ML GLOBAL BERHAD
(589167-W)

POISED FOR STRENGTH, EXPANDING POSSIBILITIES

ANNUAL REPORT **2016**

OUR VISION

To be an internationally recognised design and build corporation that redefines spaces to enrich life.

OUR MISSION

To continually deliver excellence through innovation and quality assurance, hence realising value to all stakeholders.

The digital version of ML Global Annual Report 2016 is available from our website. Go to **www.mlglobal.com.my** or scan the QR code with your smartphone.

COVER RATIONALE

2016 marks a year of growth and expansion for ML Global as we set our sights on "Poised for Strength, Expanding Possibilities". The cover design features ML Global's core operations showcasing the images echoes the solidness and steadiness of a Group that is constantly progressing as a major force in the industry. By continuously seizing new opportunities, enhancing our services offerings and growing our business portfolio, we have strengthened our competitive edge and delivered added values to our customers and shareholders.

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CORPORATE STRUCTURE

ML GLOBAL BERHAD

- 100% MITC ENGINEERING SDN BHD
  - 100% PRISMA KASTURI SDN BHD
  - 100% PRISMA CRAFT SDN BHD
  - 100% TOP ACE SOLUTIONS SDN BHD
  - 30% YLT CONSULTANCY SDN BHD
- 100% VINTAGE TILES INDUSTRIES SDN BHD
- 80% NEWSTEEL BUILDING SYSTEMS SDN BHD
- 51% ALUNAN WARTA SDN BHD
- 100% VINTAGE TILES INDUSTRIES (EM) SDN BHD
  - 100% DELTA GALLERY SDN BHD
- 100% VINTAGE ROOFING & CONSTRUCTION SDN BHD
  - 100% TIRAI IMPRESIF SDN BHD
  - 100% VTI CONSORTIUM SDN BHD
- 100% VINTAGE TILES HOLDINGS SDN BHD

UPDATED AS AT **31/03/2017**

CORPORATE INFORMATION

AS AT 31 MARCH 2017

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)

LIM KIM HOE
(Executive Director & Deputy Chief Executive Officer)

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

CHIN SUI YIN
(Senior Independent Non-Executive Director)

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

AUDIT COMMITTEE
Chin Sui Yin *(Chairman)*
Dato' Abdul Majit Bin Ahmad Khan
Datuk Tan Choon Hwa

NOMINATION COMMITTEE
Dato' Abdul Majit Bin Ahmad Khan *(Chairman)*
Chin Sui Yin
Datuk Tan Choon Hwa

REMUNERATION COMMITTEE
Dato' Abdul Majit Bin Ahmad Khan *(Chairman)*
Chin Sui Yin
Datuk Tan Choon Hwa

RISK MANAGEMENT COMMITTEE
Datuk Lim Lit Chek *(Chairman)*
Lim Kim Hoe
Wong Tack Leong
Chew Wee Seong
Lee Hon Meng
Tan Suan Suan
Toh Chiew Kian
Yeo Wee Ching

COMPANY SECRETARY
Yeo Wee Ching (MAICSA 7063236)

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I-6, Sunway PJ@51A
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47300 Petaling Jaya
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BUSINESS ADDRESS

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REGISTRAR
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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
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SOLICITORS
Steven Tai, Wong & Partners
Manjit Singh Sachdev, Mohammad Radzi & Partners
Nanthakumar & Co
Amir Faezal Norzela & Chong

AUDITOR
Messrs. UHY (AF 1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
T +603-2279 3088
F +603-2279 3099

PRINCIPAL BANKERS
Public Bank Berhad
AmBank (M) Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad

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

WEBSITE
www.mlglobal.com.my

EMAIL
Customer Service:
custcare@mlglobal.com.my

DIRECTORS' PROFILE

DATO' ABDUL MAJIT BIN AHMAD KHAN

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Dato' Abdul Majit bin Ahmad Khan ("Dato' Abdul Majit"), a Malaysian, male, aged 71, was appointed to the Board as Independent Non-Executive Chairman of the Company on 1 August 2014. He is the Chairman of the Nomination Committee 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, Hong Leong Islamic Bank 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.

DIRECTORS' PROFILE (CONT'D)

TAN SRI LIM HOCK SAN, JP

GROUP MANAGING DIRECTOR

Tan Sri Lim Hock San ("Tan Sri Lim"), a Malaysian, male, aged 59, 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 the 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

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

1. Fifth Session of The 12th Chinese People's Political Consultative Conference (CPPCC) Overseas Representative
2. Chairman of the Board of Governors of SMJK Katholik
3. Chairman of the Board of Governors of SJK (C) Tun Tan Siew Sin
4. President of The Federation of Malaysia Lim Associations
5. President of Malaysia-Guangdong Chamber of Investment Promotion
6. President of Gabungan Persatuan Cina Petaling Jaya, Selangor
7. President of Wushu Federation of Federal Territory Kuala Lumpur
8. President of Malaysia Chamber of Commerce In China-Guangdong
9. Vice President of the Ann Khoe Association, Selangor & Wilayah Persekutuan
10. Vice President of The World Lin's Association
11. Vice President of Fujian Overseas Exchanges Association Fifth Council
12. Honorary Chairman of Rumah Berhala Leng Eng Tian
13. Honorary Chairman of Selangor Petaling Business & Industry Association
14. Honorary President of Malaysia-China Silk Road Entrepreneurs Association
15. Honorary President of Catholic High School Alumni Association
16. Honorary President of Persatuan Penganut Tho Guan Sen
17. Honorary Life Adviser of The Federation of Chinese Associations Malaysia
18. Honorary Adviser of The Federation of Malaysia Chinese Surname Association
19. Honorary Adviser of Malaysia-China Chamber of Commerce
20. Honorary Adviser of Gabungan Persatuan Keturunan Cina Negeri Sembilan
21. Adviser of Persatuan Ko Chow Sungai Way
22. Adviser of Kelab Sungai Way
23. Deputy Chairman of Selangor/KL Lim Clansmen Association
24. Committee Member of China Federation Ninth Plenary Session
25. Committee Member of China Chamber of International Commerce
26. Committee Member of Fujian Provincial Federation
27. National Council Member of 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 2017.

DIRECTORS' PROFILE (CONT'D)

DATUK WIRA LIM HOCK GUAN, JP

EXECUTIVE DIRECTOR

Datuk Wira Lim Hock Guan, a Malaysian, male, aged 55, 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 Group's 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 Riffle Association, Washington D.C.

Datuk Wira Lim Hock Guan sits on the Board of several subsidiary companies of the LBGB Group. He is a 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 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 2017.

DATUK LIM LIT CHEK

EXECUTIVE DIRECTOR & CHIEF EXECUTIVE OFFICER

Datuk Lim Lit Chek, a Malaysian, male, aged 40, was appointed to the Board as Executive Director and Chief Executive Officer ("**CEO**") of the Company on 1 December 2016. He is also a member 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 sixteen (16) years of experience in the field of property development and construction.

In 2007, he founded MITC Engineering Sdn Bhd, a subsidiary of 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-Government Organization (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, Youth President of KL-Selangor Anxi Association, Youth President of Selangor Sungai Way Hokkian 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.

DIRECTORS' PROFILE (CONT'D)

LIM KIM HOE

EXECUTIVE DIRECTOR & DEPUTY CHIEF EXECUTIVE OFFICER

Lim Kim Hoe, a Malaysian, male, aged 32, 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 a listed property developer where he accumulated wealth of experience in business development, project planning & design. He later joined a construction company as Executive Director where he continues to extend his experience in the field of property development and construction.

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 Managing Director of the Company. He has no conflict of interest with the Company.

DATO' BEH HANG KONG

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Beh Hang Kong ("Dato' Beh"), a Malaysian, male, aged 59, 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-Government Organisation ("**NGO**") side, he is a director of Malaysia-China Business Council (MCBC), 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.

DIRECTORS' PROFILE (CONT'D)

CHIN SUI YIN

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Chin Sui Yin ("Mr Chin"), a Malaysian, male, aged 54, 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, he 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 a Chairman of Audit Committee and a member of Nominating Committee and Remuneration Committee of the Company.

He is an Accountant by profession, a fellow member of the Association of Chartered Certified Accountants (ACCA), 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 had held various positions in local conglomerate, stock exchange and financial institutions. He was a member of audit committee and risk management committee in a local leading financial institution.

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

Datuk Tan Choon Hwa ("Datuk Tan"), a Malaysian, male, aged 59, was appointed as an Independent Non-Executive Director on 27 July 2009. He is a member of Audit Committee, Nominating Committee 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 and holds directorships in Wazlian Group. He also holds other chairmanship in several associations, President Malaysia – China Chamber of Commerce (Kelantan Branch) and Centre Committee, Vice President Malaysia Volleyball Association and Advisor Malaysia Chinese Business Association.

