the modern economy which includes sound management of people and environment, and business sustainability eventually.

The Board will be embarking on a holistic review of the Group's sustainable practices and to formulate a strategic methodology of a comprehensive sustainability procedure which takes into consideration the interests of the community, employees, environment, shareholders and other stakeholders when making business decision and managing resources which aim at securing sustainable elements to guide policies towards sustainability development with particular focus on the environmental, social and governance aspects of the business.



WHISTLEBLOWING POLICY AND PROCEDURES

The Board believes in promoting high standard of integrity and accountability in managing its day-to-day businesses and operations and aims to conduct its affairs in an ethical, responsible and transparent manner. The Board acknowledges that misconduct in any company such as violation of laws, rules, regulations, fraud, health and safety violations or corruption are usually known first by the people who work in or with the Group. An early warning system such as a whistleblowing procedure can help the Group detect wrongdoings and alert the Group to take corrective action before a problem becomes a crisis. In addressing this concern, the Company has formalised a whistleblowing policy in 2016 with the aim of providing an avenue for all employees of the Group and members of the public to disclose any improper conduct in accordance with the procedures as provided for under this policy and to provide protection for employees and members of the public who report such allegations.

The Whistleblowing Policy is currently available on the Company's website www.mgbgroup.com.my for ease of reference.

PART II & III – BOARD COMPOSITION & REMUNERATION

COMPOSITION OF THE BOARD

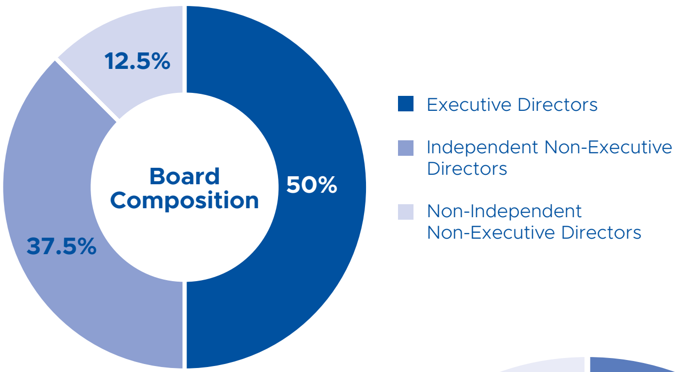
The Board presently having eight (8) members comprising three (3) Independent Non-Executive Directors ("**INEDs**"), one (1) Non-Independent Non-Executive Director and four (4) Executive Directors (including Group Managing Director) led by Dato' Abdul Majit bin Ahmad Khan as the Chairman and Independent Non-Executive Director of the Company.

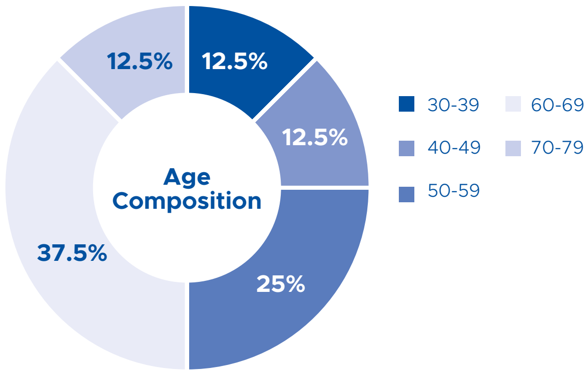
The Board are composed of individual with diverse wealth of qualifications, experience, skills and knowledge in areas ranging from civil engineering, accountancy, economics, business administration and business entrepreneurship. The composition of the Board is deemed fairly balanced to complement and to provide clear and effective leadership to the Company and to bring informed and independent judgement to various aspects of the Company's strategies and performance.

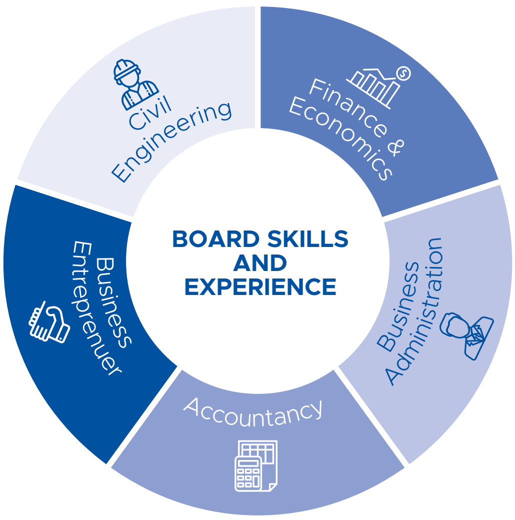
The Board cognisance that the current composition of the Board is not aligned with the desired practice of at least half to comprise independent directors. Nevertheless, the present composition of the Board where 3 out of its total 8 board members are independent directors is in compliance with Paragraph 15.02(1) of the MMLR of Bursa Securities, which stipulates that at least two (2) directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors.

Although less than half of the Board comprises independent directors, there are 4 Non-Executive Directors which account for 50% (vs 4 Executive Directors) of total board members. By virtue of their non-executive status, they are not involved in the day-to-day management of the Group's businesses, nor do they participate in any of its business dealings.

The Board has regarded the current Board composition to be effective in decision making at the Board level where independent deliberation is still being upheld with the presence of the three (3) Independent Non-Executive Directors at the Board together with one (1) Non-Independent Non-Executive Director.







PART II & III – BOARD COMPOSITION & REMUNERATION (CONT'D)

TENURE OF INDEPENDENT DIRECTORS

In accordance with the Practice 4.2 of the MCCG, the Board has adopted a policy that the tenure of an independent director should not exceed nine (9) years cumulatively. However, an Independent Director who has served the Company beyond nine (9) years may, subject to Nomination and Remuneration Committee's recommendation and shareholders' approval, continue to serve the Company in the capacity of Independent Director.

None of the INED's tenure has exceeded a cumulative term of nine (9) years for the FY 2017.

RE-ELECTION OF DIRECTORS

The Nomination and Remuneration Committee is responsible for making recommendations to the Board those Directors who are eligible to stand for re-election or re-appointment. The recommendation made in accordance with the Company's Articles of Association, one third (1/3) of the Directors including the Group Managing Director shall retire from office at least once in every three (3) years in compliance with the MMLR of Bursa Securities and shall be eligible for re-election at each Annual General Meeting ("**AGM**"). Directors appointed during the year are subject to retirement and re-election by the shareholders at the next AGM following their appointment.

The names of the Directors seeking for re-election and/or re-appointment at the forthcoming Sixteenth (16th) AGM are disclosed in the Notice of AGM.

BOARD APPOINTMENT PROCESS

The Board has delegated the responsibility for recommending a potential candidate to fill a Board vacancy to its Nomination and Remuneration Committee ("**NRC**"). The ultimate decision on the appointment of new director lies with the Board as a whole.

The NRC will perform initial process of review and selection of candidates identified for appointment to the Board. The list of candidates available will be assessed to determine whether they possess the appropriate skills, competencies, experience, integrity and time to effectively discharge their role as director before potential candidate are recommended to the Board for approval. Besides, the diversity of the Board's composition which include, inter-alia, board size, gender, ethnicity, age will also be taken into consideration in the board appointment process. The Company Secretary will ensure that all appointments are properly made, all the necessary information is obtained as well as all legal and regulatory obligations are met.

BOARDROOM DIVERSITY

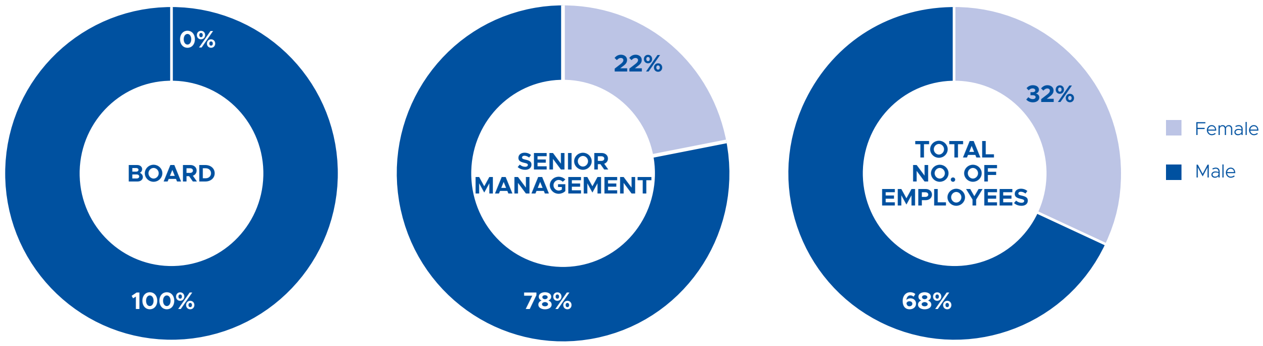
The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. However, the Group does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the workforce. The Group is an equal opportunity employer and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

To meet the intended outcome under the Practice 4.0 of the MCCG, the evaluation of the suitability of candidates as the new Board member or as a member of the workforce takes into account of various diversity factors including competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group.

Nevertheless, the issue on gender diversity has been discussed and given prominence during deliberations by the NRC and the Board. Any new proposed appointment of director of the Company in future, NRC and the Board will evaluate and match the criteria of the potential candidate to the Board by taking into consideration of the boardroom diversity.

PART II & III – BOARD COMPOSITION & REMUNERATION (CONT'D)

BOARDROOM DIVERSITY (CONT'D)



ANNUAL ASSESSMENT OF INDEPENDENCE

The Board is mindful and also recognises the pivotal role of the INEDs in corporate accountability as they provide unbiased and independent views, advice and judgement to issues and decisions and act in the best interest of the Group and its shareholders.

The Board assess the independence of its INED annually for appropriate proper functioning of the Board and provides effective check and balance in discharging its responsibilities. No individual or small group of individuals dominates the Board's decision making. For purpose of determination of independence, the INEDs who are not related to the substantial shareholders of the Company provide declarations regarding their independences.

When reviewing the independence of the INEDs, the NRC would consider their other directorships, annual declaration regarding their independence, disclosure of interest in transactions in which they have a direct or indirect interest, their ability to avoid any apparent conflicts of interests especially by abstaining from deliberation on such transactions and their ability to maintain objectivity in their conduct as Directors of the Company.

The Board is satisfied with the assessment of the INEDs especially with the level of independence demonstrated by all the INEDs of the Company and their ability to provide objective judgement to the Board, which mitigate conflict of interest and undue influence from interest parties.

PART II & III – BOARD COMPOSITION & REMUNERATION (CONT'D)

TIME COMMITMENT

None of the members of the Board has more than five directorships in listed companies. All Directors are obliged to notify the Board before accepting any new directorships in other listed companies. The notification will include an indication of time that will be spent on the new appointments to ensure that the Directors have sufficient time to discharge their duties to the Board and the various committees on which they serve.

The directorships of the Company's Directors in other public listed companies do not exceed the prescribed limits under the MMLR of Bursa Securities. This ensures that their commitment, resources and time are more focus and enables them to discharge their duties efficiently.

The Directors of the Company acknowledge the importance of allocating sufficient time to attend the affairs of the Company and at the same time ensure their full commitment towards the business needs of the Company and its Group.

Although there is no specified time commitment required for the Director in terms of number of days per year, the Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. Besides attending Board, Board Committees and general meetings, the time spent by Directors also include attending informal meetings and discussions with Management relating to the Group's affairs, corporate events in-house professional development and training organised by the Company.

During the FY 2017, all the Directors of the Company have attended more than 50% of the attendance required by the MMLR of Bursa Securities. In the intervals between Board Meetings, for any matters requiring Board's decisions, the Board's approval is obtained through resolution in writing which are then noted at the next Board Meeting.

DIRECTORS' TRAINING AND INDUCTION

For newly appointed Director, a formal letter detailing the general duties and obligations as a Director pursuant to the relevant legislations and regulations will be given. The new Director will also be provided with books and printed materials relating to the roles and responsibilities of a director, the Group's principal businesses, corporate governance practices, company policies and procedures as well as a board meeting calendar for the year.

The Company Secretary would lead a comprehensive induction programme for newly appointed Director. The induction programme includes meetings with various key executives of the Management to allow the new Directors to be acquainted with the Management team and to facilitate their independent access in future to the Management team. The programme also includes briefing by the Company Secretary on the Company's board processes, internal controls and governance practices and by the Management team on key areas of the Company's operations.

For a first-time Director, he or she would be attending the Mandatory Accreditation Programme as prescribed by the MMLR of Bursa Securities in order to acquire relevant knowledge of what is expected of a listed company director.

All Directors are also provided with updates and/or briefings from time to time by professional advisers, consultants, Management and the Company Secretary in areas such as corporate governance practices, relevant legislations and regulations and financial reporting standards. The Company Secretary has periodically informed the Directors of the availability of appropriate courses, conferences and seminars, and the Directors are encouraged to attend such training at the Company's expense.

PART II & III – BOARD COMPOSITION & REMUNERATION (CONT'D)

DIRECTORS' TRAINING AND INDUCTION (CONT'D)

An in-house Seminar on topic entitled "Sustainability Reporting and Compliance" were attended by the Directors together with Management team during the FY 2017.

The Board will continue to evaluate and determine the training needs of its members to assist them in discharging of their duties as Directors of the Company.

Details of training/seminars/conference attended by the Board members during the FY 2017 are listed as follows:-

NAME OF DIRECTOR	TRAINING / SEMINARS / CONFERENCE ATTENDED
Dato' Abdul Majit bin Ahmad Khan	• Anti-Money Laundering
	• Risk Management Training
	• Sustainability Reporting and Compliance
Tan Sri Lim Hock San, JP	• Sustainability Reporting and Compliance
	• The 20th National Housing and Property Summit 2017
Datuk Wira Lim Hock Guan, JP	• Sustainability Reporting and Compliance
Datuk Lim Lit Chek	• Sustainability Reporting and Compliance
	• The 20th National Housing and Property Summit 2017
Mr Lim Kim Hoe	• Sustainability Reporting and Compliance
	• The 20th National Housing and Property Summit 2017
Dato' Beh Hang Kong	• CG Breakfast Series: Leading in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World
	• Corporate Disclosure: What Every Director Needs to Know
	• Sustainability Reporting and Compliance
Mr Chin Sui Yin	• Asia Pacific Region meeting – Leading Industry into a New Age of Colling Solutions
	• Driving Financial Integrity & Performance – Enhancing Financial Literacy Programme
	• Find Your V-O-I-C-E as a Leader
	• Shaping Employees for the Future-Creating Value for Organisations
Datuk Tan Choon Hwa, JP	• Sustainability Reporting and Compliance

PART II & III – BOARD COMPOSITION & REMUNERATION (CONT'D)

NOMINATION AND REMUNERATION COMMITTEE

During the FY 2017, the Company has combined both Nomination Committee and Remuneration Committee into a one committee known as Nomination and Remuneration Committee ("**NRC**") with effective from 23 November 2017, for the purpose of expediency in view of the same members are being appointed and entrusted with the function of both the Committees.

The composition of NRC comprises three (3) members, whom exclusively of INEDs which is adhered to Paragraph 15.08A(1) of the MMLR of Bursa Securities. The present members of NRC are as follows:

a) Chairman - Dato' Abdul Majit bin Ahmad Khan
(Independent Non-Executive Chairman)

b) Members – Mr Chin Sui Yin
(Senior Independent Non-Executive Director)

c) Members - Datuk Tan Choon Hwa, JP
(Independent Non-Executive Director)

The NRC shall meet at least once a year unless otherwise determine by the NRC. The Quorum for meeting and/or for the sanction and endorsement of approvals in writing shall be at least two (2) members.

The NRC assesses the effectiveness of the Board as a whole and the Board Committee through the completion of the assessment questionnaires. The assessment parameters included board structure, operations, tenure, roles and responsibilities, Chairman's roles and responsibilities and the effectiveness of the Board in its monitoring role.

For the individual directors' performance evaluation is carried out via self and peer assessment conducted through a customised questionnaire completed by each of the Directors. It assesses the competencies of each Director in the areas of their contribution, performance, calibre and personality in relation to the skills and experience and other qualities they bring to the Board. Upon completion, the Company Secretary gathers the forms, summarises and presents the results of the performance assessment to the NRC. All the findings of all evaluations will be reported to the Board by the Chairman of NRC.

The NRC also reviews remuneration package comprising salaries, bonuses, benefits-in-kind and allowances of Executive Directors annually to ensure that the remuneration packages are fair and reasonable. The determination of the remuneration of the INEDs is a matter for the Board as a whole.

A summary of the activities of the NRC in discharging its duties during the year under review is as follows:

a) Reviewed and recommended the re-designation of Dato' Beh Hang Kong to as Non-Independent Non-Executive;

b) Reviewed and recommended the acceptance of the resignation of Mr Heng Chee Wei as the Senior Independent Non-Executive Director, Chairman of Audit Committee, a member of Nomination Committee and a member of Remuneration Committee as well as the proposed changes of the composition of Board and Board Committees arising from the resignation;

c) Reviewed the composition of the Board in respect of its structure, size and the required mix of skills and experience;

PART II & III – BOARD COMPOSITION & REMUNERATION (CONT'D)

NOMINATION AND REMUNERATION COMMITTEE (CONT'D)

d) Reviewed the re-election of directors retiring by rotation pursuant to Article 90 of the Company's Articles of Association ("**AA**") and re-appointment of director retiring pursuant to Article 89(g) of AA at the Fifteenth AGM of the Company;

e) Assessed the independence of INEDs;

f) Annual assessment and evaluation of the Board, Board Committees and the individual directors; and

g) Reviewed remuneration packages comprising salaries, incentives, bonuses, benefits-in-kind and allowance of Executive Directors.

The NRC, upon its annual assessment, confirms that the present size, mix of qualification, skills and experience as well as the composition of the Board has the requisite competencies and capacity to effectively oversee the overall businesses and handle all matters pertaining to the Group.

The Board is satisfied that the current function of NRC in respect of nomination and remuneration matters in accordance with its terms of reference.

Directors' Remuneration

The Group is committed to achieving sustained improvements in performance and this depends crucially on the individual contributions made by the executive members of the Board and by employees at all levels. Accordingly, the Board believes that an effective remuneration policy plays an essential part in the future success of the Group.

In reviewing the remuneration of Executive Directors, NRC with the assistance of Human Resource Department considers the level of remuneration has achieved the following main objectives of the Company's policy on Directors' remuneration:-

- to ensure remuneration package is competitive to attract and retain its Executive Directors who are capable in meeting the Company's goal;

- to reward Executive Directors for achieving corporate and individual performance targets in a fair and equitable way;

- to ensure the remuneration package reflects the Executive Director's duties and responsibilities and contain incentives to motivate the Executive Director to deliver the Group's performance objectives without encouraging excessive risk taking; and

- the remuneration policy must be sufficiently flexible to take account of changes in the Group's business environment and market practices.

The remuneration packages for Executive Directors comprises a fixed component (in the form of basic salary, contractual bonus and benefits-in-kind) and variable components (which includes variable year-end bonus and employee share options).

PART II & III – BOARD COMPOSITION & REMUNERATION (CONT'D)

Directors' Remuneration (Cont'd)

When reviewing and determining the structure of Directors' remuneration, the NRC takes into consideration of the following criteria:-

- Individual performance;
- Skills and knowledge;
- Involvement in the Group's affairs;
- Achievement of Group's internal targets; and
- Performance and profitability of the Group.

The NRC also considers other factors such as salary paid by comparable companies, time commitment, scope of duties and responsibilities. The NRC may consult the Group Managing Director on the remuneration of other Executive Directors and has access to independent professional advice, if necessary.

The Board as a whole recommends the proposed fees for the Non-Executive Directors with the individual directors concerned abstaining from decisions in respect of their individual remuneration. The fees, allowance and other benefits, if any, payable to the Non-Executive Directors are subject to the approval of shareholders at the Company's AGM.

The remuneration of the Directors for the FY 2017 is set out below:-

(a) The details of the Directors' remuneration (including benefits-in-kind) for each Director received/receivable **from the Company** during the FY 2017 are as follows:-

	Fees (RM'000)	Salaries, Bonuses, Allowances & Other Emoluments (RM'000)	Benefits-In-Kind (RM'000)
Non-Executive Directors			
Dato' Abdul Majit bin Ahmad Khan	39	6	-
Dato' Beh Hang Kong [(1)]	-	29	-
Mr Chin Sui Yin	27	6	-
Datuk Tan Choon Hwa	27	5	-
Mr Heng Chee Wei [(2)]	33	1	-
Executive Directors			
Tan Sri Lim Hock San [(3)]	13	102	8
Datuk Wira Lim Hock Guan [(4)]	13	86	-
Datuk Lim Lit Chek	-	-	-
Mr Lim Kim Hoe	-	104	-
Total	**152**	**339**	**8**

PART II & III – BOARD COMPOSITION & REMUNERATION (CONT'D)

Directors' Remuneration (Cont'd)

(b) The details of the Directors' remuneration (including benefits-in-kind) for each Director received/receivable **from the Group** during the FY 2017 are as follows:-

	Fees (RM'000)	Salaries, Bonuses, Allowances & Other Emoluments (RM'000)	Benefits-In-Kind (RM'000)
Non-Executive Directors			
Dato' Abdul Majit bin Ahmad Khan	39	6	-
Dato' Beh Hang Kong (1)	-	29	-
Mr Chin Sui Yin	27	6	-
Datuk Tan Choon Hwa	27	5	-
Mr Heng Chee Wei (2)	33	1	-
Executive Directors			
Tan Sri Lim Hock San (3)	13	645	28
Datuk Wira Lim Hock Guan (4)	13	470	56
Datuk Lim Lit Chek	-	875	101
Mr Lim Kim Hoe	-	624	35
Total	**152**	**2,661**	**220**

Notes:
1. Dato' Beh Hang Kong was re-designated from Executive Director to as Non-Independent Non-Executive Director of the Company on 31 January 2017.
2. Mr Heng Chee Wei resigned as Director of Company with effect from 31 January 2017.
3. Tan Sri Lim Hock San was re-designated from Non-Independent Non-Executive Director to as Group Managing Director of the Company on 5 July 2016. The fees disclosed above being his Director's Fees for financial year 2016 received in year 2017.
4. Datuk Wira Lim Hock Guan was re-designated from Non-Independent Non-Executive Director to as Executive Director of the Company on 5 July 2016. The fees disclosed above being his Director's Fees for financial year 2016 received in year 2017.

Remuneration of Senior Management

The Board acknowledges the recommendation of MCCG to disclose the remuneration of top five (5) Senior Management on a named basis in bands of RM50,000. However, the Board considered the confidential and commercial sensitivities related with staff remuneration matters and the highly competitive human resource environment which being involved, it is important to ensure the stability and continuity of the business operations with a competent and experienced Executive team in place. At this particular juncture, the Board is of opinion that the disclosure be made on the following aggregate basis which allows stakeholders to make an appreciable link between remuneration of senior management and the performance of the Group.

PART II & III – BOARD COMPOSITION & REMUNERATION (CONT'D)

Remuneration of Senior Management (Cont'd)

Name	Salaries, Bonuses, Allowances & Other Emoluments	Benefits-In-Kind	Total
Top 5 Senior Management Remuneration	91%	9%	100%
	89%	11%	100%
	100%	0%	100%
	96%	4%	100%
	100%	0%	100%
Total (RM'000)	**2,050**		

PRINCIPLE B:
EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

AUDIT COMMITTEE

The Audit Committee ("**AC**") of the Company comprises three (3) INEDs of whom assist the Board in fulfilling its fiduciary responsibilities relating in areas of financial reporting, external audit, internal control system, internal audit process as well as review of related party transaction. The AC also undertakes to provide oversight on the risk management framework of the Group.

The present members of the AC are as follows:

a) Chairman - Mr Chin Sui Yin
(Senior Independent Non-Executive Director)

b) Members - Dato' Abdul Majit bin Ahmad Khan
(Independent Non-Executive Director)

c) Members - Datuk Tan Choon Hwa, JP
(Independent Non-Executive Director)

The role and responsibilities of AC, number of meetings held, summary of AC activities conducted during the financial year are set out in the Audit Committee Report from pages 90 to 92 of this Annual Report.

PART I – AUDIT COMMITTEE (CONT'D)

FINANCIAL REPORTING

The Board endeavours to provide a clear, balanced and fair assessment of the Group's financial performance and prospect primarily through the audited financial statements, quarterly announcement of financial results and annual report to shareholders.

The Board is assisted by the AC to oversee the integrity of the Group's financial reporting processes. The processes are aimed at providing assurance that the financial statements and related notes were prepared and drawn up in accordance with the provisions of the Companies Act, 2016 and the applicable approved accounting standards in Malaysia. The quarterly financial results and audited financial statements were reviewed and recommended by the Audit Committee and approved by the Board before being released to Bursa Securities.

RELATIONSHIP WITH EXTERNAL AUDITORS

The Board maintains a formal and transparent relationship with its External Auditors in seeking valuable professional advice and in ensuring compliance with the applicable accounting standards. The External Auditors regularly bring up relevant matters that need to be addressed during the Audit Committee Meetings and Board Meetings.

The Audit Committee was accorded the power to communicate directly with both the External and Internal Auditors in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

A full Audit Committee Report enumerating its role in relation to the External Auditors is set out from pages 90 to 92 of this Annual Report.

ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

The Audit Committee annually carry out the assessment procedures to determine the suitability and independence of the external auditors including quality and performance of their audit to ensure the external auditors should be free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectivity. The annual assessment also ensures that the provision of other non-audit services by the external auditors is not in conflict with their audit function. As an industry practice, the external auditors rotate their engaging partner in charge of audit of the Group's financial statements once every 5 years to maintain their independence from the Group.

The external auditors provide mainly audit-related services to the Company and also undertake certain non-audit services such as quarterly review, regulatory review and reporting, and other services as and when requested by the Group. The independence of external auditors can be impaired by the provision of non-audit services to the Company.

During the FY 2017, the Audit Committee undertook review of the suitability and independence of Messrs. UHY ("**UHY**"). In determining the independence of UHY, the Audit Committee reviewed various aspects of their relationships with them including the nature and amount of the non-audit services paid to UHY for the FY 2017 and the corresponding fees. The review showed that the non-audit fees did not impair or threaten the audit independence of UHY as such amount is not significant as compared to the total audit fees paid to UHY. Based on the review, the Audit Committee is of the opinion that UHY is, and is perceived to be, independent for the purpose of the Group statutory financial audit. UHY has declared its independence to the Group and its compliance pursuant to Paragraph 290.173 of the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

PART I – AUDIT COMMITTEE (CONT'D)

ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS (CONT'D)

To provide support for an assessment on independence, the Audit Committee has also obtained written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

In reviewing the nomination of UHY for re-appointment for the financial year 2018, the Audit Committee had considered the adequacy of the resources, experience and competence of UHY. The assessment of the external auditor was conducted by completing evaluation form as guided by the Corporate Governance Guide on External Auditor Evaluation Form. The checklist included inter-alia, the external auditors' quality of service, audit team, independence and objectivity, audit scope and planning, audit fees, non-audit services provided by external auditors to the Group and audit communications. The Finance team had shared their views and issues in respect of the performance of the external auditors.

The Board and Audit Committee are satisfied with the competence and independence of the external auditors and had recommended the re-appointment of the external auditors for shareholders' approval at the forthcoming Sixteenth (16th) Annual General Meeting.

PART II – RISK MANAGEMENT & INTERNAL CONTROL FRAMEWORK

SOUND RISK MANAGEMENT FRAMEWORK

The Board is aware of the importance of establishing and maintaining a sound system of risk management framework and internal control in the Company and the Group to safeguard shareholders' interest and Group's assets. The Board continuously reviews and examines the effectiveness and efficiency of the risk management framework and internal control system on areas such as financial, operational and compliance, and seek alternative ways for improvement should any weakness be detected and identified.

INTERNAL CONTROL

The Board has overall responsibility for maintaining sound internal control systems that cover financial controls, operational and compliance controls and risk management to ensure shareholders' investments, customers' interests and the Group's assets are safeguarded.

The Board has outsourced its Internal Audit function to an external professional Internal Audit Firm. Internal Auditors reports directly to the Audit Committee on audit matters and to the Group Managing Director on administrative matters. The Internal Auditors provides independent and objective reports on the Group's management, operational, policies and controls to the Audit Committee and also ensures that recommendations to improve controls are followed through by Management at the same time. The internal audit function conducted its works based on an annual Internal Audit Plan which was tabled before, and approved by, the Audit Committee.

Internal Auditors is responsible to conduct review on the systems of internal control; report the state of the systems of internal control and provide recommendations for improvement. All Internal Audit Reports were tabled and reviewed by the Audit Committee during Audit Committee Meetings. Follow-up reviews would subsequently be performed to ascertain the extent of implementation of the recommended corrective actions for improvement.

PART II – RISK MANAGEMENT & INTERNAL CONTROL FRAMEWORK (CONT'D)

INTERNAL CONTROL (CONT'D)

The systems of internal controls are continuously reviewed to ensure that they are working via the on-going review through internal audit process. The Audit Committee regularly evaluates the effectiveness and adequacy of the Group's internal control systems by reviewing the actions taken on internal control issues identified in the reports prepared by Internal Auditors during Audit Committee Meetings. The Audit Committee also reviews audit recommendations and Management's response to these recommendations.

Besides performing regular operational and compliance audit, the Internal Auditors may conduct investigation and any ad-hoc review upon the requisition from the Audit Committee or the Management.

The engagement of Internal Auditors is one of the many ways of reviewing and assessing the effectiveness of the risk management framework and internal control system of the Group. Both the Board and Management will rectify the weaknesses detected by the Internal Auditors through either adopting the recommendations made by the Internal Auditors or developing its own alternatives to eliminate such weaknesses.

Further information on the Group's risk management and internal control framework is made available on the Statement on Risk Management and Internal Control set out on pages 93 to 95 of this Annual Report.

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

PART I – COMMUNICATION WITH STAKEHOLDERS

CONTINUOUS COMMUNICATION BETWEEN COMPANY AND STAKEHOLDERS

Corporate Disclosure Policies and Procedures

The Company recognises the importance of effective and timely disclosure of corporate and material information to ensure that shareholders, investors and general public make informed assessments of the Company's business value and prospect.

All announcements for release to Bursa Securities are subject to approval by the Executive Directors. The Group Managing Director, Executive Directors, Senior Management and Company Secretary who are privy to the information, are obliged to maintain strict confidentiality of the information.

All information made available to Bursa Securities is immediately available to shareholders and the public at large on the Investor Relations section of the Company's website: www.mgbgroup.com.my.

PART I – COMMUNICATION WITH STAKEHOLDERS (CONT'D)

Leverage on Information Technology for Effective Dissemination of Information

The Board acknowledges the importance of communication with the shareholders and investors of the Group's businesses and corporate developments. The following various mean of communications were utilised as channels for sharing of substantial information with its shareholders, investors and members of the public:-

a) Annual General Meeting ("AGM")

The Company's AGM remains the principal forum for dialogue and interaction with the shareholders. The Board regard the AGM as an important channel of communication, as it serves as a forum for direct two-way interaction between the shareholders, Board and Management on the Company's strategy, operations, performance and major developments. Shareholders are given the opportunity to participate in the question and answer session during the AGM on the proposed resolutions and the Group's operations. The Chairman will provide sufficient time to shareholders' questions on matters pertaining to the Company's performance and would respond to the shareholders with regard to their concern and question raised.

The Notice and Agenda of AGM together with Form of Proxy are given to shareholders at least twenty-one (21) days before the AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf. Each item of special business included in the Notice of AGM is accompanied by an explanatory statement for the proposed resolution to facilitate the full understanding and evaluation of issues involved.

b) Annual Report

Annual Report act as a key channel of communication with the Group's stakeholders contains comprehensive and easy to understand details of the business, financial performance, direction and other activities of the Company. These contents are continually enhanced in order that shareholders and investing public are provided with clear and accurate information and are suitably briefed on matters that are to be discussed to enable their effective participation during AGM. An online version of the Annual Report is also available at the Company's website.

c) Website

The Company's website www.mgbgroup.com.my which updates periodically also provides an avenue for accessing to the latest corporate information and development of the Company easily and immediately. It houses information of the Group which includes corporate profile, on-going and completed projects, financial results and corporate news. The Company also has in place a dedicated section for corporate governance on its corporate website, which provides information such as the Board Charter, Code of Conduct, Whistle-blowing Policy, Terms of Reference for each Board Committee and Summary of the Minutes of Annual General Meeting.

Alternatively, Bursa Securities' website www.bursamalaysia.com would be another source of information to the shareholders, investors and public community on the various announcements made by the Company from time to time in addition to the Annual Report and Circular to Shareholders submitted to Bursa Securities.

PART I – COMMUNICATION WITH STAKEHOLDERS (CONT'D)

d) Online Social Networking

By recognising broader communication, in 2017, the Company embarked on its social media journey by registered itself on Facebook to serve as an alternate channel of communication in view of better engagement with the shareholders, investors and other stakeholders whereby all the real time status and updates of the Company is accessible at any point of time. All the corporate news, events, ceremony and press release will be posted on the Facebook from time to time in order to keep the shareholders and investing public updated on the Group's business progress and development.

e) Senior Independent Non-Executive Director

As there may be instance where investors and shareholders may prefer to express their concern to an Independent Director, the Board has appointed Mr Chin Sui Yin, as the Senior Independent Non-Executive Director of the Company to whom the concerns pertaining to the Group may be directed.

PART II – CONDUCT OF GENERAL MEETINGS

ENCOURAGE SHAREHOLDERS PARTICIPATION AT GENERAL MEETINGS

The Company maintained an active dialogue with shareholders with the objective of giving a clearer picture of the Company's performance. At the Company's AGM, shareholders are encouraged to express their views or raise questions in relation to the Group's financial performance and business operations. Members of the Board as well as the Auditors of the Company are present to respond to questions raised at the meeting. The shareholders are given the opportunity to raise questions on the Group's activities and prospects as well as to communicate their expectations and concerns to the Company.

The Fifteenth (15th) AGM of the Company was convened and held on 29 May 2017 and the notice of AGM was issued together with Annual Report 2017 on 27 April 2017, to allow shareholders additional time to go through the Annual Report and make necessary attendance and voting arrangements. The voting at the Fifteenth (15th) AGM of the Company was conducted through electronic voting system. The voting results, which had been verified by the independent scrutineer, are contained in the summary of the minutes of the Fifteenth AGM which is available on the Company's website. A press briefing was also held after the AGM to provide wide publicity and improve general understanding of the Group's performance of the year and its prospect in future.

Extraordinary General Meeting is held as and when shareholders' approvals are required on specific matters.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the MMLR of Bursa Securities, the following information is provided:

AUDIT AND NON-AUDIT FEES

During the FY 2017, MGB Group paid a total of RM208,300 to the Company's Auditors, Messrs. UHY and their affiliates companies for audit and non-audit services. The details of the payments are set out below:

	COMPANY RM	GROUP RM
Audit fees	65,000	171,500
Non-audit fees		
- UHY	25,000	25,000
- Affiliates of UHY (if any)	2,000	11,800
Total	92,000	208,300

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

On 5 July 2017, RHB Investment Bank Berhad ("**RHBIB**") announced for and on behalf of the Company that Bursa Securities has approved the listing and quotation for up to 47,414,419 new ordinary shares ("**Placement Shares**") pursuant to Sections 75 and 76 of the Companies Act, 2016 ("**Private Placement**").

On 1 August 2017, RHBIB announced the completion of the first tranche of the Private Placement following the listing of and quotation for 28,000,000 Placement Shares on the Main Market of Bursa Securities on even date. The issue price per Placement Share was fixed at RM1.08 and total gross proceeds raised was approximately RM30.24 million.

During the financial year, the proceeds raised pursuant to the first tranche of the Private Placement has been fully utilised according to the tabulation below:

Details of Utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance Unutilise (RM'000)	Intended Timeframe for Utilisation
Working Capital	29,816	29,816	-	Within 12 months from the date of completion of the private placement.
Defray the estimated expenses*	424	424	-	Within 1 month from the date of completion of the private placement.
	30,240	30,240	-	

* The estimated expenses comprising professional fees, fees payable to relevant authorities and other related expenses. Any excess/shortfall in funds for estimated expenses will be adjusted to/from funds allocated for working capital.

MATERIAL CONTRACTS

There was no material contract (not being contracts entered into the ordinary course of business) entered into by the Company or its subsidiary companies involving the interests of the directors, chief executive who is not a director or major shareholders, either still subsisting at the end of the financial year end under review or which were entered into since the end of the previous financial year.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible to ensure the Company's financial statements are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016 so as to give a true and fair view of the state of affairs, the results and cash flow of the Group and of the Company during the FY 2017. The Board is also responsible for ensuring that the financial results are released to Bursa Securities within the stipulated time frame.

In preparing the financial statements, the Directors have ensured compliance with the applicable approved accounting standards and applied consistently and made judgements and estimates that are reasonable and prudent. The Directors have also confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible in ensuring the Group and the Company keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company at any time and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 2016 and the applicable approved accounting standards. It is the Board's general responsibility for taking reasonable steps to safeguard the assets of the Group and to detect as well as prevent any fraud and other irregularities to occur.

AUDIT COMMITTEE REPORT

The report of the Audit Committee ("**Committee**") of MGB Berhad (formerly known as ML Global Berhad) ("**MGB**" or "**Company**" or "**Group**") for the financial year ended 31 December 2017 ("**FY 2017**") is presented as follows:

A. MEMBERS AND ATTENDANCE

During the FY 2017, the Committee held five (5) meetings. The details of the membership and record of attendance of these meetings are as follows:

COMMITTEE MEMBER	NUMBER OF MEETINGS HELD DURING TENURE IN OFFICE
Mr Chin Sui Yin * *Chairman, Senior Independent Non-Executive Director*	5/5
Dato' Abdul Majit bin Ahmad Khan *Member/Independent Non-Executive Director*	4/5
Datuk Tan Choon Hwa *Member/Independent Non-Executive Director*	5/5

Notes:
* Member of Malaysian Institute of Accountants

Nomination and Remuneration Committee had reviewed and evaluated the performance of the Committee as a whole and its members individually through an Annual Board & Board Committees Performance Evaluation. All the deliberations, recommendations and discussions were recorded in the Minutes and Performance Evaluation Sheet. The same were tabled to the Board members for deliberations at the subsequent Board meeting. The Board is satisfied that the Committee has effectively performed all their functions, duties and responsibilities in accordance with its Terms of Reference.

The Audit Committee meetings were attended by the external and/or internal auditors, when necessary.

B. TERMS OF REFERENCE OF AUDIT COMMITTEE

The principal functions of the Committee are to provide oversight of the financial statements in compliance with legal, regulatory requirements and applicable accounting standards and to assess the effectiveness of the system internal controls as well as internal and external audit functions.

The Terms of Reference of the Committee covers the following parts:-
1. Members;
2. Quorum;
3. Proceedings of Meeting;
4. Authority; and
5. Duties and Functions.

The Board took note on Practice 8.2 of the MCCG 2017, the terms of reference of Audit Committee has been updated in November 2017, whereby no former key audit partner shall be appointed as a member of the Audit Commitee before observing a cooling-off period of at least two years. The Board will review the Term of Reference of the Audit Committee when necessary to ensure they remain relevant and appropriate. The full version of the Terms of Reference of the Audit Committee are published on the Company's website at www.mgbgroup.com.my.

C. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The summary of the activities of the Audit Committee in discharging its functions and duties during the year under review are as follows:-

1. Financial Reporting:

- Reviewed the unaudited quarterly results of the Group in respect of FY 2017 prior to recommending the same to the Board of Directors ("**Board**") for approval and release to Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The review included discussions on the Group's overall performance for the quarter and material changes in the quarter results compared with the immediate preceeding quarter and previous period's corresponding quarter.
- Reviewed with the External Auditors, the audited financial statements of the Group for the financial year ended 31 December 2016 including the Auditors' report, issues and reservations arising from statutory audit prior to recommending the same to the Board for approval.
- Reviewed the unaudited quarter financial results, audited financial statements and announcements of the Company, amongst others, any changes in accounting policies and practices, significant adjustments arising from the audit, major judgement areas, significant and unusual events, the going concern assumption and compliance with accounting standards and other legal requirements for the Board's approval before releasing to Bursa Securities.
- Reviewed the impact of any changes to the accounting standards and adoption of new accounting Standards on the Group's Financial Statements.

2. External Audit:

- Reviewed the External Auditors' scope of work and annual audit plan of the Group and the Company for the FY 2017 inclusive of audit approach, areas of audit emphasis, timeline for reporting and deliverables and audit fees prior to the commencement of the annual audit.
- Reviewed the extent of assistance rendered by management and issues and reservations arising from audits with the external auditors with the presence of management and the executive board members.
- Assessed and evaluated the performance, independence and suitability of the external auditors for the re-appointment of Auditors to conduct the statutory audit of the Group and made recommendation to the Board with respect to their appointment and fees. The assessment was undertaken with written assurance from the External Auditors of their independence including policies and measures used to control their work quality.
- Reviewed the audit and non-audit fees of the external auditors for the financial year ended 31 December 2016.

3. Internal Audit:

- Reviewed and approved the outsourced internal auditors' scope of work, Internal Audit Plan and its scope of work proposed by the Internal Auditors for the FY 2017.
- Reviewed the audit activities carried out by the Internal Auditors on areas encompassing Contract Function and Project Management and their relevant risks and audit findings and ensure corrective actions were taken in addressing the risk issues reported.
- Monitored the implementation of mitigation actions by Management on outstanding issues to ensure all key risks and control weaknesses are properly addressed.

4. Risk Management:

- Reviewed the Risk Register to ensure that all major risks are well managed and reported to the Board.
- Reviewed the Risk Assessment Report on investments, joint venture, construction contract of the Group for the financial year 2017.

5. Related Party Transactions:

- Reviewed the terms of the proposed renewal of general mandate for recurrent related party transactions of a revenue or trading nature and the procedures for these proposed transactions.
- Reviewed all related party transactions ("**RPTs**") entered by the Group and the Company to ensure the transactions entered into were at arm's length basis and on normal commercial terms including the adequacy, appropriateness and compliance procedures established to monitor the RPTs.

C. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

6. Other Matter

- Reviewed the Company's Audit Committee Report and Statement on Risk Management and Internal Control before recommending the same to the Board for inclusion in the Company's Annual Report for 2016.
- Reported to the Board of Directors on significant issues and concerns discussed at the Committee's meetings together with the appropriate recommendations.

D. INTERNAL AUDIT FUNCTION

The Group has outsourced the internal audit function to GovernanceAdvisory.com Sdn Bhd ("**GASB**"), an established external professional Internal Audit firm, which reports to the Audit Committee directly and assists the Audit Committee in reviewing the effectiveness of the internal control systems within the Group whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. With the internal audit function being put in place, remedial action can be taken in relation to weaknesses identified and noted in the systems and controls of the respective operating units. The setting up of the internal audit function is geared towards increasing efficiency and better management of resources in all aspects of the Group's operations.

The internal audit function for MGB consists of 4 audit executives of GASB and led by Mr Jason Tee, an experienced internal auditors, has been with GASB for approximately 7 years, having joined in year 2011. Mr Jason Tee is an Associate Member of the Institute of Internal Auditors, Malaysia (IIAM). He has more than 12 years' professional experience in providing risk management system and internal controls review service.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. The audit focuses on high risk area to ensure that an adequate action plan has in place to improve the controls in place.

During the financial year under review, the Internal Auditors carried out internal audit review on the Contract Function and Project Management of the Group and the objectives of the said review are listed as follows:-

Contract Function

- To ensure policies and procedures are in place for contract management;
- To determine an in-depth study was conducted prior to (1) formulation of contract, and (2) acceptance of contract;
- To determine all related or relevant parties were involved in formulating of contract;
- To ensure approval or acceptance of contract is in accordance with approved authority limit;
- To ensure tender process is carried out in timely manner;
- To ensure a well-defined tender scope/document;
- To ensure tendered documents are evaluated and awarded to the best selected tenderer without bias;
- To ensure constant monitoring by adhering to the contract; and
- To monitor over progress payment or billing.

Project Management

- To ensure project planning is established, reviewed and approved prior to execution of work at site (i.e. construction phase, timeline, cost incurred (materials, labour, expenses) and etc);
- To ensure quality, quantity and cost of materials are purchased and utilised according to approved plan;
- To ensure execution of construction work is performed according to approved and agreed plan;
- To ensure monitoring over execution of work falls within agreed timeline to avoid delay and penalty;
- To ensure the payments made are in accordance to stages of completion and approved accordingly; and
- To ensure changes to the plan (cost, time, building structure) are approved accordingly.

On half yearly basis or earlier as appropriate, the internal auditors report to the Audit Committee on areas for improvement. A follow-up on previous internal audit reviews were carried out. This is to ensure that all the agreed recommendations are implemented according to the timeline and that the Committee obtains feedback/update on the implementation status.

The costs incurred for the internal audit function in respect of the financial year is approximately RM32,000.00.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) and the Practice Note No. 9 of Bursa Malaysia Securities Berhad Listing Requirements and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Issuers, the Board of Directors ("**Board**") is committed to maintain a sound system of risk management and internal control to safeguard shareholders' investment and the Company's assets. The Board of MGB (formerly known as ML Global Berhad) ("**MGB**" or "**Company**" or "**Group**") is pleased to present the below mentioned statement for the financial year ended 31 December 2017.