Datuk Tan's other directorship in public companies include Ni Hsin Resources Berhad, Sand Nisko Capital Berhad (formerly known as Len Cheong Holding 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 PROFILE


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1. **DATUK LIM LIT CHEK**
   CHIEF EXECUTIVE OFFICER
2. **LIM KIM HOE**
   DEPUTY CHIEF EXECUTIVE OFFICER
3. **WONG TACK LEONG**
   DEPUTY CHIEF EXECUTIVE OFFICER
4. **CHEW WEE SEONG**
   CHIEF OPERATING OFFICER
5. **LEE HON MENG**
   CHIEF OPERATING OFFICER
6. **TAN SUAN SUAN**
   ASSISTANT GENERAL MANAGER, ACCOUNTS & FINANCE
7. **YEO WEE CHING**
   COMPANY SECRETARY

KEY MANAGEMENT'S PROFILE (CONT'D)

WONG TACK LEONG

DEPUTY CHIEF EXECUTIVE OFFICER

Wong Tack Leong ("Mr Wong"), a Malaysian, male, aged 45, was appointed as Deputy CEO of the Company on 1 December 2016. He is responsible for construction division and the Company's operation.

He graduated with Bachelor of Building (Quantity Surveying) from University of South Australia. He has 21 years' experience working in pre and post contract administration and duties related to quantity surveying such as contract implementation, costing and feasibility studies.

He is a member of Australia Institute of Quantity Surveyors, Associate member of the Malaysian Institute of Arbitrators and Institute of Value Management Malaysia.

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.

CHEW WEE SEONG

CHIEF OPERATING OFFICER

Chew Wee Seong ("Mr Chew"), a Malaysian, male, aged 46, is currently holding the position as Chief Operating Officer ("**COO**") of the Company.

He is a Bachelor of Science (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 on 1 December 2016. During his tenure as CEO of the Company, he was overseen the corporate function of the group, as well as the day to day operation of both construction and manufacturing. He has 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.

LEE HON MENG

CHIEF OPERATING OFFICER

Lee Hon Meng ("Mr Lee"), a Malaysian, male, aged 38, was appointed as Chief Operating Officer of the Company on 1 December 2016.

He graduated with Bachelor of Science (Physics) from Universiti Sains Malaysia (USM). He has 14 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 are high rise construction, vacant possession inspection and submission for development project, health and safety, plant and machinery and infrastructure works.

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.

KEY MANAGEMENT'S PROFILE (CONT'D)

TAN SUAN SUAN

ASSISTANT GENERAL MANAGER, ACCOUNTS & FINANCE

Tan Suan Suan ("Ms Tan"), a Malaysian, female, aged 34, was appointed as Assistant General Manager, Accounts & Finance of the Company on 20 December 2016.

She graduated with Bachelor of Commerce (Account & Finance) from Queensland University of Australia. She is also a member of Malaysian Institute of Accountants ("**MIA**") and Certified Practising Accountants, Australia ("**CPA**"). She has more than 10 years of working experience accumulated from audit firm, namely Ernst & Young and local listed entities, specializing in reporting and compliance.

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.

YEO WEE CHING

COMPANY SECRETARY

Yeo Wee Ching ("Mr Yeo"), a Malaysian, male, aged 34, was appointed as Company Secretary of the Company on 1 September 2016.

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 12 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. Currently, he is also a member of the Risk Management Committee in the Company.

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.

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.

GROUP'S BUSINESS AND OPERATION INCLUDING OBJECTIVES AND STRATEGIES

"ML Global Berhad ("MGB") was first debuted to the market as a roof tile product manufacturer. Throughout our business expansion journey, we have successfully diversified the Group's business into project management and construction which has become the main source of revenue and profit of the Group."

According to Bank Negara Malaysia report, due to the strong economic fundamentals, Malaysia has recorded a sustainable growth of 4.2% in 2016. The construction sector recorded moderate growth of 7.4% in 2016. Despite the challenging economic market impacted by the low commodity prices, and depreciation of Ringgit, 2016 has been a year of compelling growth for MGB as we have achieved notable milestones.

After MGB completed its self-regularisation plan on 31 October 2014, MGB had on 11 March 2016 successfully uplifted by Bursa Malaysia Securities Berhad from being classified as PN17 company. Subsequently, on 11 April 2016, LBS Bina Group Berhad ("**LBGB**") had made an unconditional mandatory takeover offer for the Company after it raised its stake to 50.92% from 31.95%. Accordingly, MGB became a subsidiary of LBGB.

As part of LBGB's plan to streamline its construction business under MGB and its subsidiaries ("**MGB Group**" or "**the Group**") by consolidating the resources of MGB and MITC Engineering Sdn Bhd ("**MITCE**") and its subsidiaries ("**MITCE Group**") for a greater operational and financial efficiency, MGB had on 14 September 2016 entered into a Share Sale Agreement for the acquisition of the entire issued and paid up share capital of MITCE for a purchase consideration of RM300 million ("**Acquisition**"). The purchase consideration was satisfied via the allotment and issuance of 267,761,194 ordinary shares of MGB and 180,000,000 new Irredeemable Convertible Preference Shares ("**ICPS**").

Upon the completion of the Acquisition in November 2016, the construction business of the Group has aggressively expanded by the increased in outstanding order books of approximately RM1.11 billion. The enlarged Group has also widened the workforce assemble and enhance the accessibility to larger scale of business opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

The newly acquired subsidiary MITCE is an established construction player that has accumulated its track record for more than 10 years in constructing high rise building and landed residential properties as well as commercial properties. Leveraging on the management team and employees that possess excellent skill and know how in construction industry, our vision '*To be an internationally recognized design and build corporation that redefines space to enrich life*' is no longer just a dream. '*Customer First*' is always our core value to uphold and our experts always listen and provides constructive suggestion to our stakeholders that enable us to deliver excellence through innovation and quality assurance. We believe through great collaboration and strategies alliance with reputable developer will enhance our brand position and achieve our vision.

REVENUE

RM92.53 million

Financial Year Ended 2016

FINANCIAL PERFORMANCE AND CONDITION

In term of financial performance, with the consolidation of one month result of MITCE, the Group has achieved a revenue of RM92.53 million for the Financial Year Ended ("**FYE**") 2016. Construction segment remains to be the core revenue and profit contributor whereby it has contributed RM87.89 million of revenue and profit before tax ("**PBT**") of RM10.37 million respectively.

Nevertheless, the Group posted a profit after tax (**"PAT"**) of RM323 thousand in FYE 2016 as opposed to PAT of RM10.17 million in FYE 2015. The decrease in PAT mainly due to non-operational expenses incurred in 2016, amongst others included the followings:

(i) Professional fees and stamping fee incurred pursuant to the Acquisition of approximately RM2.26 million.
(ii) Employee Volunteer Separation Scheme expenses and upkeep of factory subsequent to the cessation of manufacturing business of approximately RM2.05 million.
(iii) Impairment losses on receivables and leasehold land and building, bad debts written off and inventories written down which aggregated to approximately RM4.28 million.

The enlarged Group recorded a strong financial position in current financial year whereby the total assets base has increased from RM65.09 million to RM636.21 million. Correspondingly, the total liabilities also increased from RM34.81 million to RM300.45 million. The net asset per share has improved from RM0.34 to RM0.94.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Subsequent to the completion of acquisition exercise, MGB has issued 267,761,194 ordinary shares and 180,000,000 ICPS at issue price of RM0.67 per share and per ICPS respectively. The equity base of MGB consequently enlarged from RM30.27 million in FYE 2015 to RM335.76 million in current financial year. With the contribution from the newly acquired MITCE, MGB has turned around from negative cash and cash equivalents position in 2015 to a positive position of RM2.20 million in 2016. The gearing ratio of the Group as at 31 December 2016 stood at 0.09 times as compared to 0.46 times in FYE 2015.

The Group target to increase its machineries, equipment and capital expenditure in 2017 to improve the cost effectiveness and efficiency. The capital expenditure is expecting to be financed through lease, bank borrowing or internal generated fund.

Subsequent to the financial year, the Group has secured approximately RM40 million in combination of bank borrowing and facilities to facilitate the operation of the Group. The Group will continue to secure more bank borrowing for working capital and improve the liquidity of cash flow to support the continuously growth and expansion of the business.

Based on the Economic Report 2016/2017 published by Ministry of Finance of Malaysia stated that the global economy was expected to improve but remain on a moderate growth path.

OPERATION

In July 2016, the Group has ceased the manufacturing business due to operational inefficiency. Thereon, we have concentrated our resources and attention in construction segment which is the core driver of our revenue stream. Subsequently, MGB's securities was reclassified from Industrial Products Sector to Construction Sector in August 2016.