BOARD RESPONSIBILITY

The Board assumes overall responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. The Group's internal control system and risk management system covers governance, financial, strategy, organisational, operational, management information systems and compliance with existing laws, regulations, rules, directives and guidelines. The Board ensures that appropriate policies on risk management and internal control are set and seeks regular assurance that the system is functioning adequately and that integrity is maintained. The Board also confirms that necessary actions have been or are being taken to remedy any significant failings and weakness identified from the review.

The Board recognises that such a system of internal controls has its inherent limitations as it is designed to manage, rather than to eliminate risks that are not adhering to the Group's business objectives and goals. Accordingly, the system can only provide reasonable assurance, and not absolute assurance against material misstatement or loss.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to GovernanceAdvisory.com Sdn Bhd, an established external professional internal audit firm. The Internal Auditors supports the Audit Committee, and by extension, the Board, by providing independent assurance on the effectiveness of the Group's system of internal control.

The internal audit plan which reflects the identified risks was reviewed and approved by the Audit Committee. The scope of the Internal Auditors' function covered the audit and review of governance, risk assessment, compliance, operational and financial controls of the Group's business units and operations.

During the financial year ended 31 December 2017, internal audit visits were carried out based on the approved audit plan, among the key coverage included Contract Function and Project Management Function. The findings of the internal audit, including the recommended corrective actions, were presented directly to the Audit Committee.

All reports from the internal audit reviews carried out were submitted and presented to the Audit Committee with the feedback and agreed corrective actions to be undertaken by the Management. Subsequently, the progress of these corrective actions was monitored and verified by internal auditors in the agreed timeline and submitted to the Audit Committee. Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report and not expected to have any material impact to the financial statements of the Group.

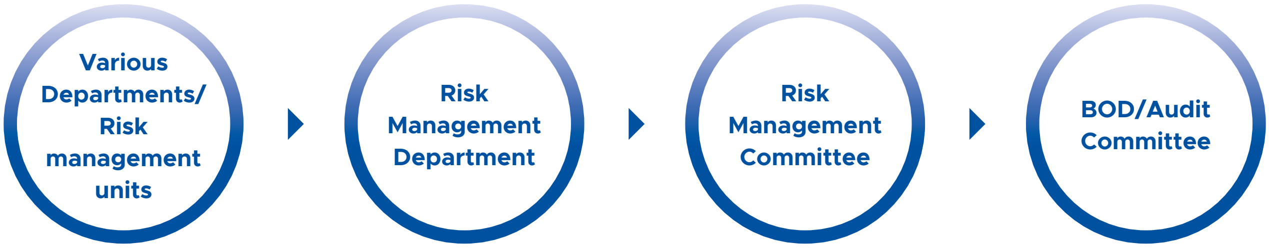
In assessing the adequacy and effectiveness of the system of internal control and functional control procedures of the Group, the Audit Committee reports to the Board on its activities, audit results or findings and the necessary recommendations or actions needed to be taken by the Management, if any.

In performing the internal audit review, the Internal Auditors refer to and are guided by The International Professional Practices Framework (IPPF) that includes the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

RISK FRAMEWORK

Risk Management and internal controls are treated as an integral part of overall management process. Oversight of the Risk Management framework were carried out by, among others, various Head of Departments ("**HODs**"), Risk Management Department, Risk Management Committee, Board and Board Committees. There are four crucial components of risk management framework, which include:-

- Risk Identification;
- Risk Evaluation;
- Risk Mitigation; and
- Risk Reporting and Monitoring.



MAIN FEATURES OF RISK MANAGEMENT FRAMEWORK

Risk Management Committee ("**RMC**") is to maintain and mitigate the risks oversight within the Group.

The risk management framework outlines the Group's risk management system, defines management's responsibilities, and sets the Group's risk appetite and risk tolerance. The framework is incorporated into the risk policy and guideline document that has been approved by the Board.

Risk Identification

Risk assessments are undertaken by Risk Management Department together with each of the HODs to identify and update risks profile in terms of likelihood of exposures and impact on the Group's business and the management action plans to manage these risks on a continuing basis.

Risk Evaluation

During the financial year, the Risk Management Committee meets to deliberate on the significant risks profiles identified by each of the HODs in the Group. Matters deliberated include the revised risk profiles, control procedures and status of management action plans.

Risk Management

The significant risk issues evaluated by the Risk Management Committee are discussed at Audit Committee meetings. The Audit Committee reviews the Group's risks profile and effectiveness of the mitigating measures or management action plans that implemented by management and reports to the Board.

KEY ELEMENTS AND PROCESSES OF INTERNAL CONTROLS

Other key elements and processes of the Group's system of internal control are:

- Internal Auditors, which reports to the Audit Committee, performed regular reviews of business processes to assess the effectiveness of internal controls. Internal audits were carried out to review the adequacy of the internal control systems, compliance with policies and procedures. The work of the internal auditors is in accordance with audit plans approved by the Audit Committee and revised as and when deemed appropriate.

- Operational structure with defined lines of responsibilities and delegation of authority. A process of hierarchical reporting has been established that is documented and provides auditable trails to ensure accountability.

- The operational policies and procedures are periodically reviewed and updated if any to ensure effective management of the Group's operations.

- The Audit Committee periodically reviews and deliberate on findings and recommendations for improvement by the internal auditors on the state of the internal control system, and reports to the Board.

- The Audit Committee and the Board monitor and review the Group performance and financial results at their quarterly meetings; and

- Monthly Management meeting and other relevant meetings are held periodically to deliberate and discuss on operational issues that are in-progress or outstanding.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

In accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed issuers, the Board has received assurance from the Group Managing Director and the Chief Executive Officer that the Group's risk management and internal control is operating adequately and effectively in all aspects. It is therefore of the view that risk management and internal control system is satisfactory and no material internal control failures nor have any reported major weaknesses resulted during the financial year.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2017 Annual Report. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide (AAPG) 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

CONCLUSION

The Board is satisfied that the present Risk Management and Internal Controls available is overall satisfactory, adequate and effective for the Group's business. The Board however recognises the ever changing dynamic business environment, and hence will endeavor to continue improving, and enhancing the existing system of risk management and internal controls to ensure their continued relevance.

This statement was approved by the Board on 9 April 2018.

RECURRENT RELATED PARTY TRANSACTIONS

The details of Recurrent Related Party Transactions of the Company entered into during the financial year ended 31 December 2017 pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad were as follows:-

RELATED PARTY	NATURE OF RECURRENT TRANSACTIONS	VALUE OF TRANSACTIONS	NATURE OF RELATIONSHIP BETWEEN MGB GROUP AND THE RELATED PARTY
LBS Bina Group Berhad's ("**LBGB**") group of companies	• Provision and/or receipt of contracts in relation to construction works and property development. • Provision and/or receipt of services in relation to project management, project consultancy and property management. • Supply and/or purchase of construction and building materials.	RM509.56 million	• LBGB is a major shareholder of MGB with a shareholding of 54.97% as at 31 December 2017. • Tan Sri Lim Hock San is the Group Managing Director of both MGB and LBGB, and a major shareholder of LBGB. • Datuk Wira Lim Hock Guan is an Executive Director of both MGB and LBGB, and a major shareholder of LBGB. • Lim Kim Hoe is a son of Tan Sri Lim Hock San. He is also an Executive Director of MGB.

Financial Statements

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 8 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	34,335,366	230,256
Attributable to:		
Owners of the parent	34,127,497	
Non-controlling interests	207,869	
	34,335,366	

RESERVES AND PROVISIONS

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

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from 357,395,594 to 491,845,773 by way of issuance of 134,450,179 new ordinary shares as follows:

(a) An issuance and allotment of 28,000,000 new ordinary shares at the issue price of RM1.08 per ordinary share for cash arising from private placement exercise.

(b) Conversion of 90,000,000 Irredeemable Convertible Preference Shares ("**ICPS**") into 90,000,000 new ordinary shares at the conversion ratio of one (1) ICPS into one (1) ordinary share with no additional cash payment.

(c) Conversion of 16,450,179 Warrants 2014/2019 into 16,450,179 new ordinary shares at the exercise price of RM0.50 per warrant.

ISSUE OF SHARES AND DEBENTURES (CONT'D)

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES

As at 31 December 2017, the total number of ICPS in issue is 90,000,000 shares.

The salient terms of the ICPS are disclosed in Note 19 to the financial statements.

WARRANTS

The Warrants 2014/2019 were constituted under the Deed Poll dated 22 July 2014.

As at 31 December 2017, the total number of warrants that remain unexercised were 10,298,421.

The salient terms of the warrants are disclosed in Note 20(b) to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Dato' Abdul Majit Bin Ahmad Khan, DIMP
Tan Sri Lim Hock San, PSM, SSAP, DSSA, JP*
Datuk Wira Lim Hock Guan, DCSM, DMSM, PJK, JP*
Datuk Lim Lit Chek, DPSM*
Lim Kim Hoe*
Dato' Beh Hang Kong, DSIS
Chin Sui Yin
Datuk Tan Choon Hwa, JMK, JP
Heng Chee Wai, AMP (resigned on 31 January 2017)

* Director of the Company and its subsidiary companies

The Director who held office in the subsidiary companies (excluding the Directors who are also the Directors of the Company) during the financial year up to date of this report are:

Wong Yuen Meng
Chang Bar Kuei
Fu Jian Guo

DIRECTORS (CONT'D)

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

DIRECTORS' INTERESTS

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

	← Number of ordinary shares →			
	1.1.2017	**Bought**	**Sold**	**31.12.2017**
Interests in the Company				
Direct interests				
Tan Sri Lim Hock San	-	4,718,300	3,000,000	1,718,300
Datuk Lim Lit Chek	51,940,298	22,500,000	14,000,000	60,440,298
Dato' Beh Hang Kong	9,084,604	-	7,011,400	2,073,204
Indirect interests				
Tan Sri Lim Hock San[1]	201,693,215	76,690,000	8,000,000	270,383,215
Datuk Wira Lim Hock Guan[1]	201,693,215	76,690,000	8,000,000	270,383,215

	← Number of ICPS 2016/2021 →			
	1.1.2017	**Bought**	**Converted**	**31.12.2017**
Interests in the Company				
Direct interests				
Datuk Lim Lit Chek	45,000,000	-	22,500,000	22,500,000
Indirect interests				
Tan Sri Lim Hock San[1]	135,000,000	-	67,500,000	67,500,000
Datuk Wira Lim Hock Guan[1]	135,000,000	-	67,500,000	67,500,000

	← Number of Warrants 2014/2019 →			
	1.1.2017	**Bought**	**Sold/Exercised**	**31.12.2017**
Interests in the Company				
Direct interests				
Tan Sri Lim Hock San	-	3,900,000	3,900,000	-
Datuk Wira Lim Hock Guan	-	1,520,000	-	1,520,000
Dato' Beh Hang Kong	10,479,941	-	9,531,560	948,381
Indirect interests				
Tan Sri Lim Hock San[1]	9,195,514	-	9,190,000	5,514
Datuk Wira Lim Hock Guan[1]	9,195,514	-	9,190,000	5,514

Note:

1. Deemed interests pursuant to Section 8 of the Companies Act, 2016, by virtue of shareholdings in LBS Bina Group Berhad through Gaterich Sdn. Bhd.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 29 and Note 32 to the financial statements) by reason of a contract made by the Company or a related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 35(b) to the financial statements.

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

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM20,000,000 and RM33,930 respectively. No indemnity was given to or insurance effected for auditors of the Company.

OTHER STATUTORY INFORMATION

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

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

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

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

(i) which would render it necessary to written off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

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

OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

(d) In the opinion of Directors:

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

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

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

SIGNIFICANT EVENTS

The significant events are disclosed in Note 39 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 40 to the financial statements.

ULTIMATE HOLDING COMPANY

The Directors regard Gaterich Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia, as ultimate holding company.

IMMEDIATE HOLDING COMPANY

The Directors regard LBS Bina Group Berhad, a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad, as immediate holding company.

AUDITORS' REMUNERATION

The details of auditors' remuneration is disclosed in Note 29 to the financial statements.

AUDITORS

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

This report was approved by the Board of Directors on 9 April 2018. Signed on behalf of the Board of Directors:

DATUK LIM LIT CHEK

LIM KIM HOE

KUALA LUMPUR

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 111 to 203 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

This report was approved by the Board of Directors on 9 April 2018. Signed on behalf of the Board of Directors:

DATUK LIM LIT CHEK **LIM KIM HOE**

KUALA LUMPUR

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016

I, Datuk Lim Lit Chek, being the Director primarily responsible for the financial management of MGB Berhad (formerly known as ML Global Berhad), do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 111 to 203 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the Federal)
Territory on 9 April 2018.)

DATUK LIM LIT CHEK

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MGB BERHAD (FORMERLY KNOWN AS ML GLOBAL BERHAD)
(COMPANY NO. : 589167-W)
(INCORPORATED IN MALAYSIA)

FINANCIAL STATEMENTS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of MGB Berhad (formerly known as ML Global Berhad), which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 111 to 203.

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 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters (Cont'd)

Key Audit Matters	How our audit addressed the key audit matters
1. Revenue and cost recognition for construction and property development activities	
The Group and the Company are involved in construction and property development activities which span more than one accounting period. The revenue from construction and property development activities is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The Group uses the percentage of completion method in accounting for the progress towards complete satisfaction of the performance obligation. We identified revenue, construction and property development costs as key audit matter as significant management judgement and estimates are involved in estimating the total construction and property development costs. Key management judgements include: • estimating the budgeted costs to complete each project; • the future profitability of each project; and • the percentage of completion at the end of the reporting period. Changes in these judgements could lead to a material change in the value of revenue recognised.	We evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15 *Revenue from Contracts with Customers.* We performed a range of audit procedures which included reviewing contract documentation, variation orders and enquiring of key personnel regarding status of on-going contracts, adjustments for job costing and potential impairment losses. In relation to construction and property development revenue or costs, we, amongst others and where applicable, agreed this to original signed contracts, letter of awards and approved variation orders. We evaluated the project progress and recovery of cost to supporting evidences include but not limited to verifying third party surveyors' certificates, progress report and interviews with project team. In assessing management's assumptions in estimating the costs to completion for contracts, we verified the budgeted cost to sub-contractors' contracts. We verified the construction and property development costs incurred to date to sub-contractors' progress claims and recalculating the percentage of completion at the reporting date. We have considered the adequacy of the Group's disclosures regarding this revenue stream and whether they are in accordance with MFRS 15 *Revenue from Contracts with Customer.*

Key Audit Matters (Cont'd)

Key Audit Matters	How our audit addressed the key audit matters
2. Goodwill impairment review The Group has significant goodwill allocated to the property development cash generating units ("CGUs"). Goodwill shall be tested for impairment annually in accordance to MFRS 136 *Impairment of Assets*. The estimation of recoverable amount is complex and significant judgement is required for estimates, specifically cashflows projections, discount rates and short term growth rates. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, this is the key judgemental area that our audit was concentrated.	We assessed the reasonableness of the cash flows forecasts and supporting evidence of the underlying assumptions, by checking to approved budgets and comparing expected growth rates to relevant market expectations. We performed sensitivity analysis on the key inputs (including discount rates and long term growth rates) to the impairment model, to understand the impact that reasonably possible changes to key assumptions would have on the overall carrying amount of the goodwill at the end of the reporting period. We tested the discount rates assigned to the cash generating units, as well as the long-term growth rates, with reference to our understanding of the business, comparisons to other similar companies, economic and industry forecasts where appropriate. We considered evidence available to support the discount rates used, and consistency with findings from other areas of the audit. We considered the adequacy of management's disclosures in respect of impairment testing and whether the disclosures appropriately communicate the underlying sensitivities.
3. Purchase price allocation for the acquisition of MITC Engineering Sdn. Bhd. and carrying amount of goodwill and intangible assets arising from purchase price allocation In July 2017, the Company completed the purchase price allocation exercise to determine the fair value of the net assets of MITC Engineering Sdn. Bhd. MFRS 3 *Business Combinations* requires the Company to recognise the identifiable assets, liabilities and contingent liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair values recognised as goodwill. This requires a significant amount of management estimation, particularly in relation to the identification and valuation of intangible assets and assignment of their useful lives. The intangible assets and goodwill recognised amounted to RM8.40 million and RM253.69 million respectively.	We have reviewed the valuation report prepared by the external specialists on the purchase price allocation. Based on our review, we noted that the purchase price allocation has been performed in accordance with MFRS 3 *Business Combinations*, including the disclosures thereon, and that the intangible assets identified are appropriate and within a reasonable range of our audit expectations. We also noted management's key assumptions applied in the purchase price allocation in arriving at the fair value of the assets acquired and liabilities assumed, including the fair valuation of identified intangible assets, to be within a reasonable range of our audit expectations.

Information Other Than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal 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.

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.

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

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: (Cont'd)

- 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.

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, 2016 in Malaysia, we report that the subsidiary company of which we have not acted as auditors are disclosed in Note 8 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

LIM BEE PENG
Approved Number: 03307/06/2019 J
Chartered Accountant

KUALA LUMPUR
9 April 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group 2017 RM	Group 2016 RM Restated	Company 2017 RM	Company 2016 RM
Assets					
Non-Current Assets					
Property, plant and equipment	4	49,450,872	39,508,691	456,981	403,318
Intangible assets	5	4,331,021	8,057,146	-	-
Investment properties	6	59,787,427	60,437,424	-	-
Capital work-in-progress	7	1,300,410	1,589,811	-	-
Investment in subsidiary companies	8	-	-	300,000,055	300,000,004
Investment in an associate	9	-	34,315	-	-
Goodwill on consolidation	10	253,690,382	253,690,382	-	-
		368,560,112	363,317,769	300,457,036	300,403,322
Current Assets					
Inventories	11	54,138,064	3,048,027	-	-
Contract assets	12	56,201,135	9,149,347	-	-
Trade receivables	13	93,682,757	70,089,514	-	-
Other receivables	14	31,480,223	18,569,960	303,092	298,435
Amount due from subsidiary companies	15	-	-	42,655,520	8,528,013
Amount due from related companies	16	186,947,619	164,287,244	-	5,238
Tax recoverable		1,804,964	26,361	549,699	-
Fixed deposits with licensed banks	17	4,332,750	1,995,056	-	-
Cash held under Housing Development Account	18	61,724	-	-	-
Cash and bank balances	18	19,692,802	7,475,465	3,618,211	1,119,487
		448,342,038	274,640,974	47,126,522	9,951,173
Total Assets		816,902,150	637,958,743	347,583,558	310,354,495

		Group		Company	
	Note	2017 RM	2016 RM Restated	2017 RM	2016 RM
Equity and Liabilities					
Equity					
Share capital	19	383,282,290	268,697,797	383,282,290	268,697,797
Reserves	20	5,932,887	83,852,978	1,029,842	78,794,263
Retained earnings / (Accumulated losses)		18,878,701	(17,049,484)	(43,656,999)	(45,532,273)
Equity attributable to owners of the parent		408,093,878	335,501,291	340,655,133	301,959,787
Non-controlling interests		2,387,759	(2,141)	-	-
Total Equity		410,481,637	335,499,150	340,655,133	301,959,787
Non-Current Liabilities					
Trade payables	21	12,738,499	-	-	-
Loans and borrowings	22	85,011,161	30,628,609	-	-
Deferred tax liabilities	23	2,265,303	2,756,763	-	-
		100,014,963	33,385,372	-	-
Current Liabilities					
Trade payables	21	211,790,278	163,456,487	-	-
Other payables	24	14,490,082	16,867,086	425,671	2,005,320
Contract liabilities	12	38,843,746	43,472,289	-	-
Amount due to subsidiary companies	15	-	-	6,502,754	6,389,388
Amount due to related companies	16	16,387,706	37,028,631	-	-
Loans and borrowings	22	21,404,820	8,178,742	-	-
Tax payable		3,488,918	70,986	-	-
		306,405,550	269,074,221	6,928,425	8,394,708
Total Liabilities		406,420,513	302,459,593	6,928,425	8,394,708
Total Equity and Liabilities		816,902,150	637,958,743	347,583,558	310,354,495

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
	Note	2017 RM	2016 RM Restated	2017 RM	2016 RM
Revenue	26	692,643,781	92,532,519	-	-
Cost of sales	27	(606,316,357)	(81,958,114)	-	-
Gross profit		86,327,424	10,574,405	-	-
Other income		2,610,503	6,516,011	2,430,890	52,099
Administrative expenses		(35,572,526)	(14,349,058)	(1,809,308)	(6,562,012)
Finance costs	28	(3,402,138)	(946,121)	-	-
Share of profit in an associate		-	15,620	-	-
Profit / (Loss) before tax	29	49,963,263	1,810,857	621,582	(6,509,913)
Taxation	30	(15,627,897)	(1,749,118)	(391,326)	-
Profit / (Loss) for the financial year		34,335,366	61,739	230,256	(6,509,913)
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of leasehold land and buildings	4	-	6,792,757	-	-
Items that are or may be reclassified subsequently to profit or loss					
Deferred tax liabilities relating to components of other comprehensive income	23	-	(1,630,262)	-	-
		-	5,162,495	-	-
Total comprehensive income/(loss) for the financial year		34,335,366	5,224,234	230,256	(6,509,913)
Profit/(loss) for the financial year attributable to:					
Owners of the parent		34,127,497	63,880		
Non-controlling interests		207,869	(2,141)		
		34,335,366	61,739		
Total comprehensive income for the financial year attributable to:					
Owners of the parent		34,127,497	5,226,375		
Non-controlling interests		207,869	(2,141)		
		34,335,366	5,224,234		
Earnings per share					
Basic earnings per share (sen)	31(a)	8.97	0.06		
Diluted earnings per share (sen)	31(b)	7.16	0.02		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Attributable to owners of the parent									
		Non-Distributable									
	Note	**Share Capital RM**	**Share Premium RM**	**ICPS RM**	**Right of Allotment RM**	**Warrant Reserves RM**	**Asset Revaluation Reserve RM**	**Accumulated Losses RM**	**Total RM**	**Non-Controlling Interests RM**	**Total Equity RM**
Group											
At 1 January 2016		44,817,200	-	-	-	2,674,860	-	(17,217,144)	30,274,916	-	30,274,916
Profit for the financial year		-	-	-	-	-	-	63,880	63,880	(2,141)	61,739
Other comprehensive income for the financial year		-	-	-	-	-	5,162,495	-	5,162,495	-	5,162,495
Total comprehensive income for the financial year		-	-	-	-	-	5,162,495	63,880	5,226,375	(2,141)	5,224,234
Realisation of asset revaluation reserve	20	-	-	-	-	-	(103,780)	103,780	-	-	-
Transactions with owners:											
Acquisition of a subsidiary company	19	-	30,600,000	90,000,000	179,400,000	-	-	-	300,000,000	-	300,000,000
Exercise of right of allotment	19	133,880,597	45,519,403	-	(179,400,000)	-	-	-	-	-	-
Total transactions with owners		133,880,597	76,119,403	90,000,000	-	-	-	-	300,000,000	-	300,000,000
At 31 December 2016		178,697,797	76,119,403	90,000,000	-	2,674,860	5,058,715	(17,049,484)	335,501,291	(2,141)	335,499,150