With the combined order book from the newly acquired subsidiary, MITCE, the Group's on hand construction projects are widely located at Klang Valley, Johor and Pahang. The on-going projects are mainly construction works for residential properties comprising of high-rise and landed as well as commercial properties such as shop lots. All construction projects are progressing at its expected level.

ANTICIPATED OR KNOWN RISKS

Based on the Economic Report 2016/2017 published by Ministry of Finance of Malaysia stated that the global economy was expected to improve but remain on a moderate growth path. Slightly brighter prospect for the Malaysian economy is anticipated in 2017, a stabilized domestic expenditure will create confidence in business sentiment. The manufacturing and services sector will continue to lead growth whilst the construction sector will maintain its catalytic performance.

Despite that 2017 economies expecting a sustained growth, there are several anticipated risks that will impact the performance of MGB where warrant MGB to vigilantly manage.

(a) Shortage of labor and new levy fee policy

Since 2016, our country has been facing shortage of foreign labor due to national policy imposed by Indonesia. Moreover, Malaysia Government has roll 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). Despite the decision has been deferred to 2018, it will be a risk to construction sector as with the mandatory imposition of levy fee on employer will increase the labor cost significantly and hammer the profit of the sector.

Acknowledging that there is on-going material and technological advancement in the industry, MGB has over the year improved the construction mechanism and emphasize on value engineering. 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 our client.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

(b) Single customer risk

Based on the outstanding order book of MGB, it was noted that approximately 70% of the contracts were awarded by LBGB, being the ultimate holding company. Since 2016, MITCE has started to tender for external projects and successfully won projects from Yayasan Pelajaran Johor and Tenaga National Berhad.

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

(c) Financial Risk

Financial Risk in the Group was mainly on commodity price risk and the fluctuation of the Malaysia Ringgit especially against the US Dollars which could have then reduce the profit margins of the Group or a global economy crisis that could have an impact on material and labour cost. 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 also diversifying our supplier base for essential raw materials and try sourcing locally to avoid unnecessary foreign currency exchange fluctuation.

MOVING FORWARD STATEMENT

MGB is mindful of the challenging economic environment moving forward. Nonetheless, we will continue to focus on enhancing our core competencies and strive towards greater improvements. We are committed to conscientiously delivering our projects in hand which expect to bolster our performance over the next few years. Notwithstanding that, we will continue our efforts in replenishing the order books to maintain the sustainability of the Group.

The wellbeing of the citizens is the main priority of the 2017 Budget while sustaining economic growth. The outlook of the local construction section is positive underpinned by the on-going infrastructure works and social projects such as MRT line and affordable housing, which will contribute towards a high demand for construction works and benefit the construction sector continue to grow. With the Malaysia Government's on-going efforts to provide affordable housing by introducing strategies that benefit home buyers as well as stakeholders, which include developers and financial institution, MGB is confidence in its prospect as affordable houses project is the target market of MGB. MGB will enhance its proposition and strengthen its rapport with government agency by delivering quality products and services. We will strike to become the preferred contractor for government residential projects ultimately.

MGB will also seek opportunity to diversify its business such as property development if the feasibility study is favorable.

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

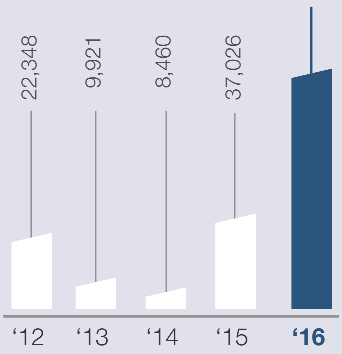
With the combined effort of the Management and the staff, we are optimistic that MGB will deliver satisfactory performance moving forwards.

GROUP FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 DECEMBER	2012 (RM'000)	2013 (RM'000)	2014 (RM'000)	2015 (RM'000)	2016 (RM'000)
Revenue	22,348	9,921	8,460	37,026	92,533
Profit / (Loss) Before Taxation	(1,773)	(2,633)	1,370	7,077	2,154
Profit / (Loss) After Taxation and Non-controlling Interest	(1,773)	(2,734)	118	10,174	325
Paid-up Share Capital	97,486	97,486	44,817	44,817	268,698
Equity Attributable To Owners Of The Parent	(12,352)	(15,085)	20,101	30,275	335,763
Net Tangible Assets	(12,352)	(15,085)	20,101	30,275	75,670
Basic Earnings per share (sen)	(1.82)	(2.80)	0.13	11.35	0.30
Net Assets per share (sen)	(12.67)	(15.47)	22.43	33.78	93.95
Net Tangible Assets per share (sen)	(12.67)	(15.47)	22.43	33.78	21.17

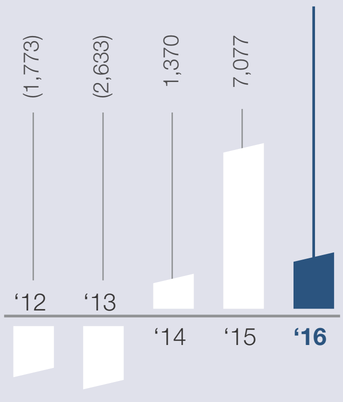
REVENUE (RM'000)

92,533



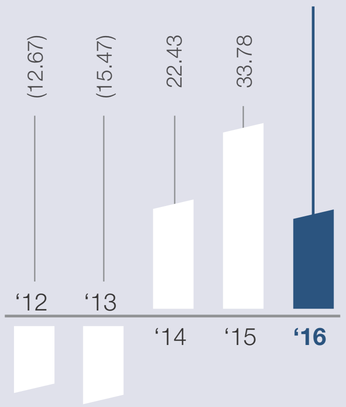
PROFIT/(LOSS) BEFORE TAXATION (RM'000)

2,154



NET TANGIBLE ASSETS PER SHARE (SEN)

21.17



FINANCIAL CALENDAR

Financial Year Ended	**31 December 2016**
Announcement of Quarterly Results: -	
First Quarter ended 31 March 2016	**27 May 2016**
Second Quarter ended 30 June 2016	**19 August 2016**
Third Quarter ended 30 September 2016	**24 November 2016**
Fourth Quarter ended 31 December 2016	**27 February 2017**
Publishing of Annual Report	**27 April 2017**
Annual General Meeting	**29 May 2017**

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

*From its humble beginning as roof tile products manufacturer, ML Global Berhad (“**MGB**” or “**the Company**”) has transitioned to project management and construction, enlisting into construction sector in the Main Board of Bursa Malaysia Securities Berhad in August 2016. Notwithstanding that, MGB also acquired MITC Engineering Sdn Bhd (“**MITCE**”) and its subsidiaries (“**MITCE Group**” as an effort to attain its vision of becoming an internationally recognized design and build corporation that redefines spaces to enrich life.*

*While sustaining the growth, MGB and its subsidiaries (“**MGB Group**” or “**the Group**”) are constantly mindful of its corporate social responsibility towards its employees, stakeholders and the community. MGB is committed towards attaining sustainable business practices, which extends to every facet of its business, guiding its strategy for sustainable growth.*

Thus, MGB has embarked on a journey to adopt sustainability in its business entities. As a starting point, MGB has appointed Deloitte Southeast Asia to accompany the Group in embracing sustainability into its business and reporting standards in the following year.

ENVIRONMENT – PROMOTING ENVIRONMENTAL RESPONSIBILITY

(Environmental Management System ISO 14001:2015)

Being a responsible corporate citizen, we always endeavour in protecting and preserving the environment and continues to embed various efforts and measures into our processes and policies that set out to reduce the impact of our construction activities on the environment which goes beyond merely complying the requirements of legislation and applicable best practice.

Our commitment to environmental protection includes being an ISO 14001:2015 Environmental Management System standards certified company. This ensures every environmental aspect in the organisation is taken into consideration. Our efforts and measures amongst others included the following:-

- Managing our construction site and promoting clean working environment through ‘gotong-royong’ and carry out fogging activities to prevent spreading of dengue;
- Ensuring all operations and activities comply with environmental legislation and meet good environmental practices;
- Promoting environmental awareness and suitable control measures at all level of the organisation through various talks, briefings and trainings conducted by the Company or external party;
- Minimizing the environmental impacts of its activities, prevent pollution and continual improvement at environmental performance;
- Disseminating guidelines set on 3Rs (Reuse, Recycle and Reduce); and
- Setting policy for efficient usage of water, electricity and paper arising from our daily activities.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT (CONT'D)

SOCIAL - SUSTAINING OUR COMMUNITIES

As an organisation with its business deeply rooted in the community that it serves, MGB has been consistently aware of its social obligations to the community and remains fully committed to this cause. MGB feels privileged to have been able to support communities in need and make a difference in their lives.