	Note	Share Capital RM	Share Premium RM	ICPS RM	Warrant Reserves RM	Asset Revaluation Reserve RM	(Accumulated Losses)/ Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
		← Attributable to owners of the parent →								
		← Non-Distributable →								
Group										
At 1 January 2017										
- as previously reported		178,697,797	76,119,403	90,000,000	2,674,860	5,058,715	(16,788,262)	335,762,513	(2,141)	335,760,372
- effect of completion of purchase price allocation	8(b)	-	-	-	-	-	(261,222)	(261,222)	-	(261,222)
At 1 January 2017 (restated)		178,697,797	76,119,403	90,000,000	2,674,860	5,058,715	(17,049,484)	335,501,291	(2,141)	335,499,150
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	34,127,497	34,127,497	207,869	34,335,366
Changes in non-controlling interests arising from acquisition of subsidiary companies		-	-	-	-	-	-	-	2,182,031	2,182,031
Realisation of asset revaluation reserve	20	-	-	-	-	(155,670)	155,670	-	-	-
Transactions with owners										
Issuance of ordinary shares pursuant to:										
- private placement	19	30,240,000	-	-	-	-	-	30,240,000	-	30,240,000
- exercise of warrants	19	8,225,090	-	-	-	-	-	8,225,090	-	8,225,090
Conversion of ICPS	19	60,300,000	-	(60,300,000)	-	-	-	-	-	-
Realisation of warrant reserves	20	-	-	-	(1,645,018)	-	1,645,018	-	-	-
Reclassification pursuant to Section 618(2) of Companies Act, 2016 to no-par value regime	20	45,519,403	(76,119,403)	30,600,000	-	-	-	-	-	-
Total transactions with owners		144,284,493	(76,119,403)	(29,700,000)	(1,645,018)	-	1,645,018	38,465,090	-	38,465,090
At 31 December 2017		322,982,290	-	60,300,000	1,029,842	4,903,045	18,878,701	408,093,878	2,387,759	410,481,637

	Note	Share Capital RM	ICPS RM	Share Premium RM	Warrant Reserves RM	Accumulated Losses RM	Total Equity RM
		Non-Distributable					
Company							
At 1 January 2016		44,817,200	-	-	2,674,860	(39,022,360)	8,469,700
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	(6,509,913)	(6,509,913)
Transactions with owners							
Acquisition of a subsidiary company	19	-	90,000,000	30,600,000	-	-	120,600,000
Exercise of right of allotment	19	133,880,597	-	45,519,403	-	-	179,400,000
Total transactions with owners		133,880,597	90,000,000	76,119,403	-	-	300,000,000
At 31 December 2016		178,697,797	90,000,000	76,119,403	2,674,860	(45,532,273)	301,959,787
At 1 January 2017		178,697,797	90,000,000	76,119,403	2,674,860	(45,532,273)	301,959,787
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	230,256	230,256
Transactions with owners							
Issuance of ordinary shares pursuant to:							
- private placement	19	30,240,000	-	-	-	-	30,240,000
- exercise of warrants	19	8,225,090	-	-	-	-	8,225,090
Conversion of ICPS	19	60,300,000	(60,300,000)	-	-	-	-
Realisation of warrants reserves	20	-	-	-	(1,645,018)	1,645,018	-
Reclassification pursuant to Section 618(2) of Companies Act, 2016 to no-par value regime	20	45,519,403	30,600,000	(76,119,403)	-	-	-
Total transactions with owners		144,284,493	(29,700,000)	(76,119,403)	(1,645,018)	1,645,018	38,465,090
At 31 December 2017		322,982,290	60,300,000	-	1,029,842	(43,656,999)	340,655,133

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 RM	Group 2016 RM Restated	Company 2017 RM	Company 2016 RM
Cash flows from operating activities					
Profit/(Loss) before tax		49,963,263	1,810,857	621,582	(6,509,913)
Adjustments for:					
Bad debts written off		-	1,527,960	-	-
Depreciation of					
- property, plant and equipment		4,020,017	1,141,506	102,611	98,623
- investment properties		1,231,497	60,886	-	-
(Gain)/Loss on disposal of					
- property, plant and equipment		(193,778)	(326,630)	-	28,222
- assets held for sale		-	(4,963,823)	-	-
Amortisation of intangible assets		3,726,125	342,854	-	-
Impairment losses on receivables		96,704	880,420	-	-
Property, plant and equipment written off		21,975	-	2,831	-
Impairment losses on amount due from subsidiary companies		-	-	-	124,586
Impairment losses on leasehold land and building		-	1,389,832	-	-
Goodwill written off	8b	3,142	-	-	-
Interest income		(198,486)	(160,236)	(75,755)	(28,736)
Waiver of debts		-	(335,757)	-	(23,363)
Inventories written down		-	477,646	-	-
Inventories written off		48,027	-	-	-
Finance costs		3,402,138	946,121	-	-
Impairment losses on investment in an associate	9	34,315	-	-	-
Share of profit in an associate		-	(15,620)	-	-
Operating profit/(loss) before working capital changes		62,154,939	2,776,016	651,269	(6,310,581)

	Note	Group 2017 RM	Group 2016 RM Restated	Company 2017 RM	Company 2016 RM
Changes in working capital:					
Inventories		(51,138,064)	728,368	-	-
Receivables		(36,600,210)	58,461,073	(4,657)	4,068,809
Payables		58,689,128	(5,729,618)	(1,579,649)	737,634
Contract assets and contract liabilities		(51,680,331)	1,593,497	-	-
Holding company		-	(9,159,071)	-	-
Subsidiary companies		-	-	(34,014,141)	58,700
Related companies		(43,593,399)	(57,919,091)	5,238	(5,238)
		(124,322,876)	(12,024,842)	(35,593,209)	4,859,905
Cash used in operations		(62,167,937)	(9,248,826)	(34,941,940)	(1,450,676)
Interest paid		(3,402,138)	(946,121)	-	-
Interest income		198,486	160,236	75,755	28,736
Tax paid		(14,480,029)	(2,640,842)	(941,025)	-
		(17,683,681)	(3,426,727)	(865,270)	28,736
Net cash used in operating activities		(79,851,618)	(12,675,553)	(35,807,210)	(1,421,940)
Cash flows from investing activities					
Investment in a subsidiary company		-	-	(51)	-
Net cash inflows from acquisition of subsidiary companies	8(b), 8(c)	2,185,049	1,744,061	-	-
Purchase of property, plant and equipment	4(c)	(7,495,461)	(131,014)	(159,105)	(21,260)
Proceeds from disposal of assets held for sale	25	-	17,050,000	-	-
Proceeds from disposal of property, plant and equipment		272,055	890,000	-	90,000
Net cash (used in)/from investing activities		(5,038,357)	19,553,047	(159,156)	68,740

	Note	Group 2017 RM	Group 2016 RM Restated	Company 2017 RM	Company 2016 RM
Cash flows from financing activities					
(Increased)/Decreased of fixed deposits pledged		(2,337,694)	4,000	-	-
Increased of cash and bank balances pledged		(722,502)	-	-	-
Drawdown of term loans		59,245,230	-	-	-
Repayment of finance lease liabilities		(1,759,400)	(63,813)	-	-
Repayment of term loans		(4,728,050)	(4,600,054)	-	-
Proceeds from issuance of ordinary shares arising from conversion of warrants	19, 20	8,225,090	-	8,225,090	-
Proceeds from issuance of ordinary shares arising from private placement	19	30,240,000	-	30,240,000	-
Net cash from/(used in) financing activities		88,162,674	(4,659,867)	38,465,090	-
Net increase/(decrease) in cash and cash equivalents		3,272,699	2,217,627	2,498,724	(1,353,200)
Cash and cash equivalents at the beginning of the financial year		2,197,721	(19,906)	1,119,487	2,472,687
Cash and cash equivalents at the end of the financial year		5,470,420	2,197,721	3,618,211	1,119,487
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		19,692,802	7,475,465	3,618,211	1,119,487
Cash held under Housing Development Account		61,724	-	-	-
Fixed deposits with licensed banks		4,332,750	1,995,056	-	-
Bank overdrafts		(13,561,604)	(5,277,744)	-	-
		10,525,672	4,192,777	3,618,211	1,119,487
Less: Fixed deposits pledged with licensed banks		(4,332,750)	(1,995,056)	-	-
Cash and bank balances pledged with a licensed bank		(722,502)	-	-	-
		5,470,420	2,197,721	3,618,211	1,119,487

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

1. CORPORATE INFORMATION

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

The principal place of business of the Company is located at H-G, Sunway PJ@51A, Jalan SS 9A/19, 47300 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the Company is located at I-6, Sunway PJ@51A, Jalan SS 9A/19, 47300 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company consist of the provision of management services and investment holding. The principal activities of the subsidiary companies are disclosed in Note 8. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The ultimate holding company is Gaterich Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

The immediate holding company is LBS Bina Group Berhad, a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

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

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year.

(i) <u>Amendments to MFRSs</u>

Annual Improvements to MFRSs 2014-2016 Cycle	Amendments to MFRS 12
Amendments to MFRS 107	Disclosure initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of above amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company except for adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities as disclosed in Note 33.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

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

MFRS 15 *Revenue from Contracts with Customers*, is originally become effective for the financial periods beginning on or after 1 January 2018. MFRS 15 supersedes the current revenue recognition standards including MFRS 118 *Revenue* and MFRS 111 *Construction Contracts* and other related interpretations.

The Group has opted to early adopt MFRS 15 in view of the new business which involved property development.

Upon adoption of this MFRS 15, the Group requires to recognise 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.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The early adoption of MFRS 15 did not have any significant impact on the opening retained earnings of the Group.

Companies Act, 2016

The Companies Act, 2016 ("CA 2016") was enacted to replace the Companies Act, 1965 with the objectives to create a legal and regulatory structure that will facilitate business and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The CA 2016 was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the CA 2016 comes into operation, except section 241 and Division 8 of Part III of the CA 2016, will be 31 January 2017.

Amongst the key changes introduced in the CA 2016 which will affect the financial statements of the Group upon the commencement of the new act on 31 January 2017 includes:

(a) removal of the authorised share capital;
(b) shares of the Group will cease to have par or nominal value; and
(c) the Group's share premium account will become part of the Group's share capital.

The adoption of the CA 2016 did not have any significant impact on the financial statements report upon their initial application.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not adopted the following new MFRSs, new Interpretations and Amendments to MFRSs that have been issued by the MASB which are not yet effective for the Group.

		Effective date for financial periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*	1 January 2018
Amendment to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Annual Improvements to MFRS Standards 2014-2016 Cycle		
• Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
• Amendments to MFRS 128	Investments in Associates and Joint Ventures	1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company have not adopted the following new MFRSs, new Interpretations and Amendments to MFRSs that have been issued by the MASB which are not yet effective for the Group. (Cont'd)

		Effective date for financial periods beginning on or after
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle		
• Amendments to MFRS 3	Business Combinations	1 January 2019
• Amendments to MFRS 11	Joint Arrangements	1 January 2019
• Amendments to MFRS 112	Income Taxes	1 January 2019
• Amendments to MFRS 123	Borrowing Costs	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	Deferred until further notice

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

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

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

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement.*

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets:
(1) Amortised Cost ("AC")
(2) Fair Value through Other Comprehensive Income ("FVOCI")
(3) Fair Value through Profit or Loss ("FVTPL")

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 9 - Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. The standard eliminates the existing MFRS 139 categories of Held-to-Maturity ("HTM"), Loan and Receivables ("L&R") and Available-for-Sale ("AFS").

There is a new expected credit losses model in MFRS 9 that replaces the incurred loss model used in MFRS 139. An entity shall assess whether there is any objective evidence that a financial assets or group of financial assets measured at amortised cost is impaired. If any such evidence exits, the entity shall assess the amount of any impairment loss.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

The adoption of MFRS 9 will result in a change in accounting policy whereby require extensive new disclosures particular about credit risk and expected credit losses.

Based on the assessments undertaken to date, the Group and the Company do not expect the above new requirements to affect the classification and measurements of their financial assets and financial liabilities. On the expected credit losses impact, the Group and the Company expect an increase in the Group's and the Company's allowance for impairment by less than 5% of trade receivables.

The Group and the Company will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparative for 2017 will not be restated.

The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company in financial year ended 31 December 2018 when the Group and the Company adopt MFRS 9.

Amendments to MFRS 140 - Transfers of Investment Property

The amendments to MFRS 140 clarifies the existing provisions in the Standard on transfer to or from the investment property category. The adoption of this amendment is not expected to have any material financial impact on the financial statements of the Group except for disclosure.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 16 - Leases

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

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

The adoption of this standard is not expected to have any material financial impact on the financial statements of the Group except for disclosure.

Amendments to MFRS 1 and MFRS 128 - Annual Improvements to MFRS Standards 2014-2016 Cycle

The amendments to MFRS 1 and MFRS 128 on the Annual Improvements for the 2014-2016 Cycles covers amendments to the Standards on:

(i) First-time Adoption: Certain provisions that have served their intended purposes and are no longer required are removed from the Standard; and

(ii) Investment in Associates and Joint Ventures: Clarifies 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 and joint ventures at fair value in accordance with the Standard.

The adoption of Annual Improvements to MFRS Standards 2014 - 2016 Cycle is not expected to have any material financial impact on the financial statements of the Group except for disclosure.

2. BASIS OF PREPARATION (CONT'D)

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgments, estimates and assumptions

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

Judgments

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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

<u>Useful lives of property, plant and equipment and investment properties</u>

The Group regularly reviews the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amount at the reporting date for property, plant and equipment and investment properties are disclosed in Notes 4 and 6 respectively.

<u>Revaluation of property, plant and equipment</u>

The Group carries its property, plant and equipment at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2017 for revalued land and buildings. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The fair value of buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence. Details of revaluation of property, plant and equipment are disclosed in Note 4.

The key assumptions used to determine the fair value of the properties are provided in Note 4.

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (Cont'd)

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 10.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 23.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 11.

Construction contracts and property development

The Group recognises construction contracts and property development revenue and expenses in the statements of profit or loss and other comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that costs incurred for work performed to date bear to the estimated total costs, respectively or by reference to physical stage of completion.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred, the estimated total revenue and costs, the physical completion, as well as the recoverability of the construction costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The details of the construction contracts and property development costs are disclosed in Note 11 and Note 12 respectively.

Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable 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 receivable 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 amounts at the reporting date for loans and receivables are disclosed in Notes 13, 14, 15 and 16 respectively.

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (Cont'd)

Income taxes

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

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2017, the Group and the Company has tax recoverable and payable of RM1,804,964 and RM549,699 (2016: RM26,361 and RMNil) and RM3,488,918 and RMNil (2016: RM70,986 and RMNil) respectively.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 37(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

(ii) Changes in ownership interests in subsidiary companies without change of control

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

(iii) Disposal of subsidiary companies

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

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

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

(b) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

An associate or joint venture is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate or joint venture. Under the equity method, on initial recognition the investment in an associate or joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investment in associates and joint ventures (Cont'd)

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

Upon loss of significant influence over the associate or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

(c) Foreign currency transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Recognition and measurement

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

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

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives.

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

Leasehold land and buildings	Over the remaining lease period
Plant, machinery and equipment	3.33% - 33.33%
Furniture, fittings and office equipment	10% - 20%
Electrical installation and renovation	10%
Motor vehicles	20%

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iii) Depreciation (Cont'd)

The residual values, useful lives and depreciation method are reviewed 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 property, plant and equipment.

(iv) Revaluation

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

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

(e) Capital work-in-progress

Capital work-in-progress consists of buildings under construction for intended use as production facilities. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under construction until the property, plant and equipment are ready for their intended use.

(f) Leases

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

<u>As lessee</u>

(i) Finance lease

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leases (Cont'd)

As lessee (Cont'd)

(i) Finance lease (Cont'd)

Minimum lease payments made under finance leases are apportioned between 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 recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

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

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

As lessor

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

(g) Investment properties

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

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

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Leasehold buildings	Over the remaining period of the lease

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment properties (Cont'd)

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

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

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

(h) Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(o) on impairment of non-financial assets for intangible assets.

(i) Financial assets

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

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

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the loans and receivables.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (Cont'd)

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

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

(j) Financial liabilities

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

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

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

(a) Financial liabilities measured at amortised cost

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

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

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

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

(b) Financial guarantee contracts

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial liabilities (Cont'd)

(b) Financial guarantee contracts (Cont'd)

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

(k) Offsetting of financial instruments

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

(l) Inventories

(a) Sales of goods

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals costs incurred in bringing the inventories to their present location and condition.

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.

(b) Land held for development and property development cost

The costs of land held for development is stated at the lower of historical cost and net realisable value. The cost of land held for development consists of the purchase price of the land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

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

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

Land held for development is transferred to property development costs (under current assets) when development activities have commenced and where development activities can be completed within the Group's normal operating cycle.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Construction contracts

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

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

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

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

(n) Cash and cash equivalents

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

(o) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, and investments in subsidiary companies, associate and joint venture are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Financial assets carried at amortised cost

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

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

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

(p) Share capital

(i) Ordinary shares

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

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

(ii) Preference shares

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Provision

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

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

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

(r) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

(s) Borrowing costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Borrowing costs (Cont'd)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

(t) Revenue

(i) Sale of goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(ii) Construction contracts

Revenue from work done on construction contracts is recognised based on the percentage of completion method. The stage of completion is determined based on the total actual costs incurred to date over the estimated total contract costs. Allowance for foreseeable losses is made in the financial statements when such losses can be determined.

(iii) Property Development

Revenue derived from property development activities is recognised based on the percentage of completion method. The stage of completion is determined based on the total actual costs incurred to date over the estimated total property development costs.

(iv) Sale of completed properties

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

(v) Services rendered

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

(vi) Management fee

Management fee is recognised on the accrual basis when services are rendered, unless collectability is in doubt.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Revenue (Cont'd)

(vii) Interest income

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

(viii) Hotel room rental and food and beverages revenue

Room rental revenue is accrued on a daily basis on customer-occupied rooms. Revenue from the sale of food and beverage is recognised when the customer received and consumes and the Group has a present right to payment for the food and beverage product. Hotel room rental and food and beverages revenue are recorded based on the published rates, net of discounts.

(u) Income taxes

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Segments reporting

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

(w) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(x) Non-current assets held for sale

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group). Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

(y) Goods and Service Tax ("GST")

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

(i) 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

(ii) receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivables from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

4. PROPERTY, PLANT AND EQUIPMENT

	At Valuation	At Cost				
	Leasehold Land and Buildings RM	Plant, Machinery and Equipment RM	Furniture, Fittings and Office Equipment RM	Electrical Installation and Renovation RM	Motor Vehicles RM	Total RM
Group						
2017						
Cost/Valuation						
At 1 January 2017	32,076,635	16,818,624	3,038,201	2,877,855	3,043,634	57,854,949
Additions	-	10,107,675	873,573	1,146,838	1,934,364	14,062,450
Disposals	-	(647,469)	(1,092)	-	(498,410)	(1,146,971)
Written off	-	(300,246)	(15,094)	-	(1,450)	(316,790)
At 31 December 2017	32,076,635	25,978,584	3,895,588	4,024,693	4,478,138	70,453,638
Accumulated depreciation						
At 1 January 2017	2,926,614	8,951,923	2,031,648	1,640,129	1,406,112	16,956,426
Charge for the financial year	781,369	1,802,830	386,529	380,459	668,830	4,020,017
Disposals	-	(609,576)	(1,093)	-	(458,025)	(1,068,694)
Written off	-	(283,794)	(9,571)	-	(1,449)	(294,815)
At 31 December 2017	3,707,983	9,861,383	2,407,513	2,020,588	1,615,468	19,612,934
Accumulated impairment						
At 1 January/ 31 December 2017	1,389,832	-	-	-	-	1,389,832
Carrying amount						
At 31 December 2017	26,978,820	16,117,202	1,488,076	2,004,105	2,862,670	49,450,872

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

	At Valuation	At Cost				
	Leasehold Land and Buildings RM	Plant, Machinery and Equipment RM	Furniture, Fittings and Office Equipment RM	Electrical Installation and Renovation RM	Motor Vehicles RM	Total RM
Group						
2016						
Cost/Valuation						
At 1 January 2016	18,866,588	9,633,572	1,497,662	1,401,421	-	31,399,243
Additions	-	19,816	35,054	21,640	596,278	672,788
Disposals	-	(768,685)	(64,148)	(143,052)	-	(975,885)
Revaluation surplus	6,792,757	-	-	-	-	6,792,757
Elimination of accumulated depreciation on revaluation	(3,229,071)	-	-	-	-	(3,229,071)
Arising from acquisition of a subsidiary company	9,646,361	7,933,921	1,569,633	1,597,846	2,447,356	23,195,117
At 31 December 2016	32,076,635	16,818,624	3,038,201	2,877,855	3,043,634	57,854,949
Accumulated depreciation						
At 1 January 2016	5,156,315	5,339,479	1,423,762	869,945	-	12,789,501
Charge for the financial year	533,288	363,019	47,227	99,318	98,654	1,141,506
Elimination of accumulated depreciation on revaluation	(3,229,071)	-	-	-	-	(3,229,071)
Disposals	-	(323,537)	(64,148)	(24,830)	-	(412,515)
Arising from acquisition of a subsidiary company	466,082	3,572,962	624,807	695,696	1,307,458	6,667,005
At 31 December 2016	2,926,614	8,951,923	2,031,648	1,640,129	1,406,112	16,956,426
Accumulated impairment losses						
At 1 January 2016	-	-	-	-	-	-
Charge for the financial year	1,389,832	-	-	-	-	1,389,832
At 31 December 2016	1,389,832	-	-	-	-	1,389,832
Carrying amount						
At 31 December 2016	27,760,189	7,866,701	1,006,553	1,237,726	1,637,522	39,508,691

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

	Furniture, Fittings and Office Equipment RM	Electrical Installation and Renovation RM	Total RM
Company			
2017			
Cost			
At 1 January 2017	572,818	648,930	1,221,748
Additions	159,105	-	159,105
Written off	(3,206)	-	(3,206)
At 31 December 2017	728,717	648,930	1,377,647
Accumulated depreciation			
At 1 January 2017	505,872	312,558	818,430
Charge for the financial year	37,718	64,893	102,611
Written off	(375)	-	(375)
At 31 December 2017	543,215	377,451	920,666
Carrying amount			
At 31 December 2017	185,502	271,479	456,981
2016			
Cost			
At 1 January 2016	551,558	791,982	1,343,540
Addition	21,260	-	21,260
Disposals	-	(143,052)	(143,052)
At 31 December 2016	572,818	648,930	1,221,748
Accumulated depreciation			
At 1 January 2016	482,871	261,766	744,637
Charge for the financial year	23,001	75,622	98,623
Disposals	-	(24,830)	(24,830)
At 31 December 2016	505,872	312,558	818,430
Carrying amount			
At 31 December 2016	66,946	336,372	403,318

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

(a) As at 31 December 2017, leasehold land and buildings with carrying amount of RM26,978,820 (2016: RM27,760,189) have been charged to licensed banks for banking facilities granted to the Group as disclosed in Note 22.

(b) The net carrying amount of property, plant and equipment of the Group acquired under finance lease arrangement are as follow:

	Group	
	2017 RM	2016 RM
Motor vehicles	2,732,126	1,612,373
Plant and machinery	7,190,808	2,588,982
	9,922,934	4,201,355

(c) The aggregate additional costs for the property, plant and equipment of the Group under finance lease financing and cash payments are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Aggregate costs	14,062,450	672,788	159,105	21,260
Less: Finance lease financing	(6,566,989)	(541,774)	-	-
Cash payments	7,495,461	131,014	159,105	21,260

(d) The remaining period of leasehold land and building are 29 to 92 years (2016: 30 to 93 years).

(e) In the previous financial year, the leasehold land and buildings of the Group were revalued, by Raine & Horne International Zaki + Partner Sdn. Bhd., an independent professional qualified valuer.

The fair value of land is within level 2 of the fair value hierarchy. The fair value was determined based on market comparable approach that reflects recent transaction price for similar properties.

The fair value of buildings is within level 2 of the fair value hierarchy. The fair value was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

Had the leasehold land and buildings been carried at historical cost less accumulated depreciation, the carrying amount would have been RM22,044,850 (2016: RM22,491,745).

5. INTANGIBLE ASSETS

	Group	
	2017 **RM**	**2016** **RM** **Restated**
Cost		
At 1 January		
- as previously reported	-	-
- effect of completion of PPA	8,400,000	-
- as restated	8,400,000	-
Arising from acquisition of a subsidiary company	-	8,400,000
At 31 December	8,400,000	8,400,000
Accumulated amortisation		
At 1 January		
- as previously reported	-	-
- effect of completion of PPA	342,854	-
- as restated	342,854	-
Charge for the financial year	3,726,125	342,854
At 31 December	4,068,979	342,854
Carrying amount		
At 31 December	4,331,021	8,057,146

During the current financial year, the Company has completed the purchase price allocation ("PPA") exercise to determine the fair values of the net assets of MITC Engineering Sdn. Bhd. ("MITCE"), within the stipulated time period, i.e. twelve (12) months from the acquisition date of 28 November 2017, in accordance to MFRS 3, *Business Combinations*.

Based on the PPA exercise conducted, RM8,400,000 has been identified as intangible assets arising from the fair value of the contracts with customer and RM2,000,000 deferred tax liabilities have also been recognised thereon.

6. INVESTMENT PROPERTIES

	Group 2017 RM	Group 2016 RM
Leasehold land and buildings		
Cost		
At 1 January	61,643,243	-
Discount received	(127,497)	-
Arising from acquisition of subsidiary companies	-	36,531,916
Transferred from capital work-in-progress (Note 7)	708,997	25,111,327
At 31 December	62,224,743	61,643,243
Accumulated depreciation		
At 1 January	1,205,819	-
Charge for the financial year	1,231,497	60,886
Arising from acquisition of subsidiary companies	-	1,144,933
At 31 December	2,437,316	1,205,819
Carrying amount		
At 31 December	59,787,427	60,437,424
Fair value		
At 31 December	62,487,327	62,487,327

(a) Investment properties of the Group with carrying amount RM58,725,504 (2016: RM60,075,618) have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 22.

(b) Investment properties of the Group are leasehold properties with remaining lease periods range from 72 to 97 (2016: 78 to 98) years.

(c) Fair value of investment properties is arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers. The fair values are within Level 2 of the fair value hierarchy.

(d) During the current financial year, certain investment properties have generated income and incurred direct operating expenses amounted to RM331,059 and RM33,379 (2016: RMNil and RMNil) respectively by carrying out hospitality business.

7. CAPITAL WORK-IN-PROGRESS

	Group 2017 RM	Group 2016 RM
At 1 January	1,589,811	-
Additions	419,596	15,510,901
Arising from acquisition of subsidiary companies	-	11,190,237
Transfer to investment properties (Note 6)	(708,997)	(25,111,327)
At 31 December	1,300,410	1,589,811

8. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company 2017 RM	Company 2016 RM
Unquoted shares, at cost		
In Malaysia	361,977,053	361,977,002
Less: Accumulated impairment losses	(61,976,998)	(61,976,998)
	300,000,055	300,000,004

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest 2017 %	Effective interest 2016 %	Principal activities
Direct Holding:				
MGB Construction Sdn. Bhd. *(formerly known as Vintage Tiles Industries Sdn. Bhd.)*	Malaysia	100	100	Civil engineering, design and build and general construction activities
MGB Land Sdn. Bhd. *(formerly known as Vintage Tiles Industries (EM) Sdn. Bhd.)*	Malaysia	100	100	Investment holding
Vintage Roofing & Construction Sdn. Bhd.	Malaysia	100	100	Dormant

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Investment in subsidiary companies (Cont'd)

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

Name of company	Country of incorporation	Effective interest 2017 %	Effective interest 2016 %	Principal activities
Direct Holding:				
Newsteel Building Systems Sdn. Bhd.	Malaysia	80	80	Dormant
Vintage Tiles Holdings Sdn. Bhd.	Malaysia	100	100	Dormant
MITC Engineering Sdn. Bhd.	Malaysia	100	100	Civil engineering, design and build, general construction activities, trading activities and investment holding
Alunan Warta Sdn. Bhd.	Malaysia	51	-	Dormant
Indirect Holding: *Subsidiary companies of MITC Engineering Sdn. Bhd.*				
Prisma Craft Sdn. Bhd.	Malaysia	100	100	Dormant
Prisma Kasturi Sdn. Bhd.	Malaysia	100	100	Hospitality
Top Ace Solutions Sdn. Bhd.	Malaysia	100	100	Trading of building materials and general construction activities
MGB Geotech Sdn. Bhd.	Malaysia	70	-	Piling and foundation construction works
MGB SANY (M) IBS Sdn. Bhd.*	Malaysia	51	-	Manufacturing of Industrialised Building System precast products

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Investment in subsidiary companies (Cont'd)

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

Name of company	Country of incorporation	Effective interest 2017 %	Effective interest 2016 %	Principal activities
Indirect Holding: *Subsidiary companies of MGB Land Sdn. Bhd. (formerly known as Vintage Tiles Industries (EM) Sdn. Bhd.)*				
Delta Gallery Sdn. Bhd.	Malaysia	100	-	Property development
Idaman Kukuh Sdn. Bhd.	Malaysia	100	-	Dormant
Indirect Holding: *Subsidiary companies of Vintage Roofing & Construction Sdn. Bhd.*				
Tirai Impresif Sdn. Bhd.	Malaysia	100	100	Dormant
VTI Consortium Sdn. Bhd.	Malaysia	100	100	Dormant

* The results of MGB SANY (M) IBS Sdn. Bhd. ("MGB-SANY") were consolidated based on its management accounts as the Directors consider the financial position and financial performance of MGB-SANY are not material to the Group.

(b) Acquisition of subsidiary companies

(i) On 21 February 2017, the Company acquired fifty one (51) ordinary shares in Alunan Warta Sdn. Bhd. ("**AWSB**") for a consideration of Ringgit Malaysia Fifty One (RM51.00) only. Consequently, AWSB became a 51% owned subsidiary company of the Company.

(ii) On 3 March 2017, MGB Land Sdn. Bhd. ("**MGB Land**"), a wholly-owned subsidiary company of the Company, acquired two (2) ordinary shares in Delta Gallery Sdn. Bhd. ("**DGSB**") for a cash consideration of Ringgit Malaysia Two (RM2.00) only. Consequently, DGSB became an indirect wholly-owned subsidiary company of the Company.

On 22 March 2017, DGSB had increased its paid up share capital from 2 to 250,000 ordinary shares. MGB Land had subscribed for an additional of 249,998 ordinary shares in DGSB by way of cash.

(iii) On 18 April 2017, MGB Land acquired one (1) ordinary share in Idaman Kukuh Sdn. Bhd. ("**IKSB**") for a cash consideration of Ringgit Malaysia One (RM1.00) only. Consequently, IKSB became an indirect wholly-owned subsidiary company of the Company.

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Acquisition of subsidiary companies (Cont'd)

(iv) On 8 May 2017, MITCE, a wholly-owned subsidiary company of the Company, had subscribed seven hundred (700) ordinary shares in MGB Geotech Sdn. Bhd. ("**MGB Geotech**") for a cash consideration of Ringgit Malaysia Seven Hundred (RM700.00) only. Consequently, MGB Geotech became an indirect 70% owned subsidiary company of the Company.

On 13 June 2017, MGB Geotech had increased its paid-up share capital from 1,000 to 750,000 ordinary shares. MITCE had subscribed for an additional of 524,300 ordinary shares in MGB Geotech by way of cash.

(v) On 13 December 2017, MITCE, a wholly-owned subsidiary company of the Company, had subscribed two million and forty thousand (2,040,000) ordinary shares in MGB SANY (M) IBS Sdn. Bhd. ("**MGB-SANY**") for a cash consideration of Ringgit Malaysia Two Million and Forty Thousand (RM2,040,000.00) only. Consequently, MGB-SANY became an indirect 51% owned subsidiary company of the Company.

The following summarises the major classes of consideration transferred and the recognised amount of assets acquired and liabilities assumed for the acquisition of subsidiary companies mentioned in 8(b)(i) to 8(b)(v) above.

	Group 2017 RM
Fair value of identified assets acquired and liabilities assumed	
Cash and bank balances	5,000,101
Other receivables	47
Other payables and accruals	(6,207)
Net identifiable assets and liabilities	4,993,941
Net cash inflow arising from the acquisition of subsidiary companies	
Purchase consideration settled in cash	(2,815,052)
Cash and bank balances acquired	5,000,101
	2,185,049
Goodwill arising from business combination	
Goodwill was recognised as a result of the acquisition as follows:	
Fair value of consideration transferred	2,815,052
Fair value of identifiable assets acquired and liabilities assumed	(4,993,941)
	(2,178,889)
Non-controlling interests, based on their proportionate interests in the recognised amounts of the assets and liabilities of the acquiree	2,182,031
Goodwill attributable to owners of parent	3,142

The goodwill arising from the acquisition has been written off during the financial year.

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Acquisition of MITCE

On 28 November 2016, the Company acquired the entire issued and paid up capital of one million (1,000,000) ordinary shares in MITCE for a purchase consideration of Ringgit Malaysia Three Hundred Million (RM300,000,000) only. Consequently, MITCE became a wholly-owned subsidiary company of the Company.

The purchase consideration has been satisfied by the Company in the following manners:

(a) The Company granting the right of allotment at the issue price of RM0.67 for each consideration ordinary share to MITC Sdn. Bhd. ("MITC") and Datuk Lim Lit Chek at 200,820,896 and 66,940,298 units of ordinary shares respectively.

(b) The Company effecting the allotment and issuance of the consideration ICPS at the issue price of RM0.67 each to MITC and Datuk Lim Lit Chek at 135,000,000 and 45,000,000 units of ICPS respectively.

In the previous financial year, the management used its best estimates and assumptions as part of the purchase price allocation process to value the assets acquired and liabilities assumed and the consideration transferred at the acquisition date. The purchase price allocation and considerations for acquisitions may be provisional within the measurement period of up to 12 months after the acquisition date and is subject to refinement as more detailed analysis are completed and additional information about the fair values of the considerations becomes available.

During the financial year, the Company completed its PPA exercise within the stipulated time period resulting in adjustments to certain assets acquired and liabilities assumed previously recognised in the financial statements of the Group.

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Acquisition of MITCE (Cont'd)

The following summarises the revised consideration transferred and recognised amount of assets acquired and liabilities assumed at the acquisition date:

	As previously reported RM	Adjustments RM	As restated RM
Fair value of consideration transferred			
Property, plant and equipment	16,528,112	-	16,528,112
Intangible assets	-	8,400,000	8,400,000
Investment in associate	18,695	-	18,695
Inventory	3,000,000	-	3,000,000
Investment properties	35,386,983	-	35,386,983
Capital work-in-progress	11,190,237	-	11,190,237
Trade receivables	66,779,179	-	66,779,179
Other receivables	54,099,302	-	54,099,302
Amount due from related companies	113,123,825	-	113,123,825
Fixed deposits with licensed bank	1,995,056	-	1,995,056
Cash and bank balances	5,218,825	-	5,218,825
Trade payables	(154,726,371)	-	(154,726,371)
Other payables	(13,829,080)	-	(13,829,080)
Amount due to holding company	(9,159,071)	-	(9,159,071)
Amount due to related companies	(28,273,402)	-	(28,273,402)
Amount due to customers on contracts	(32,729,445)	-	(32,729,445)
Finance lease payables	(3,151,330)	-	(3,151,330)
Bank overdraft	(3,474,764)	-	(3,474,764)
Term loans	(20,524,283)	-	(20,524,283)
Tax payable	(1,429,029)	-	(1,429,029)
Deferred tax liabilities	(133,821)	(2,000,000)	(2,133,821)
Total identifiable assets and liabilities	39,909,618		46,309,618

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Acquisition of MITCE (Cont'd)

Net cash inflows arising from acquisition of MITCE

	2016 RM
Purchase consideration settled in cash	-
Cash and cash equivalents acquired	5,218,825
Fixed deposits with licensed bank	1,995,056
	7,213,881
Less: Bank overdraft	(3,474,764)
Less: Fixed deposits with licensed bank	(1,995,056)
	1,744,061

Goodwill arising from business combination

	As previously reported RM	Adjustments RM	As restated RM
Goodwill was recognised as a result of the acquisition as follows:			
Fair value of consideration transferred	300,000,000	-	300,000,000
Fair value of identifiable assets acquired and liabilities assumed	(39,909,618)	(6,400,000)	(46,309,618)
Goodwill on consolidation	260,090,382		253,690,382

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Acquisition of MITCE (Cont'd)

The effect of the adjustment arising from the completion of the PPA exercise are as follow:

	As previously reported RM	Adjustments RM	As restated RM
Group			
2016			
Statements of financial position			
Non-Current Assets			
Intangible assets	-	8,057,146	8,057,146
Goodwill on consolidation	260,090,382	(6,400,000)	253,690,382
Non-Current Liabilities			
Deferred tax liabilities	838,395	1,918,368	2,756,763
Equity			
Accumulated losses	(16,788,262)	(261,222)	(17,049,484)
Statements of profit or loss and other comprehensive income			
Administrative expenses	14,006,204	342,854	14,349,058
Taxation	1,830,750	(81,632)	1,749,118
Statements of cash flows			
Cash flows from operating activities			
Profit before tax	2,153,711	(342,854)	1,810,857
Amortisation of intangible assets	-	342,854	342,854

Acquisition-related costs

In previous financial year, the Group incurred acquisition-related costs of RM2,008,731 related to external legal fees and due diligence costs. The expenses have been included in other operating expenses in the profit or loss.

Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, the acquired subsidiary company has contributed RM51,020,625 and RM1,434,071 to the Group's revenue and profit for the previous financial year. If the combination had taken place at the beginning of the financial year, the Group's revenue and profit for previous financial year from its continuing operations would have been RM485,930,780 and RM26,051,630 respectively.

(d) The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

(e) There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from the non-controlling shareholders.

9. INVESTMENT IN AN ASSOCIATE

	Group 2017 RM	Group 2016 RM
At cost		
Arising from acquisition of associate		
- unquoted shares in Malaysia	45,000	45,000
- share of post acquisition reserves	(10,685)	(26,305)
	34,315	18,695
Share of current year profit	-	15,620
Less: Accumulated impairment lossess	(34,315)	-
	-	34,315

Movement in the allowance for impairment losses of investment in associate are as follows:

	2017 RM	2016 RM
At 1 January	-	-
Impairment losses recognised	34,315	-
At 31 December	34,315	-

Name of company	Country of incorporation	Effective interest 2017 %	Effective interest 2016 %	Principal activities
Associate of MITC Engineering Sdn. Bhd.				
** YLT Consultancy Sdn. Bhd.*	Malaysia	30	30	Engineering consultancy services

* Associate not audited by UHY

9. INVESTMENT IN AN ASSOCIATE (CONT'D)

The summarised financial information of the associate is as follows:

(a) Summarised statements of financial position

	Group	
	2017	**2016**
	RM	**RM**
Assets and liabilities		
Non-current assets	1,163,895	1,110,093
Current assets	124,213	123,516
Total assets	1,288,108	1,233,609
Non-current liabilities	(819,650)	(850,750)
Current liabilities	(387,263)	(268,476)
Total net assets	81,195	114,383

(b) Summarised statements of profit or loss and other comprehensive income

	Group	
	2017	**2016**
	RM	**RM**
Revenue	201,900	139,240
Loss before tax	(25,057)	(25,714)
Taxation	(8,131)	(4,000)
Loss for the financial year	(33,188)	(29,714)

(c) The Group has not recognised losses of the associate amounting to RM9,956 in year 2017 (2016: RMNil) and cumulatively RM9,956 (2016: RMNil) since the Group has no obligation in respect of these losses.

10. GOODWILL ON CONSOLIDATION

	Group 2017 RM	Group 2016 RM Restated
At 1 January		
- as previously reported	-	-
- effect of completion of PPA	253,690,382	-
- as restated	253,690,382	-
Acquisition of a subsidiary company		
- as previously reported	-	260,090,382
- effect of completion of PPA	-	(6,400,000)
- as restated	-	253,690,382
Carrying amount		
At 31 December	253,690,382	253,690,382

Based on the PPA exercise completed during the current financial year, RM8,400,000 has been identified as intangible assets arising from the fair value of the contracts with customers and deferred tax liabilities of RM2,000,000 have also been recognised thereon. As a result, the goodwill on consolidation amount has reduced from RM260,090,382 to RM253,690,382.

The remaining goodwill on consolidation recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the subsidiary companies into the Group's existing construction business.

Goodwill on consolidation arose upon the acquisition of subsidiary companies principally engaged in civil engineering, design and build and trading activities.

(a) Recoverable amount on value in use

For the purpose of impairment testing, the recoverable amount of goodwill as at the end of the reporting period was determined based on a value-in-use calculation by discounting the future cash flows generated from the continuing use of the cash generating unit ("CGU") and was based on the following assumptions:

(i) Pre-tax cash flow projections based on the most recent financial budgets covering a ten (10) years period.

(ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is 6% - 15% (2016: 8% - 10%).

(iii) Pre-tax discount rate of 8.0% (2016: 10.4%) per annum has been applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

(b) Sensitivity to changes in assumptions

The management believes that a reasonably possible change in the key assumptions on which management has based on its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

11. INVENTORIES

	Note	Group 2017 RM	Group 2016 RM
Land held for development	(a)	3,000,000	3,000,000
Property development cost	(b)	51,118,841	-
Others	(c)	19,223	48,027
		54,138,064	3,048,027

(a) Land held for development

	Group 2017 RM	Group 2016 RM
Freehold land, at cost		
At 1 January / 31 December	3,000,000	3,000,000

The land is pledged to a licensed bank as security for banking facility granted to a subsidiary company as disclosed in Note 22.

(b) Property development cost

	Group 2017 RM
Property development cost	
At 1 January	-
Additions	93,044,501
At 31 December	93,044,501
Cost recognised in profit or loss	
At 1 January	-
Additions	41,925,660
At 31 December	41,925,660

Included in property development costs incurred during the financial year are as follows:

	Note	2017 RM
Finance cost	28	726,775
Landowner entitlement		37,000,000

11. INVENTORIES (CONT'D)

(b) Property development cost (Cont'd)

The subsidiary company entered into joint venture agreement with a landowner to develop the land, solely, at the cost of the developer and based on the agreement, the landowner is entitled to certain units of completed properties.

The land is pledged to a licensed bank as security for banking facility granted to a subsidiary company as disclosed in Note 22.

(c) Others

	Group 2017 RM	Group 2016 RM
Raw materials	-	1,500
Finished goods	-	44,927
Spare parts and consumables	19,223	1,600
	19,223	48,027
Recognised in profit or loss		
Inventories recognised as cost of sales	193,499	3,616,591
Inventories written down	-	477,646
Inventories written off	48,027	-

12. CONTRACT ASSETS / (LIABILITIES)

	Group 2017 RM	Group 2016 RM
At 1 January		
- Contract assets	9,149,347	2,614,959
- Contract liabilities	(43,472,289)	(20,501,842)
	(34,322,942)	(17,886,883)
Property development and construction revenue recognised during the financial year	626,433,461	81,021,218
Less: Billings during the financial year	(574,753,130)	(97,457,277)
At 31 December	17,357,389	(34,322,942)
At 31 December		
- Contract assets	56,201,135	9,149,347
- Contract liabilities	(38,843,746)	(43,472,289)
	17,357,389	(34,322,942)

13. TRADE RECEIVABLES

	Group 2017 RM	Group 2016 RM
Trade receivables	81,604,002	59,900,483
Retention sum receivables	12,113,496	10,223,772
	93,717,498	70,124,255
Less: Accumulated impairment losses	(34,741)	(34,741)
	93,682,757	70,089,514

The Group's normal trade credit terms are 14 to 180 days (2016: 14 to 180 days). Other credit terms are assessed and approved on a case to case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Group 2017 RM	Group 2016 RM
At 1 January	34,741	-
Impairment losses recognised	-	34,741
At 31 December	34,741	34,741

Analysis of the trade receivables ageing as at the end of the reporting period is as follows:

	Group 2017 RM	Group 2016 RM Restated
Neither past due nor impaired	59,477,602	27,249,993
Past due but not impaired:		
Less than 30 days	7,321,482	8,856,162
31 to 60 days	4,647,265	6,685,859
61 to 120 days	3,466,997	10,657,776
More than 120 days	18,769,411	16,639,724
	34,205,155	42,839,520
	93,682,757	70,089,514
Impaired	34,741	34,741
	93,717,498	70,124,255

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

As at 31 December 2017, trade receivables of RM34,205,155 (2016: RM42,839,520) were past due but not impaired. These mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amount are recoverable based on past payment history. The trade receivables that are past due but not impaired are unsecured in nature.