During the year, the Group has made donations totalling to approximately RM50,000.00 to various charity organisations in sports, cultural and social welfare activities. 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.

SOCIAL - OUR PEOPLE

Workforce is an important factor that leads the business toward success and sustainability. Therefore, there is a need of a dynamic strategy to recruit, develop and motivate employees.

Nurturing and Retaining the Talents

In order to remains competitive and continues to attract and retain the right talents, the Group, via LBGB, had engaged external consultants to benchmark the Company's compensation packages against peers and other comparable industry. MGB motivates and rewards employees with comprehensive and competitive benefits programmes including short-term cash bonus and long-term equity based rewarding plan. Employees' Share Option Scheme extended from LBGB is an attractive long-term incentive offered to employees to provide them with a personal stake in LBGB. Employees who wish to purchase properties developed by LBGB Group are also entitled to participate in the property purchase discount scheme.

The Group is committed to nurturing and growing talents by continuously providing its employees with the necessary skill and aptitude development through training and development programmes. By implementing a comprehensive appraisal review system, the Management will evaluate the performance of employees against Company's expectations and identify their development needs. The Management and employees are encouraged to attend seminars, talks, courses and job-related training organised by professional institutions or arranged in-house with subjects tailored to sharpen technical skills that are job related.

Talent development is also part of MGB's commitment towards nurturing human capital for our society. In ensuring university and college students remained relevant in the rapid changing job market, MGB internship program provides the students opportunities to gain meaningful professional and educational enrichment experiences through working in the organisation. During the year, eleven (11) students from colleges and universities have participated in the internship program and they were seconded to the Human Resource Department, Project Department and Construction Department.

Channel for Communication and Interaction

The Group communicates with its employees, amongst others, through internal briefing, dialogue sessions held by Executive Directors and Senior Management, intranet and e-mails. The internal briefing is a good channel that allows all staff from different ranks and subsidiaries to interact with the Management. Besides that, it also helps in sharing important information with the staff on the latest management strategies and corporate developments.

Orientation programme is designed to familiarize new employees with MGB organisation structure, its policies and procedures, corporate culture and ethics to ease their transition into the MGB workplace.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT (CONT'D)

Internal Briefing

The Group recognises the importance of non-work related activities amongst colleagues. To foster interaction amongst employees and build-up strong team spirit, a committee called '*Super Glue*' was formed with the intention to promote work life balance and develop a fund and dynamic organisation in which employees feel supported, heard and happy to work. Various activities have been organised by *Super Glue* in 2016, which included movie night (X-Tion Night Out), 'CNY Celebration', 'Buka Puasa Celebration' and 'Diwali Night'.

X-Tion Night Out

CNY Celebration

CORPORATE SOCIAL RESPONSIBILITY STATEMENT (CONT'D)


Buka Puasa Celebration



Diwali Night

Occupational Safety & Health Management

We understand the inherent risk of our industry, therefore, as an integral part of risk management strategy and to comply with all applicable Health & Safety legislations and instil the best practices to manage operational health and safety risks, a stringent Health & Safety Management system is in place that is aligned with international standards of best practice.

MITCE, a subsidiary of the Company has been accredited with OHSAS 18001:2007 from Worldwide Quality Assurance (WQA), United Kingdom, a body providing various management system certifications to companies around the world. The said Health & Safety Management system is designed to prevent and respond to accidents and emergency situations, to mitigate consequences that may be associated with them, protects our workforce and helps to reduce disruption to our operations.

Each employee, from the craft worker to the project supervisor, has own responsibility to account and observe all elements of Health & Safety Management System. Our plan includes safety training, inspections, audits and a formalized system of reporting. We will strive our best to ensure that we deliver quality product without compromising the health and safety.

With our outstanding health and safety performance in implementing safety and health in our workplace and sites, MITCE had won the Occupational Safety and Health (OSH) Management Award in Construction (Gold Award) for the first time in the 12th Malaysia Occupational Safety and Professional's Association (MOSHPA) Excellence Award 2016.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT (CONT'D)

Quality Management System ISO 9001:2008

Health and Safety Management System ISO 1800:2007

12th MOSHPA Excellence Award 2016 - Gold Award

SOCIAL - PRODUCT RESPONSIBILITY

Quality Management

The Group remains committed in maintaining the highest level of quality of our products and services to meet customers' expectations. We focus on ensuring the effectiveness of our quality management system which resulted MITCE being accredited with certification of ISO-9001:2008 from WQA for its quality management system where it has demonstrated ability to consistently provide quality, reliable, healthy, safe and environmental friendly products and services to the community.

Through the annual review of the Quality Management System and Safety and Health Management System, the Group strives to ensure that its Quality and Safety policies and objectives are in accordance with the ISO and OHSAS requirements. With the support and commitment from all our staff and business associates, we will continue to ensure that optimum level of quality and safety are adhered to in our work culture.

SOCIAL - MARKET PLACE

The Group recognises the importance of building and maintaining positive relationships with its customers, suppliers and contractors.

Through our commitment to quality, we build trust with our customers as a reliable contractor and materials provider. We meet our quality objectives by maintaining sound management systems and systematically control construction and materials quality to ensure conformance with statutory, regulatory, and other customer quality requirements.

To our suppliers and sub-contractors, the Group has set out standards operating procedures and ethics in its selection. It ensures that all qualified suppliers and sub-contractors are given equal change in tendering for projects. The Group values and derives considerable and competitive advantage from active cooperation with its established suppliers in terms of innovation and product development.

For better understanding of the Group's performance and growth, the interested parties may access to information through the Group's website at www.mlglobal.com.my or news released from time to time.

OUR NEXT MOVE

Although we feel that we have made some progress towards addressing our environmental, social and economic impacts, we understand that we still have a long way to go. This statement has outlined our overall Group's strategy and has provided some examples of good practice from various aspects. It is, for the time being, a balanced and clear reflection of our commitment towards sustainability but we recognise these initiatives need to be brought together into more coherent and robust management systems to ensure that we can maximize the value of sustainability for all of our stakeholders. We would work towards enhancement with target to move from a tactical approach of 'corporate responsibility' (CR) to pursue a more structured CR strategy in business sustainability in the years to come.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("**Board**") remained steadfast in its efforts to instill and maintain a strong culture of corporate governance within the Group by adopting the principles and specific recommendations on structures and processes provided by the Malaysian Code on Corporate Governance ("**MCCG 2012**") to direct and manage the business and affairs of the Group towards financial sustainability and corporate accountability with the ultimate aim of realizing long-term shareholders' value, while safeguarding the interests of other 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 2012 for the financial year ended 31 December 2016 ("**FY 2016**").

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Functions, Roles and Responsibilities of the Board and Management

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: -

- Review and approve the annual corporate plan for the Group, which includes the overall corporate strategy, sustainability strategy, business development and marketing plan, human resources plan, IT plan, financial plan, budget, regulatory plan and risk management plan;
- Review and approve strategic initiatives including corporate business restructuring or streamlining and strategic alliances;
- Oversee the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;
- To ensure that the Company has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility;
- Identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- Approve the nomination, selection, succession policies, and remuneration packages for the Board members, Board Committee members, Nominee Directors on the functional Boards of the subsidiaries and the Principal Officers, and the annual manpower budget for the Group, including managing succession planning, appointing, training, fixing the compensation of, and where appropriate replacing senior management or key management personnel;
- Approve the appointment, resignation or removal of Company Secretaries of the Company;
- Review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Review and approve the Financial Statements encompassing annual audited accounts and quarterly reports, credit facilities from financial institutions and guarantees;
- Review and approve the Audit Committee Report and Statement of Risk Management and Internal Control for the Annual Report;
- Prepare a Corporate Governance Statement on compliance with the MCCG for the Annual Report;
- Review and approve investment policies and guidelines for the Company's surplus funds, asset allocation policy and policy on exposure limits on investment with banking institutions;
- Review and approve the capital expenditure, purchase of fixed assets, operating expenditure, variation order and any other matters in accordance with the Authority Limits Document;
- Approve the appointment of external auditors and their related audit fees; and
- Initiate a Board self-evaluation program and follow-up action to deal with issues arising and arrange for directors to attend courses, seminars and participate in development programs as the Board judges appropriate.

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

- approval of corporate plans and programmes;
- approval of annual budgets, including major capital commitments;
- approval of new ventures;
- approval of material acquisitions and disposals of undertakings and properties; and
- changes to the management and control structure within the Group, including key policies, delegated authority limits.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Clear Functions, Roles and Responsibilities of the Board and Management (Cont'd)

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 who reports periodically to Group Managing Director, Board and Board Committees. The Senior Management is responsible for assisting the Chief Executive Officer 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.

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 work together to make decisions that will result in growth of the Company.

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.

A brief profile of each director and key senior management are presented on page 3 to 10 of this Annual Report.

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 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.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Board Appointment Process

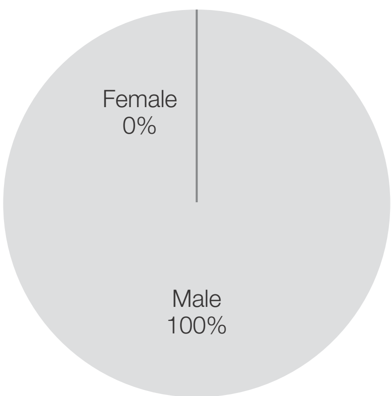
The Board has delegated the responsibility for recommending a potential candidate to fill a Board vacancy to its Nomination Committee ("**NC**"). The ultimate decision on the appointment of new director lies with the Board as a whole.

The NC 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 Secretaries will ensure that all appointments are properly made, all the necessary information is obtained as well as all legal and regulatory obligations are met.

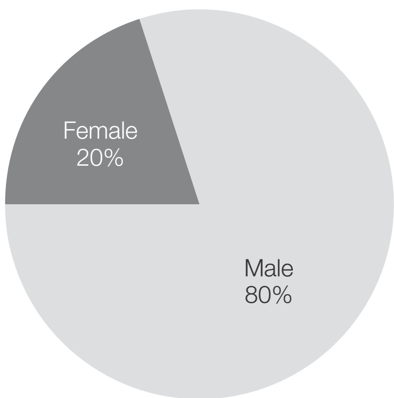
Boardroom Diversity

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 evaluation of the suitability of candidates as the new Board member or as a member of the workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. 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. Nevertheless, for any new proposed appointment of directors of the Company in future, the Board will evaluate and match the criteria of the potential candidate to the Board as well considering the boardroom diversity.

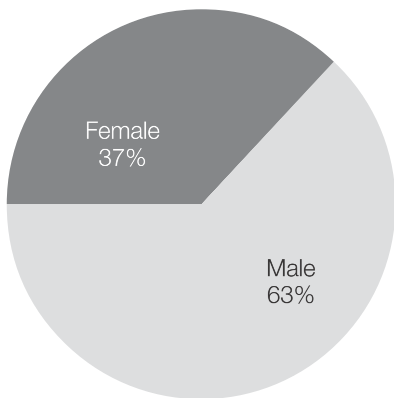
BOARD



SENIOR MANAGEMENT



TOTAL NO. OF EMPLOYEES



PRINCIPLE 1: ESTABLISH CLEAR ROLES AND 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 Malaysia Securities Berhad ("**Bursa Securities**"). During the FY 2016, a total of eight (8) Board Meetings were held. The attendance of each Director at the Board Meetings is tabulated as below: -

Directors	Number of meetings held during tenure in office	Attendance
Dato' Abdul Majit bin Ahmad Khan	8	8
Tan Sri Lim Hock San, JP	8	7
Datuk Wira Lim Hock Guan, JP	8	6
Datuk Lim Lit Chek *(Appointed with effect from 1 December 2016)*	-	-
Lim Kim Hoe	8	8
Dato' Beh Hang Kong	8	8
Chin Sui Yin	8	7
Datuk Tan Choon Hwa, JP	8	7
Heng Chee Wei *(Resigned with effect from 31 January 2017)*	8	5

The proceedings of Board Meetings are conducted according to 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 including overseas operations 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 by 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 information.

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 2016, there is a 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.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Board Meetings (Cont'd)

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 2016, there is a 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.

Supply of Information

The Management has an obligation to supply the Board and its 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 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 ebooks 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 ebooks 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, Company Secretaries, 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 email to all the Directors.

The Company Secretaries who attend each Board Meetings play an important role to ensure that Board procedures are adhered to at all times during meetings and advised 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.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Board Committees

The Board delegates specific responsibilities to the respective committees of the Board, namely Audit Committee, Nomination Committee, 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' meeting 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.

The following diagram shows a brief overview of the Board Committees 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 oversight of the Group's financial and reporting processes, the integrity of the financial statements, the external and internal audit processes, and the systems of 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 Committee

Responsible for reviewing and recommend to the Board on the Board composition and board evaluation.

Please refer to Principle 2: Strengthen Composition – Nomination Committee of this Annual Report.

Remuneration Committee

Responsible for reviewing and recommending to the Board on executive remuneration policy and recommend the remuneration packages of the Executive Directors.

Please refer to Principle 2: Strengthen Composition – Directors' Remuneration of this Annual Report.

Risk Management Committee

Responsible for 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.

Managing Director

Responsible for 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 its Committees.

Senior Management Team

An executive team that operates under the direction and authority of the Chief Executive Officer who reports periodically to Managing Director, Board & Board Committee. 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

Health, Safety & Environment (HSE) Committee

Responsible to establish and implement 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 when the need arises.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Re-election of Directors

The NC 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 at the forthcoming Fifteenth AGM are disclosed in the Notice of Annual General Meeting.

Formalised Ethical Standards through Code of Conduct and Business Ethics

A Code of Conducts and Ethics, setting out the standards of conduct expected from Directors and all employees of the Group has been formalised. The Code of Conduct and Ethics summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur and also provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Ethics and Conduct are available for reference at the Company's website at www.mlglobal.com.my.

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 close period are sent to Directors and principal officers on a quarterly basis specifying the timeframe of close 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 to them also will abstain from voting on the resolution.

Group IT Policies

Under the Group IT Policies, employees 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.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Formalised Ethical Standards through Code of Conduct and Business Ethics (Cont'd)

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 Listing Requirements of Bursa Securities.

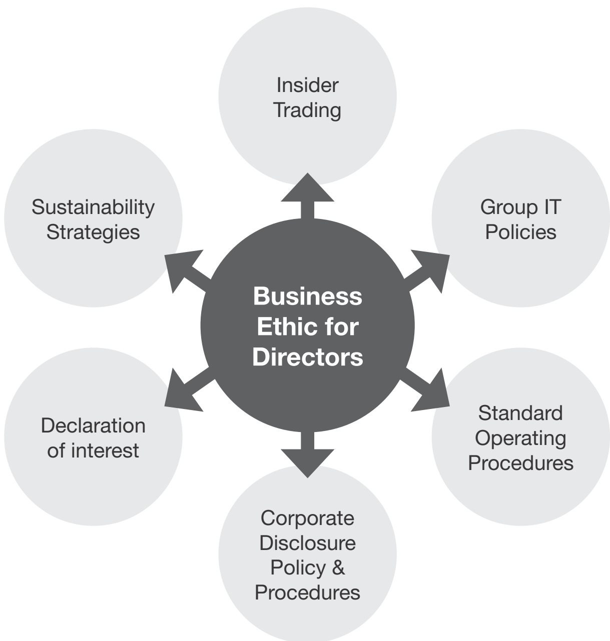
The Group also endeavour to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

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 strive to provide a high level of transparency reporting in order to provide value for users.

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.



PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

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 advice 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 Boards members and Board Committee on the proposed corporate exercised and timings of material announcements to be made to the Bursa Securities. The Company Secretary also facilitates the organisation of internal training programmes or external seminar and programme for Directors and keeps record of the training attended by Directors.

The Company Secretary attends all the Board and Board Committee 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 and 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 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 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 10 of this Annual Report.

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 August 2016. The Board Charter is made available at the Company's website at www.mlglobal.com.my.

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

- Board Structure
- Roles and Responsibility of Board
- Chairman of the Board
- Separation of Functions between the Chairman and Group Managing Director
- Role of Non-Executive Directors/Independent Non-Executive Directors
- Senior Independent Non-Executive Director
- Board Processes
- Directors' Training
- Directors' Remuneration
- Code of Conduct and Ethics
- Whistle Blowing Policy
- Relationship with Shareholders
- Review of Board Charter

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

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 formalized a whistleblowing policy in 2016 with 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.mlglobal.com.my for ease of reference.

PRINCIPLE 2: STRENGTHEN COMPOSITION

Nomination Committee ("NC")

As recommended by the MCCG, the Company has established the Nomination Committee comprising exclusively of Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis. The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the Nomination Committee. The Nomination Committee is aware of their duties and responsibilities.

The present members of the Nomination Committee are as follows: -

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

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

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

The Nomination Committee shall meet at least once a year unless otherwise determine by the Nomination Committee. The Quorum for meeting and/or for the sanction and endorsement of approvals in writing shall be at least two (2) members, of which at least one (1) shall be an independent director.