Trade receivables of the Group that are individually assessed to be impaired amounting to RM34,741 (2016: RM34,741) which related to customers that are in financial difficulties. These balances are expected to be recovered through the debts recovery process.

As at the end of the reporting period, the Group has 4 customers (2016: 6 customers) that owed to the Group for approximately 61% (2016: 61%) of all the receivables outstanding.

14. OTHER RECEIVABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other receivables	28,716,839	18,659,646	299,262	278,716
Less: Accumulated impairment losses	(942,383)	(845,679)	-	-
	27,774,456	17,813,967	299,262	278,716
Deposits				
- Third parties	1,801,250	408,153	2,840	4,240
- Related party	7,500	-	-	12,000
Prepayments	1,897,017	347,840	990	3,479
	31,480,223	18,569,960	303,092	298,435

Included in the other receivables of the Group and the Company were Goods and Service Tax ("GST") receivables of RM2,959,824 and RMNil (2016: RM445,656 and RM175,697) respectively.

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

	Group	
	2017 RM	2016 RM
At 1 January	845,679	1,218,990
Impairment losses recognised	96,704	845,679
Amount written off	-	(1,218,990)
At 31 December	942,383	845,679

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

In current financial year, included in the other receivables of the Group were project advance of RM17,085,681 (2016: RM15,620,981) to sub-contractors for construction contracts undertaken by the Group.

15. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

(a) Amount due from subsidiary companies

	Company	
	2017 RM	2016 RM
Amount due from subsidiary companies	54,306,736	20,179,229
Less: Accumulated impairment losses	(11,651,216)	(11,651,216)
	42,655,520	8,528,013

15. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES (CONT'D)

(a) Amount due from subsidiary companies (Cont'd)

Movements in the allowance for impairment losses of amount due from subsidiary companies are as follows:

	Company	
	2017 RM	2016 RM
At 1 January	11,651,216	11,526,630
Impairment lossess recognised	-	124,586
At 31 December	11,651,216	11,651,216

Amount due from subsidiary companies are unsecured, non-interest bearing advances and repayable on demand except for an amount of RM10,639,205 (2016: RMNil) which bears interest of 2.90% (2016: Nil) per annum.

(b) Amount due to subsidiary companies

Amount due to subsidiary companies are unsecured, non-interest bearing advances and repayable on demand.

16. AMOUNT DUE FROM/(TO) RELATED COMPANIES

(a) Amount due from related companies

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade	114,342,318	106,477,875	-	-
Retention sum receivables	71,611,560	57,417,037	-	-
	185,953,878	163,894,912	-	-
Non trade	993,741	392,332	-	5,238
	186,947,619	164,287,244	-	5,238

This represents trade and non-trade balances which are unsecured, non-interest bearing and repayable on demand.

(b) Amount due to related companies

This represents unsecured, non-interest bearing advances and repayable on demand except for RM9,203,601 (2016: RM9,203,601) which bear interest of average 7.01% (2016: 6.07%) per annum. The interest bearing advance has been fully settled during the current financial year.

17. FIXED DEPOSITS WITH LICENSED BANKS

The interest rates of fixed deposits of the Group are ranging from 2.95% to 3.35% (2016: 2.95% to 3.35%) per annum and the maturity of deposits is 365 days (2016: 365 days).

The fixed deposits of the Group have been pledged to licensed banks as securities for credit facilities granted to subsidiary companies as disclosed in Note 34.

18. CASH HELD UNDER HOUSING DEVELOPMENT ACCOUNT AND CASH AND BANK BALANCES

Cash held under the Housing Development Account which are not freely available for use represents monies received from purchasers of residential properties less payments or withdrawals in accordance with the Housing Development (Controls and Licensing) Act, 1966.

The cash held under Housing Development Account at the reporting date bears interest of 0.18% (2016: Nil) per annum.

Included in the cash and bank balances of the Group is an amount of RM722,502 (2016: RMNil) that has pledged to a licensed bank for a banking facility granted to a subsidiary company as disclosed in Note 22.

19. SHARE CAPITAL

	Group and Company			
	Number of Shares		Amount	
	2017 Unit	2016 Unit	2017 RM	2016 RM
Authorised				
Ordinary shares of RM0.50 each				
At 1 January	820,000,000	1,000,000,000	410,000,000	500,000,000
Abolishment of the concept of authorised share capital	(820,000,000)	-	(410,000,000)	-
Transfer to ICPS	-	(180,000,000)	-	(90,000,000)
At 31 December	-	820,000,000	-	410,000,000
Irredeemable Convertible Preference Shares ("ICPS") of RM0.50 each				
At 1 January	180,000,000	-	90,000,000	-
Abolishment of the concept of authorised share capital	(180,000,000)	-	(90,000,000)	-
Transfer from ordinary shares	-	180,000,000	-	90,000,000
At 31 December	-	180,000,000	-	90,000,000
Total	-	1,000,000,000	-	500,000,000

19. SHARE CAPITAL (CONT'D)

	Group and Company			
	Number of Shares		Amount	
	2017 Unit	2016 Unit	2017 RM	2016 RM
Issued and fully paid				
Ordinary shares				
At 1 January	357,395,594	89,634,400	178,697,797	44,817,200
Issued during the financial year	134,450,179	267,761,194	98,765,090	133,880,597
Reclassification pursuant to Section 618(2) of Companies Act, 2016 to no-par value regime	-	-	45,519,403	-
At 31 December	491,845,773	357,395,594	322,982,290	178,697,797
Irredeemable Convertible Preference Shares ("ICPS")				
At 1 January	180,000,000	-	90,000,000	-
Issued during the financial year	-	180,000,000	-	90,000,000
Conversion during the financial year	(90,000,000)	-	(60,300,000)	-
Reclassification pursuant to Section 618(2) of Companies Act, 2016 to no-par value regime	-	-	30,600,000	-
At 31 December	90,000,000	180,000,000	60,300,000	90,000,000
Total	581,845,773	537,395,594	383,282,290	268,697,797

Ordinary shares

During the financial year, the Company increased its issued and paid-up share capital from 357,395,594 to 491,845,773 by way of issuance of 134,450,179 new ordinary shares as follows:

(a) An issuance and allotment of 28,000,000 new ordinary shares at the issue price of RM1.08 per ordinary share for cash arising from private placement exercise.

(b) Conversion of 90,000,000 ICPS into 90,000,000 new ordinary shares at the conversion ratio of one (1) ICPS into one (1) ordinary share with no additional cash payment.

(c) Conversion of 16,450,179 Warrants 2014/2019 into 16,450,179 new ordinary shares at the exercise price of RM0.50 per warrant.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

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

19. SHARE CAPITAL (CONT'D)

ICPS

The salient features of the ICPS are as follows:

(i) The ICPS were issued at RM0.67 each (par value of RM0.50) and the maturity date of ICPS is the day immediately preceding the fifth anniversary from the date of issue of the ICPS.

(ii) The ICPS holders shall have the right to convert one (1) ICPS into one (1) ordinary share with no additional cash payment, at the option of the ICPS holders, in the following manner:-

  (a) first fifty percent (50%) of the ICPS at any time on any Market Day from the first (1^{st}) anniversary of the date of issue of the ICPS; and

  (b) remaining fifty percent (50%) of the ICPS at any time on any Market Day from the second (2^{nd}) anniversary of the date of issue of the ICPS, up to and including the Maturity Date.

(iii) The conversion of the ICPS into new ordinary share shall be exercised by the ICPS holders by delivering a duly completed and signed conversion notice in the form and manner to be set out in the Company's Memorandum & Articles.

(iv) All the ICPS that remain outstanding on the Market Day immediately after the Maturity Date will be automatically converted into new ordinary share at the conversion price or conversion ratio.

(v) The ICPS are not redeemable.

(vi) The Company shall have the sole discretion to decide whether to declare any non-cumulative dividend and the quantum of such dividend, provided always that if dividends are declared to its ordinary shareholders, then an equivalent amount of dividend per ICPS shall be paid to the ICPS holders in preference.

(vii) The ICPS holders shall not have the right to vote at any general meeting of the Company except with regard to:

  (a) when the dividend or part of the dividend payable on the ICPS is in arrears for more than six (6) months;

  (b) on any proposal to wind-up the Company or during the winding-up of the Company;

  (c) on any proposal that affects the rights and privileges attached to the ICPS;

  (d) on any proposal to reduce the share capital of the Company; or

  (e) on any proposal for the disposal of the whole or a substantial part of the property, business and undertaking of the Company,

  in which case, the ICPS holders shall be entitled to vote together with the holders of ordinary share by way of poll and each ICPS holder shall be entitled to one (1) vote for each ICPS held.

(viii) The ICPS are unsecured and shall upon allotment and issue, rank pari passu in all respect amongst themselves, and any such class of shares ranking pari passu with the ICPS which may be issued by the Company in the future.

  The ICPS shall rank in priority to the ordinary shares and any other securities which by their terms rank junior to the ICPS.

During the financial year, a total of 90,000,000 ICPS were converted into 90,000,000 new ordinary shares at the conversion ratio of one (1) ICPS into one (1) ordinary share with no additional cash payment.

20. RESERVES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-distributable				
(a) Share premium	-	76,119,403	-	76,119,403
(b) Warrant reserves	1,029,842	2,674,860	1,029,842	2,674,860
(c) Asset revaluation reserve	4,903,045	5,058,715	-	-
	5,932,887	83,852,978	1,029,842	78,794,263

(a) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

Movement of the share premium is as follows:

	Group / Company	
	2017 RM	2016 RM
At 1 January	76,119,403	-
Allotted during the financial year (Note 1)	-	76,119,403
Reclassification pursuant to Section 618(2) of Companies Act, 2016 to no-par value regime (Note 2)	(76,119,403)	-
At 31 December	-	76,119,403

(1) In previous financial year, the Company has allotted the followings as the purchase consideration of MITCE which totalling to RM300,000,000. Consequently, MITCE became a wholly-owned subsidiary company of the Company.

(i) 200,820,896 and 66,940,298 units of ordinary shares allotted respectively to MITC and Datuk Lim Lit Chek at the issue price of RM0.67 for each consideration ordinary share;

(ii) 135,000,000 and 45,000,000 units of ICPS allotted respectively to MITC and Datuk Lim Lit Chek at the issue price of RM0.67 for each consideration ICPS.

(2) The Companies Act, 2016, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Companies Act, 2016.

20. RESERVES (CONT'D)

(b) Warrant reserves

This represents the fair values of the warrants issued and is non-distributable. When the warrants are exercised or expire, the warrant reserve will be transferred to retained earnings within equity.

During the financial year 2014, the Company issue the followings:

(i) private placement shares of 17,000,000 new ordinary shares of RM0.50 each together with 8,500,000 free detachable warrants on the basis of 1 placement warrant for every 2 placement shares; and

(ii) renounceable right issue of 36,497,200 new ordinary shares of RM0.50 each on the basis of 1 right share for every 1 existing ordinary share held together with 18,248,600 free detachable warrants on the basis of 1 right warrant for every 2 right shares.

The warrants are constituted under a Deed Poll executed on 22 July 2014 and each warrant entitles the registered holder the right at any time during the exercise period from 28 October 2014 to 27 October 2019 to subscribe in cash for one new ordinary share of RM0.50 each of the Company at an exercise price of RM0.50 each. The rights attached to the warrants which are not exercised during the exercise period will thereafter lapse.

On 28 November 2016, the warrant holders have approved the amendments to the Deed Poll dated 22 July 2014 by way of a Supplemental Deed Poll dated 28 November 2016.

The new ordinary shares allotted and issued upon exercise of the warrants shall rank pari passu in all respects with the existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from the exercise of the warrants.

Movement of the warrant reserves is as follows:

	Group / Company	
	2017 RM	2016 RM
At 1 January	2,674,860	2,674,860
Arising from the conversion of warrants	(1,645,018)	-
At 31 December	1,029,842	2,674,860

As at 31 December 2017, the total number of warrants that remain unexercised were 10,298,421 (2016: 26,748,600).

20. RESERVES (CONT'D)

(c) Asset revaluation reserve

The revaluation reserve represents increases in the fair value of land and buildings and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

	Group 2017 RM	Group 2016 RM
At 1 January	5,058,715	-
Other comprehensive income:		
Revaluation of leasehold land and buildings	-	6,792,757
Deferred tax liabilities relating to components of other comprehensive income	-	(1,630,262)
Realisation of revaluation reserve of leasehold land and buildings	(155,670)	(103,780)
At 31 December	4,903,045	5,058,715

21. TRADE PAYABLES

	Group 2017 RM	Group 2016 RM
Non-Current		
Trade payable	12,738,499	-
Current		
Trade payables		
- third parties	149,201,077	118,043,272
- related parties	-	260,878
Retention sum		
- third parties	62,589,201	44,151,192
- related parties	-	1,001,145
	211,790,278	163,456,487

Non-current trade payable

This represents payable for the acquisition and joint venture of project development land. Payment will be made as stipulated in the agreements.

Current trade payables

The normal trade credit term granted to the Group is 30 to 60 days (2016: 30 to 60 days) depending on the terms of the contracts. Included in the current trade payables, RM7,534,851 (2016: RMNil) represents payable for the acquisition and joint venture of project development land.

22. LOANS AND BORROWINGS

	Group 2017 RM	Group 2016 RM
Secured		
Floating rate		
Bank overdrafts (Note a)	13,561,604	5,277,744
Term loans (Note b)	64,572,266	29,900,316
Trade services (Note c)	19,845,230	-
Fixed rate		
Finance lease liabilities (Note d)	8,436,881	3,629,291
	106,415,981	38,807,351
Current liabilities		
Bank overdrafts (Note a)	13,561,604	5,277,744
Term loans (Note b)	3,068,820	1,653,151
Trade services (Note c)	1,922,241	-
Finance lease liabilities (Note d)	2,852,155	1,247,847
	21,404,820	8,178,742
Non-current liabilities		
Term loans (Note b)	61,503,446	28,247,165
Trade services (Note c)	17,922,989	-
Finance lease liabilities (Note d)	5,584,726	2,381,444
	85,011,161	30,628,609
	106,415,981	38,807,351
Maturity of loans and borrowings (excluding finance lease liabilities):		
Within 1 year	18,552,665	6,930,895
Between 1 to 2 years	21,414,052	1,859,654
Between 2 to 3 years	3,719,024	1,935,357
Between 3 to 4 years	14,613,942	2,032,053
Between 4 to 5 years	13,965,372	2,136,033
After 5 years	25,714,045	20,284,068
	97,979,100	35,178,060

22. LOANS AND BORROWINGS (CONT'D)

(a) Bank overdrafts

The bank overdrafts are secured by the following:

(i) fixed charges over the property, plant and equipment as disclosed in Note 4(a);
(ii) fixed charge on certain investment properties as disclosed in Note 6;
(iii) fixed charge on the freehold development land as disclosed in Note 12;
(iv) corporate guaranteed by the Company; and
(v) corporate guaranteed by immediate holding company, LBS Bina Group Berhad.

(b) Term loans

The term loans are secured by the following:

(i) fixed charges over the property, plant and equipment as disclosed in Note 4(a);
(ii) fixed charge on certain investment properties as disclosed in Note 6;
(iii) fixed charges over the leasehold development land as disclosed in Note 12;
(iv) fixed charge on the freehold development land as disclosed in Note 12;
(v) a debenture by way of fixed and floating charge over all present and future assets belonging to subsidiary companies;
(vi) legal assignment of cash flows or insurance proceeds in relation to project developed by subsidiary companies;
(vii) corporate guaranteed by the Company; and
(viii) corporate guaranteed by immediate holding company, LBS Bina Group Berhad.

(c) Trade services

The trade services are secured by the following:

(i) legal assignment of all rights, title and benefit in and under a bank guarantee issued by a financial institution;
(ii) legal assignment of contract proceeds in relation to a project constructed by a subsidiary company; and
(iii) corporate guaranteed by immediate holding company, LBS Bina Group Berhad.

(d) Finance lease liabilities

		Group	
		2017	**2016**
		RM	**RM**
(a)	**Minimum lease payments**		
	Within one year	3,248,088	1,431,876
	Later than one year and not later than two years	2,496,980	1,170,120
	Later than two year and not later than five years	3,100,193	1,257,946
	Later than five years	434,086	185,537
		9,279,347	4,045,479
	Less: Future finance charges	(842,466)	(416,188)
	Present value of minimum lease payments	8,436,881	3,629,291

22. LOANS AND BORROWINGS (CONT'D)

(d) Finance lease liabilities (Cont'd)

(b) Present value of minimum lease payments

	Group 2017 RM	Group 2016 RM
Within one year	2,852,155	1,247,847
Later than one year and not later than two years	2,258,703	1,068,120
Later than two year and not later than five years	2,917,006	1,134,754
Later than five years	409,017	178,570
	8,436,881	3,629,291
Analysed as:		
Repayable within twelve months	2,852,155	1,247,847
Repayable after twelve months	5,584,726	2,381,444
	8,436,881	3,629,291

The Group leases motor vehicles and plant and machinery under finance lease [Note 4 (b)]. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

The average effective interest rates per annum at the end of the reporting period are as follows:

	Group 2017 %	Group 2016 %
Bank overdrafts	6.80	6.69
Finance lease liabilities	2.79	2.97
Term loans	5.51	5.31
Trade services	6.64	-

23. DEFERRED TAX ASSET / (LIABILITIES)

	Group		Company	
	2017 RM	2016 RM Restated	2017 RM	2016 RM
At 1 January				
- as previously reported	(838,395)	1,500,000	-	-
- effect of completion of PPA	(1,918,368)	-	-	-
- as restated	(2,756,763)	1,500,000	-	-
Arising from acquisition of a subsidiary company				
- as previously reported	-	(133,821)	-	-
- effect of completion of PPA	-	(2,000,000)	-	-
- as restated	-	(2,133,821)	-	-
Recognised in other comprehensive income	-	(1,630,262)	-	-
Recognised in profit or loss	491,460	(492,680)	-	-
At 31 December	(2,265,303)	(2,756,763)	-	-

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

	Group		Company	
	2017 RM	2016 RM Restated	2017 RM	2016 RM
Deferred tax assets	2,650,972	2,060,198	39,449	9,978
Deferred tax liabilities	(4,916,275)	(4,816,961)	(39,449)	(9,978)
	(2,265,303)	(2,756,763)	-	-

23. DEFERRED TAX ASSET / (LIABILITIES) (CONT'D)

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

	Unutilised capital allowances RM	Unused tax losses RM	Others RM	Total RM	RM
Group					
Deferred tax assets					
At 1 January 2017	10,050	1,861,449	188,699	2,060,198	2,060,198
Recognised in profit or loss	894,194	(542,993)	483,601	834,802	834,802
Under /(Over) provision in prior year	96	(298,375)	54,251	(244,028)	(244,028)
At 31 December 2017	904,340	1,020,081	726,551	2,650,972	2,650,972
At 1 January 2016	661,081	2,335,347	-	2,996,428	2,996,428
Recognised in profit or loss	(651,031)	(473,898)	(15,897)	(1,140,826)	(1,140,826)
Under provision in prior year	-	-	204,596	204,596	204,596
At 31 December 2016	10,050	1,861,449	188,699	2,060,198	2,060,198
Company					
Deferred tax assets					
At 1 January 2017	9,978	-	-	9,978	9,978
Recognised in profit or loss	29,303	-	-	29,303	29,303
Under provision in prior year	168	-	-	168	168
At 31 December 2017	39,449	-	-	39,449	39,449
At 1 January 2016	9,803	-	-	9,803	9,803
Recognised in profit or loss	175	-	-	175	175
At 31 December 2016	9,978	-	-	9,978	9,978

23. DEFERRED TAX ASSET / (LIABILITIES) (CONT'D)

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

	Accelerated capital allowances RM	Revaluation of assets RM	Intangible assets RM	Total RM
Group				
Deferred tax liabilities				
At 1 January 2017				
- as previously reported	(1,301,104)	(1,597,489)	-	(2,898,593)
- effect of completion of PPA	-	-	(1,918,368)	(1,918,368)
- as restated	(1,301,104)	(1,597,489)	(1,918,368)	(4,816,961)
Recognised in profit or loss	(880,139)	-	887,173	7,034
Crystallisation of deferred tax	-	52,927	-	52,927
Under provision in prior year	(159,275)	-	-	(159,275)
At 31 December 2017	(2,340,518)	(1,544,562)	(1,031,195)	(4,916,275)
At 1 January 2016	(1,496,428)	-	-	(1,496,428)
Arising from acquisition of a subsidiary company	(133,821)	-	(2,000,000)	(2,133,821)
Recognised in profit or loss	310,629	-	81,632	392,261
Recognised in other comprehensive income	-	(1,630,262)	-	(1,630,262)
Crystallisation of deferred taxation	-	32,773	-	32,773
Over provision in prior year	18,516	-	-	18,516
At 31 December 2016	(1,301,104)	(1,597,489)	(1,918,368)	(4,816,961)

	Accelerated capital allowances RM
Company	
Deferred tax liabilities	
At 1 January 2017	(9,978)
Recognised in profit or loss	(29,303)
Under provision in prior year	(168)
At 31 December 2017	(39,449)
At 1 January 2016	(9,803)
Recognised in profit or loss	(175)
At 31 December 2016	(9,978)

23. DEFERRED TAX ASSET / (LIABILITIES) (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unutilised capital allowances	655,953	72,251	42,266	5,759
Unused tax losses	10,820,359	9,624,018	2,665,557	2,665,557
	11,476,312	9,696,269	2,707,823	2,671,316

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

24. OTHER PAYABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other payables	4,450,668	2,777,970	328,671	265,154
Deposits received				
- third parties	68,661	90,000	-	-
- related parties	-	6,900	-	-
Accruals	9,406,199	13,710,202	97,000	1,458,152
Advance payments	564,554	-	-	-
Amount due to Directors	-	282,014	-	282,014
	14,490,082	16,867,086	425,671	2,005,320

(a) Included in the other payables of the Group were GST payable of RM716,761 (2016: RM415,348).

(b) The amount due to Directors are unsecured, non-interest bearing advances and repayable on demand.

(c) Included in accruals consist of accrued project cost of RM5,242,179 (2016: RM9,861,953).