The Board has stipulated specific Terms of Reference for the Nomination Committee, which covers following salient functions:

(i) assessing and recommending to the Board the candidature of directors, appointment of directors to board committees;
(ii) reviewing of Board's succession plans and training programmes for the Board;
(iii) undertaking the assessment of the Board, board committees and individual directors on an on-going basis; and
(iv) undertaking annual assessment of the independence of independent directors in the Board beyond the independent director's background, economic and family relationships but considering they can continue to bring independent and objective judgment to Board deliberations.

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

Nomination Committee ("NC") (Cont'd)

The Nomination Committee would conduct an assessment on the performance of the Board, as a whole, based on a self-assessment approach. The process also assesses the competencies of each Director in the areas of their contribution, performance, calibre and personality in relation to the skills, experience and other qualities they bring to the Board. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board considers and approves recommendations by the Nomination Committee on the re-election and re-appointment of Directors at the Company's forthcoming annual general meeting. The Nomination Committee is satisfied with the current size of the Board, and with the mix of qualifications, skills & experience among the Board members.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The Nomination Committee will help assess and recommend to the Board, the candidature of directors, appointment of directors to board committees, review of Board's succession plans and training programmes for the Board. The NC will monitor succession planning updates presented by the HR department to ensure the smooth transition of key personnel into critical positions, and ensure that the development plan for identified successors are put in place based on their readiness to assume the positions.

In general, the process for the appointment of director to the Board is as follows:

(i) the Nomination Committee reviews the Board's composition through Board assessment/evaluation;
(ii) the Nomination Committee determines skills matrix;
(iii) the Nomination Committee evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
(iv) the Nomination Committee recommends to the Board for appointment; and
(v) the Board approves the appointment of the candidates.

Factors considered by the Nomination Committee when recommending a person for appointment as a director include:

(i) the merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
(ii) the outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and
(iii) the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

During the year, the NC recommended the nomination of Datuk Lim Lit Chek be appointed as the Executive Director & Chief Executive Officer of the Company after considering, amongst others, his competency, experience, knowledge in construction industry. The Board accepted the recommendation and approved the appointment. Subsequently, Datuk Lim Lit Chek joined the Company as the Executive Director & Chief Executive Officer of the Company in December 2016.

During the financial year under review, three (3) meetings were held. A summary of the activities of the NC in discharging its duties during the year under review is as follows: -

(a) Reviewed the composition of the Board in respect of its structure, size and the required mix of skills and experience;
(b) Reviewed the re-election of directors retiring by rotation pursuant to Article 90 of the Company's Articles of Association and re-appointment of director retiring pursuant to Section 129 of the Companies Act, 1965 at the Fourteenth AGM of the Company;
(c) Assessed the independence of INEDs;
(d) Annual assessment and evaluation of the Board, Board Committees and the individual directors as well as the annual review of the Board.
(e) Reviewed the profiles of the nominated Directors and reported to the Board on their recommendation.
(f) Nomination and recommendation for re-designation of Directors as well as appointment of Executive Director and members of the board committees.

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

Directors' Remuneration

In line with the best practices of the MCCG, the Board has set up a Remuneration Committee ("**RC**") which comprise exclusively of Non-Executive Directors in order to assist the Board for determining the Director's remuneration.

The present members of the RC are as follows: -

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

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

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

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, RC 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 package 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).

When reviewing and determining the structure of Directors' remuneration, the RC takes into 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 RC also consider other factors such as salary paid by comparable companies, time commitment, scope of duties and responsibilities. The RC 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 payable to the Non-Executive Directors are subject to the approval of shareholders at the Company's AGM.

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

Directors' Remuneration (Cont'd)

The remuneration of the Directors for the FY 2016 is set out below: -

(a) The aggregate directors' remuneration received/receivable **from the Company** during the FY 2016 are as follows: -

Category	Fees (RM)	Salaries (RM)	Bonuses Allowances and Other Emoluments (RM)	Benefits-In-Kind (RM)	Total (RM)
Executive Director	-	910,823	562,786	-	1,473,609
Non-Executive Director	162,000	-	22,100	-	184,100

(b) The aggregate directors' remuneration received/receivable **on a Group basis** during the FY 2016 are as follows: -

Category	Fees (RM)	Salaries (RM)	Bonuses Allowances and Other Emoluments (RM)	Benefits-In-Kind (RM)	Total (RM)
Executive Director	-	994,573	575,418	-	1,569,991
Non-Executive Director	162,000	-	22,100	-	184,100

(c) The number of Directors whose remuneration falls in each successive band of RM50,000 are as follows: -

Range of Remuneration (RM)	No. of Directors	
	Executive	Non-Executive
0 – 50,000	0	4
50,001 – 100,000	1	0
250,001 – 300,000	1	0
300,001 – 350,000	1	0
400,001 – 450,000	1	0
500,001 – 550,000	1	0
2,350,001 – 2,400,000	0	0

The NC has reviewed the performance of the members of the Board. In reviewing the performance of the Board as a whole and the contribution of the Chairman and individual Directors, performance was assessed and measured against, amongst others, the Company's strategic plan, principal duties expected of the Board, the Chairman and individual Directors, obligations to support management, available expertise, governance factors, commitment, knowledge of the industry and team contribution. Self-assessment enables the Board to effectively and collectively identify opportunities to improve processes.

PRINCIPLE 3: REINFORCE INDEPENDENCE

Annual Assessment of Independence

Paragraph 1.01 of the MMLR of Bursa Securities provides that an INED is one who is independent of management and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interest of a listed company.

The present composition of the Board is in compliance with Paragraph 15.02(1) of the MMLR of Bursa Securities where 3 out of its total 8 board members are independent directors. 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 NC 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.

Tenure of Independent Directors

In accordance with the Recommendation 3.2 of the MCCG 2012, the Board has adopted a policy that the tenure of an independent director should not exceed nine (9) years cumulatively. Upon completion of a nine (9) years' term, such independent director may continue to serve on the Board subject to his re-designation as a Non-Independent Director.

None of the INED's tenure has exceeded a cumulative term of nine (9) years for the FY 2016.

PRINCIPLE 4: FOSTER COMMITMENT

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. 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 of the Directors' 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 2016, all the Directors of the Company have attended more than 50% of the attendance required by the MMLR. In the intervals between Board Meetings, for any matters requiring Board's decisions, the Board's approval is obtained through circular resolutions 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 expense.

An in-house seminar on topic entitled "Highlights of the Companies Act 2016 - Changes & Implications" were attended by the Directors together with Management team during the FY 2016.

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 financial year are listed as follows: -

Name of Director	Training / Seminars / Conference Attended
Dato' Abdul Majit Bin Ahmad Khan	• Capital Market Director Programme (CMDP) • BNM FIDE FORUM : Corporate Governance Concept Paper • Anti-Money Laundering and Counter Financing of Terrorism • The Essence of Shariah a Compliance in Modern Islamic Financial Institutions • Sustainability Reporting and latest Amendments to Main Market Listing Requirements • Companies Bill 2015 : Key Amendments Relevant to Directors • Highlights of the Companies Act 2016 - Changes & Implications
Tan Sri Lim Hock San, JP	• The 8th Conference for Friendship of Overseas Chinese Associations • Highlights of the Companies Act 2016 - Changes & Implications
Datuk Lim Lit Chek	• Mandatory Accreditation Programme for Directors of Public Listed Companies • 7th Annual Affordable Housing Projects • Highlights of the Companies Act 2016 - Changes & Implications
Lim Kim Hoe	• 7th Annual Affordable Housing Projects • Highlights of the Companies Act 2016 - Changes & Implications
Dato' Beh Hang Kong	• Highlights of the Companies Act 2016 - Changes & Implications
Chin Sui Yin	• The Essence of Independence – IND programme • ACCA Malaysia Annual Conference • The Next New Thing : How HR Creates Value Form The Outside In • Effective Board Evaluation • Highlights of the Companies Act 2016 - Changes & Implications
Datuk Tan Choon Hwa, JP	• Highlights of the Companies Act 2016 - Changes & Implications

PRINCIPLE 4: FOSTER COMMITMENT (CONT'D)

Directors' Training and Induction (Cont'd)

Saved as disclosed above, Datuk Wira Lim Hock Guan was not able to attend any seminars and / or training programmes during the financial year due to overseas travelling and his busy work schedule. However, he has kept himself abreast on financial and business matters through readings to enable him to contribute to the Board. He is also aware of his duties and responsibilities and will continue to undergo other relevant training programmes to keep abreast with new regulatory developments and requirements in compliance with the Listing Requirements on continuing education.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

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 Audit Committee 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, 1965 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.

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, 1965 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 2016. 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 Audit Committee had its annual private session with the external auditors during the FY 2016 to review the scope and adequacy of the audit planning memorandum, the audit findings and the annual financial statement in the absence of the Executive Directors and the Management representatives. The private session would allow the Audit Committee members and the external auditors to exchange independent views on matters which require Audit Committees' attention.

The external auditors attended Audit Committee's meetings held to review the quarterly results and the financial statements. They are also invited to attend the Annual General Meeting of the Company and are available to answer shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of their audit report.

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, 1965 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.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

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 2016, the Audit Committee undertook review of the suitability and independence of Messrs. UHY and recommended their appointment as Auditors of the Company in place of retiring Auditors, Messrs CHI-LLTC. 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 2016 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.

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 2017, 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 Evaluation of External Auditors Performance and Independence checklist. 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 Fifteenth Annual General Meeting.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

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.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS (CONT'D)

Internal Control (Cont'd)

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.

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.

The Statement on Risk Management and Internal Control is set out on pages 44 to 47 of this Annual Report.

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 41 to 43 of this Annual Report.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies and Procedures

The Company recognizes 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.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE (CONT'D)

Corporate Disclosure Policies and Procedures (Cont'd)

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 corporate website: www.mlglobal.com.my.

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 regards 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 regards 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 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 corporate website.

(c) Website

The Company's corporate website www.mlglobal.com.my 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. 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.

(d) 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.

PRINCIPLE 8 : STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

Encourage Shareholders Participation at General Meetings

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

PRINCIPLE 8 : STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS (CONT'D)

Encourage Shareholder Participation at General Meetings (Cont'd)

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 can 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.

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

The Board will ensure sufficient and relevant information are given for each agenda in the notice of meetings.

The Company has adopted electronic voting to facilitate greater shareholders' participation which is in line with the recent amendments to the MMLR of Bursa Securities.

Poll Voting

To comply with Paragraph 8.29A of the MMLR of Bursa Securities, the Board will ensure that all resolutions set out in the notices of general meeting are voted by poll and at least one (1) scrutineer is appointed to validate the votes cast at every general meeting of the Company.

ADDITIONAL COMPLIANCE INFORMATION

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

Audit and Non-Audit Fees

During the financial year ended 31 December 2016, MGB Group paid a total of RM280,891 to 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	125,891
Non-audit fees		
- Review of Statement on Risk Management and Internal Control	5,000	5,000
- Reporting Accountant for the corporate exercise in relation to acquisition of the entire issued and paid up share capital of MITC Engineering Sdn Bhd.	150,000	150,000
Total	**220,000**	**280,891**

Material Contracts

Save as disclosed below, 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.

Conditional Share Sale and Purchase Agreement dated 14 September 2016 entered into between the Company, MITC Sdn Bhd (an indirectly wholly-owned subsidiary of LBS Bina Group Berhad) and Datuk Lim Lit Chek in respect of the acquisition of entire equity interest in MITC Engineering Sdn Bhd ("**MITCE**") for a purchase consideration of RM300.0 million to be satisfied in the following manner: -

(i) issuance of 267,761,194 new ordinary shares in MGB ("**Consideration OS**") at an issue price of RM0.67 per Consideration OS; and
(ii) issuance of 180,000,000 irredeemable convertible preference shares in MGB ("**Consideration ICPS**") at an issue price of RM0.67 per Consideration ICPS.

AUDIT COMMITTEE REPORT

The report of the Audit Committee ("**Committee**") of ML Global Berhad ("**MGB**" or "**Company**" or "**Group**") for the financial year ended 31 December 2016 ("**FY 2016**") is presented as follows:

A. MEMBERS AND ATTENDANCE

During the FY 2016, the Committee held six (6) 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
Heng Chee Wei [(a)*] *Chairman, Senior Independent Non-Executive Director*	4/6
Chin Sui Yin [(b)*] *Member/Senior Independent Non-Executive Director*	6/6
Datuk Tan Choon Hwa *Member/Independent Non-Executive Director*	5/6
Tan Sri Lim Hock San, JP [(c)] *Member/Non-Independent Non-Executive Director*	3/3

Notes:
* Member of Malaysian Institute of Accountants
(a) Resigned with effect from 31 January 2017
(b) Redesignated as Chairman of Audit Committee and Senior Independent Non-Executive Director with effect from 31 January 2017
(c) Resigned as a member of committee and redesignated as Managing Director with effect from 5 July 2016

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. Composition and size;
2. Quorum;
3. Proceedings of Meeting;
4. Authority; and
5. Duties and Functions.

The Board will review the Terms 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.mlglobal.com.my

AUDIT COMMITTEE REPORT (CONT'D)

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 follow: -

1. Financial Reporting :

- Reviewed the unaudited quarterly results of the Group in respect of FY 2016 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 discussion on the Group's overall performance for the quarter and material changes in the quarter results compared with the immediate preceeding quarter.
- Reviewed with the External Auditors, the audited financial statements of the Group for the year ended 31 December 2015 including the audit 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 of Directors' approval before release 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 Company and the Group for the FY 2016 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.
- Reviewed the independence and suitability of the external auditors for appointment of new 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 2015.

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 2016.
- Reviewed the audit activities carried out by the Internal Auditors on areas encompassing Payment Function and Human Resource Function 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 the investment of the Group for the year 2016.

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

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 Company and the Group 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.

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 2015.
- 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 had appointed an established external professional Internal Audit firm, which reports to the Audit Committee 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 Audit Committee regularly convenes meetings to deliberate on the findings and recommendations for improvement by the Group's internal auditors, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness and adequacy of the Group's internal control systems.

During the financial year under review, the Internal Auditors has conducted an internal audit review on the Payment Function and Human Resource Function of the Group and the objectives of the said review are listed as below: -

<u>Payment Function</u>
- To ensure documented policies and procedures are established, formalised and regularly reviewed;
- To ensure the items stated in the invoice and purchase order are received and verified;
- To ensure the invoices are invalidated after payment made to prevent double payment; and
- To ensure approved payments are supported with original invoices, purchase order, delivery order and goods received note.

<u>Human Resource Management Function</u>
- To ensure established Employee Handbook being approved, conveyed and adhered by companywide;
- To ensure the employees are recruited according to approved manpower plan and budget;
- To ensure potential employee recruited fulfilled with job requirement;
- To ensure exit interview sessions with resigning staff and handover process are conducted; and
- To ensure payroll and salary information are accurate.

In this respect, the IA has added value by enhancing the control processes within the Group.

The costs incurred for the internal audit function in respect of the financial year is approximately RM12,000.00.

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 ML Global Berhad ("**MGB**" or "**Group**" or "**Company**") is pleased to present the below mentioned statement for the financial year ended 31 December 2016.

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 an independent professional 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 2016, internal audit visits were carried out based on the approved audit plan, among the key coverage included Payment Function and Human Resource 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 Management. Subsequently, the progress of these corrective actions were monitored and verified by internal auditors on a regular basis and submitted to the Audit Committee. Based on the internal audit review conducted, none of the weakness noted have resulted any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report.

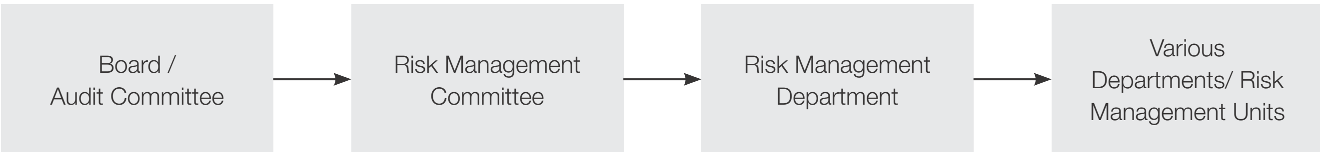
In assessing the adequacy and effectiveness of the system of internal control and functional control procedures of the Group, the Audit Committee reports to the Board on its activities, audit results or findings and the necessary recommendations or actions needed to be taken by the Management, if any.

In performing the internal audit review, the Internal Auditors refer to and is 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.

RISK EVALUATION

During the 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 to discuss during 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.

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

SIGNIFICANT OR PRINCIPAL RISK FOR 2016

There is no significant risk has been identified during the year 2016 that would have a material impact on the financial position and business of the Group. However, it was noted that the Group has been operating with a skeleton staff in year 2016, particularly sourcing and nomination of suitable new candidates and/or replacement was put on hold since September 2016 after announcing its corporate exercise for the acquisition of MITC Engineering Sdn Bhd ("**MITCE**"). After the completion of the acquisition exercise in November 2016, the said issue was progressively resolved with the consolidation of the existing resources from MITCE.

In addition, during the year, RMC had also carried out risk assessment on the aforesaid corporate exercise for the acquisition of MITCE where it was agreed that the risk associated with the proposal was acceptable and accordingly it was recommended to the Audit Committee and Board for their concurrence and approval.