25. ASSETS HELD FOR SALE

	Group 2016 RM
Cost	
At 1 January	15,640,055
Disposal during the financial year	(15,640,055)
At 31 December	-
Accumulated depreciation	
At 1 January	3,553,878
Disposal during the financial year	(3,553,878)
At 31 December	-

On 17 February 2015, Vintage Tiles Industries Sdn. Bhd., a wholly-owned subsidiary company of the Company has entered into sale and purchase agreement with a third party for the disposal of its freehold land and building known as HS(M) 17269 PT 6466, Mukim Rawang, Daerah Gombak, Negeri Selangor at a consideration of RM17,050,000.

The freehold land and building have been disposed on 15 September 2016.

26. REVENUE

	Group	
	2017 RM	2016 RM
Sales of goods	65,812,011	10,660,051
Construction contracts	566,900,974	81,021,218
Property development	59,532,487	-
Project management fee	67,250	851,250
Hospitality	331,059	-
	692,643,781	92,532,519

27. COST OF SALES

	Group 2017 RM	Group 2016 RM
Sales of goods	63,196,838	13,299,950
Construction contracts	501,064,115	68,658,164
Property development	41,925,660	-
Project management fee	96,365	-
Hospitality	33,379	-
	606,316,357	81,958,114

28. FINANCE COSTS

	Note	Group 2017 RM	Group 2016 RM
Interest expenses on:			
Term loans		3,300,364	764,230
Bank overdrafts		489,483	115,646
Related companies		108,074	46,330
Finance lease liabilities		215,751	19,915
Trade services		15,241	-
		4,128,913	946,121
Less: Interest capitalised in property development cost	11	(726,775)	-
		3,402,138	946,121

29. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is derived after charging/(crediting):

	Group		Company	
	2017 RM	2016 RM Restated	2017 RM	2016 RM
Auditors' remuneration				
- statutory audit				
- current year	210,500	125,891	75,000	65,000
- under provision in prior year	13,860	-	-	-
- non statutory audit				
- current year	20,000	155,000	20,000	155,000
- under provision in prior year	-	15,000	-	15,000
Amortisation of intangible assets	3,726,125	342,854	-	-
Bad debts written off	-	1,527,960	-	-
Property, plant and equipment written off	21,975	-	2,831	-
Depreciation of				
- property, plant and equipment	4,020,017	1,141,506	102,611	98,623
- investment properties	1,231,497	60,886	-	-
Impairment losses on investment in an associate	34,315	-	-	-
Impairment losses on receivables	96,704	880,420	-	-
Impairment losses on amount due from subsidiary companies	-	-	-	124,586
Impairment losses on leasehold land and building	-	1,389,832	-	-
Goodwill written off	3,142	-	-	-
Inventories written down	-	477,646	-	-
Inventories written off	48,027	-	-	-
Rental of hostel	3,000	12,850	-	-
Rental of premises	25,019	40,767	-	44,767
Rental of tractor and equipment	-	56,700	-	-
Rental of copier machine	12,480	13,825	12,480	13,825
Non-executive Directors' remuneration				
- fees	126,000	162,000	126,000	162,000
- other emoluments	5,400	22,100	5,400	22,100
Bad debt recovered	-	(3,000)	-	-
Interest income	(198,486)	(160,236)	(75,755)	(28,736)
Rental income				
- related party	(7,683)	(4,375)	-	-
- third parties	(134,290)	(166,013)	-	-
(Gain)/Loss on disposal of				
- property, plant and equipment	(193,778)	(326,630)	-	28,222
- assets held for sale	-	(4,963,823)	-	-
Profit guarantee received	(2,047,520)	-	-	-
Waiver of debts	(7)	(335,757)	-	(23,363)
Interco interest	-	-	(307,214)	-

30. TAXATION

	Group 2017 RM	Group 2016 RM Restated	Company 2017 RM	Company 2016 RM
Tax expenses recognised in profit or loss:				
Malaysian income tax				
Current tax provision	15,150,122	793,490	391,326	-
Under provision in prior years	969,235	-	-	-
	16,119,357	793,490	391,326	-
Deferred tax:				
Relating to origination of temporary differences	(841,836)	748,565	-	-
Crystallisation of deferred tax	(52,927)	(32,773)	-	-
Under/(Over) provision in prior years	403,303	(223,112)	-	-
	(491,460)	492,680	-	-
Real property gain tax	-	462,948	-	-
Tax expense for the financial year	15,627,897	1,749,118	391,326	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expense applicable to profit/(loss) 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 2017 RM	Group 2016 RM Restated	Company 2017 RM	Company 2016 RM
Profit/ (Loss) before tax	49,963,263	1,810,857	621,582	(6,509,913)
At Malaysian statutory tax rate of 24% (2016: 24%)	11,991,183	434,605	149,180	(1,562,380)
Expenses not deductible for tax purposes	2,778,505	1,724,705	234,584	663,369
Income not subject to tax	(1,440)	(1,235,691)	(1,200)	(12,500)
Deferred tax assets not recognised	427,211	622,186	8,762	911,511
Share of tax of an associate	-	(3,750)	-	-
Crystallisation of deferred tax	(52,927)	(32,773)	-	-
Deferred tax arising from intangible assets arising from PPA	(887,173)	-	-	-
Under/(Over) provision in respect of prior years				
- income tax	969,235	-	-	-
- deferred tax	403,303	(223,112)	-	-
Real property gain tax	-	462,948	-	-
Tax expense for the financial year	15,627,897	1,749,118	391,326	-

30. TAXATION (CONT'D)

The Group and the Company have the following unutilised capital allowances and unused tax losses carry forward, available to off-set against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Unused tax losses	15,070,695	16,136,824	2,665,557	2,665,557
Unutilised capital allowances	4,424,039	114,525	206,639	48,033
	19,494,734	16,251,349	2,872,196	2,713,590

31. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Group	
	2017	**2016**
	RM	**RM**
		Restated
Profit attributable to owners of the parent	34,127,497	63,880
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 January	357,395,594	89,634,400
Effect of ordinary shares issued during the financial year	23,112,986	18,339,808
Weighted average number of ordinary shares at 31 December	380,508,580	107,974,208
Basic earnings per ordinary share (in sen)	8.97	0.06

31. EARNINGS PER SHARE (CONT'D)

(b) Diluted earnings per share

Diluted earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2017 RM	2016 RM Restated
Profit attributable to owners of the parent	34,127,497	63,880
Weighted average number of ordinary shares in issue in the calculation of basis earnings per shares	380,508,580	107,974,208
Effect of conversion of warrants	6,162,509	5,905,535
Effect of conversion of ICPS	90,000,000	180,000,000
Weighted average number of ordinary shares at 31 December	476,671,089	293,879,743
Diluted earnings per ordinary share (in sen)	7.16	0.02

32. STAFF COSTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Fees	27,000	-	27,000	-
Salaries, wages and other emoluments	16,756,967	4,138,675	398,199	1,899,985
Social security contributions	135,587	22,511	1,665	5,928
Defined contribution plans	2,103,099	513,472	54,304	238,285
Voluntary seperation scheme	-	354,129	-	-
Other staff related expenses	706,644	237,259	39,308	48,857
	19,729,297	5,266,046	520,476	2,193,055

The Group's and the Company's staff costs do not include the estimated monetary value of benefits-in-kind amounting to RM685,510 and RM7,619 (2016: RM305,681 and RM20,237) respectively.

32. STAFF COSTS (CONT'D)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive Directors of the Company				
- Fees	27,000	-	27,000	-
- Salaries and other emoluments	2,591,348	1,389,973	274,191	1,306,223
- Social security contributions	3,797	2,383	690	2,314
- Defined contribution plans	364,092	177,635	41,550	165,072
	2,986,237	1,569,991	343,431	1,473,609
Executive Directors of the subsidiary company				
- Salaries and other emoluments	169,100	-	-	-
- Social security contributions	414	-	-	-
- Defined contribution plans	20,292	-	-	-
	189,806	-	-	-
Total remuneration of Executive Directors				
- Fees	27,000	-	27,000	-
- Salaries and other emoluments	2,760,448	1,389,973	274,191	1,306,223
- Social security contributions	4,211	2,383	690	2,314
- Defined contribution plans	384,384	177,635	41,550	165,072
	3,176,043	1,569,991	343,431	1,473,609

The Group's and the Company's aggregate amount of remuneration received and receivable by the Executive Directors do not include the estimated monetary value of benefits-in-kind amounting to RM114,950 and RM7,619 (2016: RMNil and RM7,188) respectively.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 1 January 2017 RM	Financing cash flow (i) RM	New finance lease [Note 4(c)] RM	At 31 December 2017 RM
Group				
Term loans (Note 22)	29,900,316	34,671,950	-	64,572,266
Finance lease liabilities (Note 22)	3,629,291	(1,759,399)	6,566,989	8,436,881
Other bank borrowings (ii)	5,277,744	28,129,090	-	33,406,834
	38,807,351	61,041,641	6,566,989	106,415,981

(i) The cash flows from term loans, finance lease liabilities and other bank borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

(ii) Other bank borrowings represent loans and borrowings other than as disclosed above.

34. CONTINGENT LIABILITIES/ASSETS

(a) Contingent liabilities

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unsecured				
Corporate guarantees given to licensed banks for credit facilities granted to subsidiary companies	-	-	38,146,124	5,950,000
Corporate guarantees issued to third parties in respect of trade facilities of subsidiary companies	-	-	1,000,000	1,000,000
Secured				
Bank guarantee issued in favour of the local authorities and developers for the performance of the construction works	15,757,720	6,644,090	-	-

(b) Contingent assets

Pursuant to the Company's regularisation plan, LBS Bina Group Berhad ("**LBGB**") together with Dato' Beh Hang Kong, both the major shareholders of the Company have entered into a profit guarantee agreement to provide profit guarantee on a proportionate basis of an audited operational profit after taxation of RM6.0 million per annum of the Group (excluding write-off, other income and any other adjustments not in the ordinary course of business) for the two (2) financial years following the successful implementation of the proposed regularisation plan.

As at 31 December 2016, the Group has recorded an audited operational after tax profit of RM3.96 million. Arising thereon, the Company had in May 2017 received a total of RM2.05 million from both major shareholders, being the full and final settlement on the profit guarantee shortfall relating to the financial year of 2016.

35. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

35. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related party transactions

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Transactions with related parties				
Income				
Management fees received/receivable	-	60,000	-	-
Contract revenue	519,583,267	72,619,126	-	-
Rental received/receivable	8,144	4,374	-	-
Expenses				
Purchase of materials	49,228,300	-	-	-
Interest on advances	108,074	46,330	-	-
Rental paid/payable	36,321	-	-	-
Transaction with subsidiary company				
Rental paid/payable	-	-	-	4,000

(c) Compensation of key management personnel

Remuneration of Directors and key management are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, fees and other emoluments	4,325,977	2,047,683	432,591	1,895,815
Defined contribution plans	588,178	242,338	41,550	220,551
Social security contributions	7,526	3,540	690	3,333
	4,921,681	2,293,561	474,831	2,119,699

36. SEGMENT INFORMATION

The Group has three major reporting segments, as described below, which are the Group's strategic business units. Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

For each of the strategic business units, the Group's managing director reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Construction and trading	Design and build, civil engineering, trading of construction material and general construction activities
Property development	Development of residential and commercial properties
Others	Investment holding, providing of management services, hospitality and dormant
Manufacturing and trading	Manufacturing and trading of roof tiles

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 profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

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

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's managing director. Hence no disclosure is made on segment liabilities.

36. SEGMENT INFORMATION (CONT'D)

	Construction and trading RM	Property development RM	Others RM	Total segments RM	Adjustment and eliminations RM	Consolidated RM
Group						
2017						
Revenue						
Revenue from external customers	632,780,235	59,532,487	331,059	692,643,781	-	692,643,781
Inter-segment revenue	33,886,741	-	-	33,886,741	(33,886,741)	-
Total revenue	666,666,976	59,532,487	331,059	726,530,522	(33,886,741)	692,643,781
Results						
Interest income	122,639	92	75,755	198,486	-	198,486
Finance costs	(2,197,968)	-	(1,204,170)	(3,402,138)	-	(3,402,138)
Depreciation and amortisation	(4,580,648)	(1,967)	(4,395,024)	(8,977,639)	-	(8,977,639)
Impairment loss on investment in an associate	34,315	-	-	34,315	-	34,315
Segment profit/ (loss) before tax	39,664,731	15,529,892	(5,231,360)	49,963,263	-	49,963,263
Other non-cash items						
Property, plant and equipment written off	21,975	-	-	21,975	-	21,975
Goodwill written off	-	-	3,142	3,142	-	3,142
Impairment losses on receivables	91,688	-	5,016	96,704	-	96,704
Inventories written off	48,027	-	-	48,027	-	48,027
Gain on disposal of property, plant and equipment	(193,778)	-	-	(193,778)	-	(193,778)
Segment assets						
Additions to non-current assets	11,345,398	27,000	2,690,052	14,062,450	-	14,062,450
Segment assets	421,442,106	98,623,266	296,836,778	816,902,150	-	816,902,150

36. SEGMENT INFORMATION (CONT'D)

	Manufacturing and trading RM	Construction and trading RM	Others RM Restated	Total segments RM	Adjustment and eliminations RM	Consolidated RM Restated
Group						
2016						
Revenue						
Revenue from external customers	4,646,743	87,885,776	-	92,532,519	-	92,532,519
Inter-segment revenue	-	-	208,870	208,870	(208,870)	-
Total revenue	4,646,743	87,885,776	208,870	92,741,389	(208,870)	92,532,519
Results						
Interest income	-	-	160,236	160,236	-	160,236
Finance costs	(734,250)	(211,871)	-	(946,121)	-	(946,121)
Depreciation and amortisation	(841,920)	(260,656)	(442,670)	(1,545,246)	-	(1,545,246)
Share of profit in an associate	-	-	15,620	15,620	-	15,620
Segment profit/(loss) before tax	290,351	10,373,881	(8,853,375)	1,810,857	-	1,810,857
Other non-cash items						
Bad debts written off	(268,449)	-	(1,259,511)	(1,527,960)	-	(1,527,960)
Inventories written down	(477,646)	-	-	(477,646)	-	(477,646)
Impairment loss on receivables	-	-	(880,420)	(880,420)	-	(880,420)
Impairment loss on leasehold land and building	(1,389,832)	-	-	(1,389,832)	-	(1,389,832)
Gain/(Loss) on disposal of						
- property, plant and equipment	354,852	-	(28,222)	326,630	-	326,630
- asset held for sale	4,963,823	-	-	4,963,823	-	4,963,823
Waiver of debts	190,754	-	145,003	335,757	-	335,757
Segment assets						
Additions to non-current assets	-	33,610	639,178	672,788	-	672,788
Segment assets	24,071,868	344,024,672	269,862,203	637,958,743	-	637,958,743

36. SEGMENT INFORMATION (CONT'D)

Addition to non-current assets refer to capital expenditure of property, plant and equipment.

Inter-segment revenues are eliminated on consolidation.

No disclosure on geographical information for revenue and non-current assets as the Group operates predominantly in Malaysia.

Major customers

The following are major customers with revenue equal to or more than 10% of the Group revenue:

	Revenue		Segment
	2017 RM	2016 RM	
Company A	-	2,544,292	Manufacturing and trading
Company B	-	2,102,452	Manufacturing and trading
Related companies	519,583,267	72,619,126	Construction

37. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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

37. FINANCIAL INSTRUMENTS (CONT'D)

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

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

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Group			
2017			
Financial Assets			
Trade receivables	93,682,757	-	93,682,757
Other receivables	26,623,382	-	26,623,382
Amount due from related companies	186,947,619	-	186,947,619
Fixed deposits with licensed banks	4,332,750	-	4,332,750
Cash held under Housing Development Account	61,724	-	61,724
Cash and bank balances	19,692,802	-	19,692,802
	331,341,034	-	331,341,034
Financial Liabilities			
Trade payables	-	224,528,777	224,528,777
Other payables	-	13,773,321	13,773,321
Amount due to related companies	-	16,387,706	16,387,706
Loans and borrowings	-	106,415,981	106,415,981
	-	361,105,785	361,105,785
2016			
Financial Assets			
Trade receivables	70,089,514	-	70,089,514
Other receivables	17,776,464	-	17,776,464
Amount due from related companies	164,287,244	-	164,287,244
Fixed deposits with licensed banks	1,995,056	-	1,995,056
Cash and bank balances	7,475,465	-	7,475,465
	261,623,743	-	261,623,743

37. FINANCIAL INSTRUMENTS (CONT'D)

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

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Group			
2016			
Financial Liabilities			
Trade payables	-	163,456,487	163,456,487
Other payables	-	16,451,738	16,451,738
Amount due to related companies	-	37,028,631	37,028,631
Loans and borrowings	-	38,807,351	38,807,351
	-	255,744,207	255,744,207
Company			
2017			
Financial Assets			
Other receivables	302,102	-	302,102
Amount due from subsidiary companies	42,655,520	-	42,655,520
Cash and bank balances	3,618,211	-	3,618,211
	46,575,833	-	46,575,833
Financial Liabilities			
Other payables	-	425,671	425,671
Amount due to subsidiary companies	-	6,502,754	6,502,754
	-	6,928,425	6,928,425
2016			
Financial Assets			
Other receivables	119,259	-	119,259
Amount due from subsidiary companies	8,528,013	-	8,528,013
Amount due from related companies	5,238	-	5,238
Cash and bank balances	1,119,487	-	1,119,487
	9,771,997	-	9,771,997
Financial Liabilities			
Other payables	-	2,005,320	2,005,320
Amount due to subsidiary companies	-	6,389,388	6,389,388
	-	8,394,708	8,394,708

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies

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

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

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

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

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for credit facilities and supply of goods granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM72,731,090 (2016: RM6,950,000), representing the outstanding banking facilities to the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group's has no significant concentration to credit risk except as disclosed in Note 13. The Company has no significant concentration of credits risks except advances to its subsidiary companies where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

37. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Liquidity risk (Cont'd)

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

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2017						
Non-derivative financial liabilities						
Trade payables	211,790,278	12,738,499	-	-	224,528,777	224,528,777
Other payables	14,490,082	-	-	-	14,490,082	14,490,082
Amount due to related companies	16,387,706	-	-	-	16,387,706	16,387,706
Bank overdrafts	13,561,604	-	-	-	13,561,604	13,561,604
Finance lease liabilities	3,248,088	2,496,980	3,100,193	434,086	9,279,347	8,436,881
Term loans and trade services	9,753,963	26,615,613	41,656,883	28,147,320	106,173,779	84,417,496
	308,075,467	41,851,092	44,757,076	28,581,406	423,265,041	400,666,292
Group						
2016						
Non-derivative financial liabilities						
Trade payables	163,456,487	-	-	-	163,456,487	163,456,487
Other payables	16,867,086	-	-	-	16,867,086	16,867,086
Amount due to related companies	37,028,631	-	-	-	37,028,631	37,028,631
Bank overdrafts	5,277,744	-	-	-	5,277,744	5,277,744
Financial lease liabilities	1,431,876	1,170,120	1,257,946	185,537	4,045,479	3,629,291
Term loans	2,994,002	3,108,418	9,618,834	26,831,882	42,553,136	29,900,316
	227,055,826	185,537	10,876,780	27,017,419	269,228,563	256,159,555

37. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company						
2017						
Non-derivative financial liabilities						
Other payables	425,671	-	-	-	425,671	425,671
Amount due to subsidiary companies	6,502,754	-	-	-	6,502,754	6,502,754
	6,928,425	-	-	-	6,928,425	6,928,425
Company						
2016						
Non-derivative financial liabilities						
Other payables	2,005,320	-	-	-	2,005,320	2,005,320
Amount due to subsidiary companies	6,389,388	-	-	-	6,389,388	6,389,388
	8,394,708	-	-	-	8,394,708	8,394,708

37. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risk

(a) Interest rate risk

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

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

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

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

	2017 RM	**2016 RM**
Group		
Fixed rate instruments		
Financial assets	4,332,750	1,995,056
Financial liabilities	8,436,881	3,629,291
	12,769,631	5,624,347
Floating rate instruments		
Financial liabilities	97,979,100	35,178,060

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased / (decreased) the Group' profit before tax by RM979,791 (2016: RM351,781), arising mainly as a result of lower / higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(b) Foreign currency risk

The Group does not have any transactions or balances denominated in foreign currencies and hence not exposed to foreign currency risk.

37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments

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

The carrying amount of long term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

The table below analyses financial instruments 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 not carried at fair value			
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Carrying amount RM**
Group				
2017				
Finance lease payables (Non-current)	-	5,187,732	-	5,584,726
2016				
Finance lease payables (Non-current)	-	2,385,159	-	2,381,444

(i) Policy on transfer between levels

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

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

(ii) Level 1 fair value

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

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

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

38. CAPITAL MANAGEMENT

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

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

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Finance lease liabilities	8,436,881	3,629,291	-	-
Term loans	64,572,266	29,900,316	-	-
Trade services	19,845,230	-	-	-
Bank overdrafts	13,561,604	5,277,744	-	-
	106,415,981	38,807,351	-	-
Less:				
Fixed deposits with licensed banks	(4,332,750)	(1,995,056)	-	-
Cash held under Housing Development Account	(61,724)	-	-	-
Cash and bank balances	(19,692,802)	(7,475,465)	(3,618,211)	(1,119,487)
Net debt/(asset)	82,328,705	29,336,830	(3,618,211)	(1,119,487)
Total equity	410,481,637	335,499,150	340,655,133	301,959,787
Gearing ratio	0.20	0.09	*	*

* Gearing ratio not applicable as the Company has no borrowings as at 31 December 2017 and 2016.

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

39. SIGNIFICANT EVENTS

(a) On 18 April 2017, RHB Investment Bank Berhad ("RHBIB") announced for and on behalf of the Company that Company proposed to diversify the Group's existing business to include property development and property investment ("New Businesses"). The New Businesses which is complementary to the existing construction business is expected to contribute positively to the revenue and earnings of the Group.

The proposed diversification of business has been duly approved by the Company's shareholders at Extraordinary General Meeting held on 27 December 2017.

(b) On 16 June 2017, RHBIB announced for and on behalf of the Company that the Company proposed to undertake a private placement of up to 10% of the total number of issued shares of the Company to investors to be identified.

On 5 July 2017, RHBIB announced for and on behalf of the Company that Bursa Securities has approved the listing and quotation for up to 47,414,419 new ordinary shares ("Placement Shares") pursuant to Sections 75 and 76 of the Companies Act, 2016 ("Private Placement").

On 20 July 2017, RHBIB announced the price fixing for 28,000,000 Placement Shares under the first tranche of the Private Placement at RM1.08 per Placement Share, represents a discount of approximately 5.52% to the five (5)-day volume weighted average market price of the Company's shares.

On 1 August 2017, RHBIB announced that the 28,000,000 Placement Shares were listed and quoted on the Main Market of Bursa Securities. This also marked the completion of first tranche of the Private Placement.

On 27 December 2017, RHBIB announced that Bursa Securities had vide its letter dated 26 December 2017, resolved to grant the Company an extension of time from 3 January 2018 until 30 June 2018 to complete the implementation of the Private Placement.

(c) On 5 July 2017, the Board of Directors of the Company ("the Board") announced that the Company is proposing to change its name from ML Global Berhad to MGB Berhad ("Change of Name").

The Change of Name has been duly approved by the Company's shareholders at Extraordinary General Meeting held on 27 December 2017.

On 28 December 2017, the Board announced that the Company had received the Notice of Registration of New Name dated 28 December 2017 issued by the Companies Commission of Malaysia.

Accordingly, the Company's name has been changed from "ML Global Berhad" to "MGB Berhad" with effect from 28 December 2017.

39. SIGNIFICANT EVENTS (CONT'D)

(d) On 17 July 2017, the Board announced that the Company had signed a Memorandum of Understanding ("MOU") with SANY Construction Industry Development (M) Sdn. Bhd. ("SANY (M)") in relation to the setting up of a joint venture entity for business of manufacturing of Industrialised Building System (IBS) precast products for building projects.

On 5 December 2017, both parties have finalised its agreement and a shareholders' agreement was executed between MITCE and SANY (M) to form a joint venture company ("JVCo") provisionally known as MGB SANY (M) IBS Sdn. Bhd. to undertake the business of manufacturing of IBS precast products for building projects and to regulate the relationship and respective rights of both parties.

Subsequent thereto, the JVCo was incorporated on 13 December 2017 with shareholdings structure as follows:-

Parties	No. of Ordinary Shares	% of Shareholdings
MITCE	2,040,000	51%
SANY (M)	1,960,000	49%
Total	4,000,000	100%

40. SUBSEQUENT EVENTS

Subsequent to the financial year, the following events took place for the Company and its subsidiary companies:

(a) On 3 January 2018, Bursa Malaysia Securities Berhad ("Bursa Securities") announced that the Company's securities would be traded and quoted under the new name with effect from 9.00 a.m., 4 January 2018.

The new stock short name was as follows:-

Type of Securities	Old Name	New Name	Old Stock Short Name	New Stock Short Name
Ordinary Shares	ML GLOBAL BERHAD	MGB BERHAD	ML GLOBAL	MGB
Warrants	ML GLOBAL BHD – WARRANTS A 2014/2019	MGB BHD – WARRANTS A 2014/2019	MLGLOBAL-WA	MGB-WA

(b) On 5 January 2018, MGB Land, a wholly-owned subsidiary company of the Company, had entered into a Share Sales Agreement for the acquisition of three hundred thousand (300,000) ordinary shares in Multi Court Developers Sdn. Bhd. ("MCDSB") for a cash consideration of Ringgit Malaysia Two Million Eight Hundred Thousand (RM2,800,000.00) only, resulting in MCDSB becoming an indirect wholly-owned subsidiary company of the Company.

(c) On 29 March 2018, MITCE, a wholly-owned subsidiary company of the Company, acquired fifteen thousand (15,000) ordinary shares, representing 30% equity interest in MGB JPC Consultancy Sdn. Bhd. ("MGB-JPC"), resulting in MGB-JPC becoming an associate company of MGB Group.

MGB-JPC was incorporated in Malaysia on 29 March 2018 as a private limited company and is having its share capital of RM50,000.00 comprising 50,000 ordinary shares. MGB-JPC is principally engaged in providing engineering consultancy services.

41. COMPARATIVE FIGURES

The following reclassifications were made to the financial statements of prior year to be consistent with current year presentation.

	As previously stated RM	Reclassification RM	As restated RM
Statement of cash flows			
Group			
Cash flow from operating activities			
Adjustment for:			
Dividend income	(29,299)	29,299	-
Interest income	(130,937)	(29,299)	(160,236)
Cash flow used in operations			
Interest income	130,937	29,299	160,236
Cash flow from investing activities			
Dividend income	29,299	(29,299)	-
Company			
Cash flow from operating activities			
Adjustment for:			
Dividend income	(28,736)	28,736	-
Interest income	-	(28,736)	(28,736)
Cash flow used in operations			
Interest income	-	28,736	28,736
Cash flow from investing activities			
Dividend income	28,736	(28,736)	-

42. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 9 April 2018.

LIST OF MAJOR PROPERTIES

HELD AS AT 31 DECEMBER 2017

LOCATION	DESCRIPTION	TENURE	NET BOOK VALUE RM'000	APPROXIMATELY LAND AREA / BUILT UP AREA	DATE OF ACQUISITION	APPROXIAMATELY AGE OF BUILDING (YEARS)
HS(D) 43658, PT 633/ LOT 12021, Kawasan Perindustrian Nilai FASA 1, 71800 Nilai, Negeri Sembilan, Malaysia.	Industrial land with a single storey detached factory building and ancillary buildings	Leasehold 60 years expiring on 27 September 2045	12,261	348,741 sq ft / 73,627 sq ft	8-Mar-02	15
HS(D) LP6762-6771 No. PT 2539-2548, Langkap Light Industrial Park, Jalan Chui Chak, 36700 Langkap, Perak, Malaysia.	Industrial land with a single storey detached factory, single storey office block and ancillary buildings	Leasehold 60 years expiring on 29 November 2053	4,969	236,739 sq ft / 97,721 sq ft	4-Jun-02	21
H-G, Block H, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	1,957	221 Sq metre	18-Jun-15	7
H-7, Block H, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	1,331	280 Sq metre	18-Apr-11	7
H-3A, Block H, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	1,313	271 Sq metre	24-Jun-15	7
H-2, Block H, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	1,285	271 Sq metre	19-Oct-15	7
H-6, Block H, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	1,282	271 Sq metre	2-Aug-12	7
I-7, Block I, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	851	180 Sq metre	20-Apr-11	7
I-6, Block I, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	832	176 Sq metre	28-Mar-14	7
No. 19, Jalan SP 7/7, Bandar Saujana Putra, Lebuhraya Elite, 42610 Jenjarom, Kuala Langat, Selangor, Malaysia.	Double storey terrace house	Leasehold 99 years expiring on 5.2.2094	411	112 Sq metre	25-Feb-13	4

ANALYSIS OF SHAREHOLDINGS

AS AT 30 MARCH 2018

A. SHARE CAPITAL

Number of Issued Shares	:	495,449,673
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

B. DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 - 99	4,275	65.567	50,741	0.010
100 - 1,000	1,045	16.027	508,024	0.102
1,001 - 10,000	777	11.917	3,193,016	0.644
10,001 - 100,000	283	4.340	9,448,035	1.906
100,001 - 24,772,482(*)	134	2.055	219,426,344	44.288
24,772,483 AND ABOVE (**)	6	0.092	262,823,513	53.047
TOTAL	**6,520**	**100.000**	**495,449,673**	**100.000**

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

C. SUBSTANTIAL SHAREHOLDERS AND DIRECTORS' SHAREHOLDINGS

Substantial Shareholders

		Direct		Indirect	
	Name	No. of Shares Held	Percentage (%) Held	No. of Shares Held	Percentage (%) Held
1	LBS Bina Group Berhad	270,383,215	54.573	-	-
2	Gaterich Sdn Bhd	-	-	270,383,215 [(a)]	54.573
3	Tan Sri Lim Hock San, JP	-	-	270,383,215 [(b)]	54.573
4	Datuk Wira Lim Hock Guan, JP	-	-	270,383,215 [(b)]	54.573
5	Datuk Lim Lit Chek	60,440,298	12.199	-	-

Directors' Interests in Shares

		Direct		Indirect	
	Name	No. of Shares Held	Percentage (%) Held	No. of Shares Held	Percentage (%) Held
1	Dato' Abdul Majit bin Ahmad Khan	-	-	-	-
2	Tan Sri Lim Hock San, JP	-	-	270,383,215 [(b)]	54.573
3	Datuk Wira Lim Hock Guan, JP	1,520,000	0.307	270,383,215 [(b)]	54.573
4	Datuk Lim Lit Chek	60,440,298	12.199	11,500 [(c)]	0.002
5	Lim Kim Hoe	-	-	-	-
6	Dato' Beh Hang Kong	1,705,704	0.344	-	-
7	Chin Sui Yin	-	-	-	-
8	Datuk Tan Choon Hwa, JP	-	-	-	-

(a) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of shareholdings in LBS Bina Group Berhad

(b) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of shareholdings in LBS Bina Group Berhad through Gaterich Sdn Bhd

(c) Deemed interested by virtue of Section 59(11)(c) of the Companies Act, 2016

D. LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

No.	Name	Shares Held	Percentage (%)
1.	LIM LIT CHEK	60,440,298	12.199
2.	KENANGA NOMINEES (TEMPATAN) SDN BHD LBS BINA GROUP BERHAD (3RD PARTY EDSP)	50,000,000	10.091
3.	LBS BINA GROUP BERHAD	46,188,666	9.322
4.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LBS BINA GROUP BERHAD	39,194,549	7.910
5.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD (TMI)	37,000,000	7.467
6.	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR LBS BINA GROUP BERHAD	30,000,000	6.055
7.	RHB NOMINEES (TEMPATAN) SDN BHD INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD	24,000,000	4.844
8.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD (SSA)	14,000,000	2.825
9.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK ISLAMIC BERHAD FOR LBS BINA GROUP BERHAD	12,000,000	2.422
10.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	11,073,000	2.234
11.	KENANGA CAPITAL SDN BHD PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD	11,000,000	2.220
12.	AMSEC NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUIT GROWTH FUND (UT-CIMB-DALI)	9,222,900	1.861
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	8,963,700	1.809
14.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD	7,000,000	1.412
15.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	6,629,300	1.338
16.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	5,980,900	1.207
17.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	5,644,300	1.139
18.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	5,202,500	1.050
19.	YAYASAN GURU TUN HUSSEIN ONN	5,100,000	1.029
20.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	4,960,000	1.001

D. LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER) (CONT'D)

No.	Name	Shares Held	Percentage (%)
21.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSGROWTH FUND	4,500,000	0.908
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM MAYBANK)	4,330,100	0.873
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM KENANGA)	3,952,200	0.797
24.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	3,921,000	0.791
25.	AMANAHRAYA TRUSTEES BERHAD PMB SHARIAH AGGRESSIVE FUND	3,515,100	0.709
26.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG KOK WAH	2,600,000	0.524
27.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA MALAYSIAN INC FUND	2,560,600	0.516
28.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	1,964,000	0.396
29.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR RHB DANA ISLAM	1,938,500	0.391
30.	GOH PHAIK LYNN	1,880,000	0.379
	Total	**424,761,613**	**85.732**

ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES HOLDINGS

AS AT 30 MARCH 2018

A. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

Number of Issued ICPS	:	180,000,000
Number of ICPS Exercised	:	90,000,000
Number of ICPS Not Exercised	:	90,000,000
Number of ICPS Holders	:	2

B. DIRECTORS' ICPS HOLDINGS

		Direct		Indirect	
	Name	**No. of ICPS Held**	**Percentage (%) Held**	**No. of ICPS Held**	**Percentage (%) Held**
1	Dato' Abdul Majit bin Ahmad Khan	-	-	-	-
2	Tan Sri Lim Hock San, JP	-	-	67,500,000 [(a)]	75.000
3	Datuk Wira Lim Hock Guan, JP	-	-	67,500,000 [(a)]	75.000
4	Datuk Lim Lit Chek	22,500,000	25.000	-	-
5	Lim Kim Hoe	-	-	-	-
6	Dato' Beh Hang Kong	-	-	-	-
7	Chin Sui Yin	-	-	-	-
8	Datuk Tan Choon Hwa, JP	-	-	-	-

(a) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of shareholdings in LBS Bina Group Berhad through Gaterich Sdn Bhd

C. LIST OF ICPS HOLDERS

No.	Name	ICPS Held	Percentage (%)
1.	LBS BINA GROUP BERHAD	67,500,000	75.000
2.	LIM LIT CHEK	22,500,000	25.000
	Total	**90,000,000**	**100.000**

ANALYSIS OF WARRANT HOLDINGS

AS AT 30 MARCH 2018

A. WARRANTS

Number of Issued Warrants	:	26,748,600
Number of Warrants Exercised	:	20,087,979
Number of Warrants Not Exercised	:	6,660,621
Number of Warrants Holders	:	372

B. DISTRIBUTION OF WARRANTS HOLDINGS

Size of Holdings	No. of Holders	%	No. of Warrants	%
1 - 99	34	9.139	1,178	0.017
100 - 1,000	160	43.010	75,237	1.129
1,001 - 10,000	112	30.107	515,645	7.741
10,001 - 100,000	53	14.247	1,598,281	23.995
100,001 - 333,030 (*)	7	1.881	1,083,630	16.269
333,031 AND ABOVE (**)	6	1.612	3,386,650	50.845
TOTAL	**372**	**100.000**	**6,660,621**	**100.000**

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

C. DIRECTORS' WARRANTS HOLDINGS

		Direct		Indirect	
	Name	No. of Warrants Held	Percentage (%) Held	No. of Warrants Held	Percentage (%) Held
1	Dato' Abdul Majit bin Ahmad Khan	-	-	-	-
2	Tan Sri Lim Hock San, JP	-	-	5,514 [(a)]	0.083
3	Datuk Wira Lim Hock Guan , JP	-	-	5,514 [(a)]	0.083
4	Datuk Lim Lit Chek	-	-	-	-
5	Lim Kim Hoe	-	-	-	-
6	Dato' Beh Hang Kong	948,381	14.239	-	-
7	Chin Sui Yin	-	-	-	-
8	Datuk Tan Choon Hwa, JP	-	-	-	-

(a) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of shareholdings in LBS Bina Group Berhad through Gaterich Sdn Bhd

D. LIST OF TOP 30 LARGEST WARRANTS ACCOUNTS HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

No.	Name	Shares Held	Percentage (%)
1.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH HANG KONG	883,071	13.258
2.	LEONG KOK WAH	654,879	9.832
3.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN ENG NAM (CEB)	570,000	8.557
4.	GOH PHAIK LYNN	470,000	7.056
5.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM HOCK SEONG (MARGIN)	408,700	6.136
6.	LIM MOOI PANG	400,000	6.005
7.	NGOI YOO WEE	232,500	3.490
8.	CHONG CHING YEE	220,800	3.315
9.	GO HOOI MENG	168,500	2.529
10.	LUI AH NGAU @ LUI WIN SOONG	157,200	2.360
11.	CHUA ENG KIAT	102,400	1.537
12.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN KWANG KUI (MQ0002)	101,230	1.519
13.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEAH SIEW WAI	101,000	1.516
14.	CHUNG AI KEE	100,000	1.501
15.	FOON LAI YAN	80,000	1.201
16.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN KAR LEONG	80,000	1.201
17.	CHEOK KIM LAN	70,000	1.050
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH HANG KONG (8026695)	65,310	0.980
19.	CHAN KEAN HUAT	51,000	0.765
20.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN POH HWA	50,900	0.764
21.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHIA LOK YUEN (SMART)	50,000	0.750
22.	LIM CHIM CHUAN	50,000	0.750
23.	LIM SIEW WEI	50,000	0.750
24.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW PENG WAH	40,000	0.600
25.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEONG FOOK CHEE (E-BPJ/TDA)	40,000	0.600
26.	SENSASI RIA SDN BHD	40,000	0.600
27.	CHU KERD YEE	39,000	0.585
28.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEONG FOOK CHEE (470020)	37,870	0.568
29.	LAU FONG CHEONG	37,500	0.563
30.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KHOO SEK PIN	34,000	0.510
	Total	**5,385,860**	**80.861**

NOTICE OF SIXTEENTH (16TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth (16th) Annual General Meeting of the Company will be held at Ballroom III, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 5 June 2018 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon. **Please refer to the Explanatory Note 1**

2. To approve the payment of Directors' Fees and allowance of RM158,150.00 for the financial year ended 31 December 2017. **Resolution 1**

3. To re-appoint Dato' Abdul Majit bin Ahmad Khan as Director of the Company in accordance with Article 89(g) of the Company's Articles of Association. **Resolution 2**

4. To re-elect the following Directors who retire in accordance with Article 90 of the Company's Articles of Association:-

    i) Tan Sri Lim Hock San **Resolution 3**
    ii) Datuk Wira Lim Hock Guan **Resolution 4**

5. To re-appoint Messrs. UHY as Auditors and to authorise the Directors to fix their remuneration. **Resolution 5**

6. **As Special Business:**
   To consider and, if thought fit, to pass with or without any modifications, the following resolutions:-

   (a) **ORDINARY RESOLUTION**
   AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

   "THAT subject always to the Companies Act, 2016 ("**Act**"), the Constitution/Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or person whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being;

   AND THAT the Directors be also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad ("**Bursa Securities**");

   AND THAT such authority shall be continue in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 6**

(b) **ORDINARY RESOLUTION**
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

"THAT approval be and is hereby given pursuant to Chapter 10.09 of the Main Market Listing Requirements of Bursa Securities for the Company, its subsidiaries or any one of them to enter into the specified recurrent transactions of a revenue or trading nature with the related parties as stated in Section 2.4 of the Circular to Shareholders dated 27 April 2018 ("**the Circular**") which is necessary for its day-to-day operations, in its ordinary course of business, made on an arm's length basis and on normal commercial terms of the Group and on such terms which are no more favourable to the related party than those generally available to the public and which are not detrimental to the minority shareholders of the Company;

AND THAT the approval given in the aforesaid paragraph, unless revoked or varied by the shareholders of the Company in its general meeting, shall continue to be in force until the conclusion of the next Annual General Meeting of the Company, following this general meeting at which this mandate is passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed or the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 340(2) of the Act, (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act), whichever is earlier;

AND THAT the aggregate value of the transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year of the Company be disclosed in the annual report by providing a breakdown of the aggregate value of the transaction, amongst others, based on the following information:-

(i) the type of transactions made; and
(ii) the names of the related parties involved in each type of transactions made and their relationship with the Company and its subsidiaries.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required or approved or permitted by the relevant authorities) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Shareholders' Mandate described in the Circular and/or this resolution." **Resolution 7**

7. To consider any other business of which due notice shall have been given.

By Order of the Board,

YEO WEE CHING (MAICSA 7063236)
Company Secretary

Petaling Jaya, Selangor
Date : 27 April 2018

Notes:

(a) A member of the Company entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a member of the Company.

(b) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

(c) Where a member is an exempt authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with provision of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(d) If no name is inserted for the name of proxy in the Proxy Form, the Chairman of the general meeting will act as the proxy.

(e) The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.

(f) The Proxy Form or other instruments of appointment must be deposited at I-6, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

(g) For the purpose of determining a member who shall be entitled to attend the general meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at Wednesday, 30 May 2018. Only members whose name appears on the Record of Depositors as at 30 May 2018 shall be entitled to attend and vote at the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Explanatory Notes to the Agenda:

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2017

Item 1 of the Agenda is meant for discussion only, as the provision of Section 340(1) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 1 – Payment of Directors' fees and allowance to Directors

The breakdown of the proposed payment of Directors' fees and meeting allowance to Non-Executive Directors amounting to RM158,150.00 for the financial year ended 31 December 2017 is as set out below:

	RM per annum
Directors' Fees	*137,750*
Meeting Allowance	*20,400*
Total	***158,150***

3. Ordinary Resolution 2 – Re-appointment of Dato' Abdul Majit bin Ahmad Khan

This Agenda item is to discuss the re-appointment of Dato' Abdul Majit bin Ahmad Khan who is retiring under the resolution passed at the last Annual General Meeting held on 29 May 2017 and pursuant to Article 89(g) of the Articles of Association of the Company states that the office of a Director shall be vacated at the conclusion of the next annual general meeting after he attains the age of seventy (70) years.

4. Ordinary Resolution 6 – Authority to Directors to Allot and Issue Shares

The Ordinary Resolution proposed under Resolution 6 above for the renewal of general mandate in relation to the authorisation for issuance of shares by the Directors, if passed, will enable the Directors to issue up to 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next annual general meeting.

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

As at the date of this Notice, the Company raised RM30,240,000.00 from the issuance of 28,000,000 new ordinary shares pursuant to Sections 75 and 76 of the Companies Act, 2016 under the general mandate sought at the Fifteenth (15th) Annual General Meeting held on 29 May 2017. Please refer to page 88 of the Annual Report 2017 for details and utilisation status of the proceeds raised.

5. Ordinary Resolution 7 – Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Ordinary Resolution 7, if passed, will allow the Company and/or its subsidiaries to enter into the Recurrent Related Party Transactions in its ordinary course of business and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such Recurrent Related Party Transactions occur would not arise. This will reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

Further information on the Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 27 April 2018 which is despatched together with the Annual Report 2017 of the Company.

MGB BERHAD
(formerly known as
ML Global Berhad)
589167-W

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

PROXY FORM

I/We (Full Name in Block Letters)

NRIC No. / Passport No. / Company No.

of

being a member / members of **MGB Berhad** (**formerly known as ML Global Berhad**) hereby appoint

NRIC No. / Passport No.

of

and/or

NRIC No. / Passport No.

of

or failing *him/her, the Chairman of the Meeting as my/our proxy to vote and act on my/our behalf at the Sixteenth (16th) Annual General Meeting of the Company to be held at Ballroom III, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 5 June 2018 at 10.00 a.m. and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		

Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting at his/her direction.

Signed this ___________ day of ______________________, 2018.

Signature : ____
(If shareholder is a corporation, this form should be executed under seal)

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy
No. of Shares: ....
Percentage : %

Second Proxy
No. of Shares: ....
Percentage : %

NOTES:

1. *A member of the Company entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a member of the Company.*
2. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
3. *Where a member is an exempt authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with provision of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *If no name is inserted for the name of proxy in the Proxy Form, the Chairman of the general meeting will act as the proxy.*
5. *The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.*
6. *The Proxy Form or other instruments of appointment must be deposited at I-6, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
7. *For the purpose of determining a member who shall be entitled to attend the general meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at Wednesday, 30 May 2018. Only members whose name appears on the Record of Depositors as at 30 May 2018 shall be entitled to attend and vote at the said meeting or appoint proxies to attend and/or vote on his/her behalf.*

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AFFIX STAMP

THE COMPANY SECRETARY

MGB BERHAD (formerly known as ML Global Berhad)
(Company No. 589167-W)
I-6, Sunway PJ@51A, Jalan SS9A/19
Seksyen 51A, 47300 Petaling Jaya
Selangor Darul Ehsan

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MGB BERHAD
(formerly known as ML Global Berhad)
(Company No.: 589167-W)

H-G, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A,
47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

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