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 holds regular meetings to 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

- Weekly 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 and 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 material 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 weaknesses resulted in material losses or contingencies during the financial year.

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

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 2016 Annual Report. Their limited assurance review was performed in accordance with Recommended Practice Guide ("**RPG**") 5 (Revised): 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. RPG 5 (Revised) 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 material 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 29 March 2017.

RECURRENT RELATED PARTY TRANSACTIONS

The details of Recurrent Related Party Transactions of the Company entered into during the financial year ended 31 December 2016 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.	RM72.62 million	• LBGB is a Major Shareholder of MGB with a shareholding of 56.43% as at 31 December 2016. • Tan Sri Lim Hock San is the 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.

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 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/(Loss) for the financial year	322,961	(6,509,913)
Attributable to:		
Owners of the parent	325,102	(6,509,913)
Non-controlling interests	(2,141)	-
	322,961	(6,509,913)

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 Board of Directors does 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 89,634,400 to 357,395,594 through the issuance of 267,761,194 new ordinary shares of RM0.50 each at issue price of RM0.67 per ordinary share as partial discharge of the purchase consideration for an acquisition of a subsidiary company.

In addition, the Company also issued 180,000,000 Irredeemable Convertible Preference Shares ("ICPS") of RM0.50 each at an issue price of RM0.67 per ICPS as partial discharge of the purchase consideration for an acquisition of a subsidiary company.

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.

DIRECTORS' REPORT (CONT'D)

IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES

As at 31 December 2016, the total number of ICPS in issue is 180,000,000 shares.

The salient terms of the ICPS are detailed 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 2016, the total number of Warrants that remain unexercised were 26,748,600.

The salient terms of the Warrants are detailed in Note 20 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 since the date of the last 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	(appointed on 1.12.2016)
Lim Kim Hoe	
Dato' Beh Hang Kong, DSIS	
Chin Sui Yin	
Datuk Tan Choon Hwa, JMK, JP	
Heng Chee Wei, AMP	(resigned on 31.1.2017)

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 of RM0.50 each →			
	1.1.2016	**Bought**	**Sold**	**31.12.2016**
Interests in the Company				
Direct interests				
Dato' Beh Hang Kong	26,084,604	-	17,000,000	9,084,604
Datuk Tan Choon Hwa	106,000	-	106,000	-
Datuk Lim Lit Chek	-	51,940,298	-	51,940,298
Indirect interests				
Tan Sri Lim Hock San [1]	21,639,623	180,053,592	-	201,693,215
Datuk Wira Lim Hock Guan [1]	21,639,623	180,053,592	-	201,693,215

DIRECTORS' REPORT
(CONT'D)

DIRECTORS' INTERESTS (CONT'D)

	Number of ICPS 2016/2021 of RM0.50 each			
	1.1.2016	**Bought**	**Converted**	**31.12.2016**
Interests in the Company				
Direct interests				
Datuk Lim Lit Chek	-	45,000,000	-	45,000,000
Indirect interests				
Tan Sri Lim Hock San [1]	-	135,000,000	-	135,000,000
Datuk Wira Lim Hock Guan [1]	-	135,000,000	-	135,000,000

	Number of Warrants 2014/2019			
	1.1.2016	**Bought**	**Sold**	**31.12.2016**
Interests in the Company				
Direct interests				
Dato' Beh Hang Kong	10,479,941	-	-	10,479,941
Datuk Tan Choon Hwa	26,500	-	26,500	-
Indirect interests				
Tan Sri Lim Hock San [1]	9,165,514	30,000	-	9,195,514
Datuk Wira Lim Hock Guan [1]	9,165,514	30,000	-	9,195,514

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 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 32(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.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, 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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

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

(i) which would render the amounts written off for 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.

(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 liability 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, except as disclosed in the notes to the financial statements; 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 36 to the financial statements.

DIRECTORS' REPORT (CONT'D)

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 37 to the financial statements.

ULTIMATE HOLDING COMPANY

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

HOLDING COMPANY

The 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.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 April 2017.

DATUK LIM LIT CHEK

LIM KIM HOE

KUALA LUMPUR

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

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 61 to 126 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 40 to the financial statements on page 126 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 April 2017.

DATUK LIM LIT CHEK **LIM KIM HOE**

KUALA LUMPUR

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Datuk Lim Lit Chek, being the Director primarily responsible for the financial management of ML Global Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on ws 61 to 126 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 18 April 2017)

DATUK LIM LIT CHEK

Before me,

NO.W710
MOHAN A.S. MANIAM
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of ML Global Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 61 to 126.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and 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, 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
1. Impairment assessment of goodwill arising from acquisition of MITC Engineering Sdn. Bhd. ("MITCE") ML Global Berhad had on 14 September 2016 entered into a conditional share sale agreement ("SSA") with MITC Sdn. Bhd., an indirect wholly-owned subsidiary company of LBS Bina Group Berhad and Datuk Lim Lit Chek, to acquire the entire equity interest in MITCE of 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM300,000,000. The acquisition has been completed on 28 November 2016. MFRS 3 Business Combinations requires the Group 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. The Group have recognised significant goodwill allocated on the above acquisition as cash generating units ("CGUs") amounting to RM260,090,382. The estimation of recoverable amount is complex and significant judgement is required for estimates, specifically cashflow 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 on. Recoverability of these assets is based on forecasting and discounting future cash flows, which are inherently judgmental.	We have tested the design and implementation of the Group's controls relating to Management's impairment review of goodwill. We have tested the accuracy of the underlying model to assess whether the processes are applied to the correct input data and the outputs are mapped accurately. We challenged each of the key assumptions employed in the annual goodwill impairment test. This included the discount rate employed, including its methodology and constituent inputs, comparison to independent market forecasts of revenue and cost growth in the housebuilding sector and an assessment of the Group's historic forecasting accuracy. We have tested Management's sensitivity analysis in relation to the key inputs to the goodwill impairment test model, as well as performing our own sensitivity analysis which included changes to volume, margin and the discount rate applied. We have reviewed the appropriateness of the disclosures provided in accordance with MFRS 136 Impairment of Assets.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ML GLOBAL BERHAD (COMPANY NO.: 589167-W)
(INCORPORATED IN MALAYSIA)
(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
2. Revenue recognition for construction projects There are significant accounting judgements including determining the stage of completion, the timing of revenue recognition and the calculation under the percentage of completion method, made by management in applying the Group's revenue recognition policies to long-term contracts entered into by the Group. The nature of these judgements result in them being susceptible to management override.	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 contract losses. In relation to contract revenue, 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 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 suppliers' contract and sub-contract. We verified the construction cost incurred to date to suppliers' and subcontractors' progress claims and recalculating the percentage of completion at the reporting date.

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, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ML GLOBAL BERHAD (COMPANY NO.: 589167-W)
(INCORPORATED IN MALAYSIA)
(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ML GLOBAL BERHAD (COMPANY NO.: 589167-W)
(INCORPORATED IN MALAYSIA)
(CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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

(c) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 40 on page 126 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

1. The financial statements of the Group and the Company for the financial year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those financial statements on 1 April 2016.

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

UHY
Firm Number: AF 1411
Chartered Accountants

TAN TIAN WOOI
Approved Number: 2969/05/18 (J)
Chartered Accountant

KUALA LUMPUR
18 April 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Assets					
Non-Current Assets					
Property, plant and equipment	4	39,508,691	18,609,742	403,318	598,903
Investment properties	5	60,437,424	-	-	-
Capital work-in-progress	6	1,589,811	-	-	-
Investment in subsidiary companies	7	-	-	300,000,004	4
Investment in an associate company	8	34,315	-	-	-
Goodwill on consolidation	9	260,090,382	-	-	-
Deferred tax assets	10	-	1,500,000	-	-
		361,660,623	20,109,742	300,403,322	598,907
Current Assets					
Inventories	11	3,048,027	1,254,041	-	-
Amount due from customers on contract	12	9,055,617	-	-	-
Trade receivables	13	70,089,514	21,161,885	-	-
Other receivables	14	18,569,960	7,488,561	298,435	4,367,244
Tax recoverable		26,361	-	-	-
Amount due from subsidiary companies	15	-	-	8,528,013	8,558,406
Amount due from related companies	16	164,287,244	-	5,238	-
Fixed deposits with licensed banks	17	1,995,056	4,000	-	-
Cash and bank balances		7,475,465	2,984,365	1,119,487	2,472,687
		274,547,244	32,892,852	9,951,173	15,398,337
Assets held for sale	18	-	12,086,177	-	-
		274,547,244	44,979,029	9,951,173	15,398,337
Total Assets		636,207,867	65,088,771	310,354,495	15,997,244

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

(CONT'D)

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Equity and Liabilities					
Equity					
Share capital	19	268,697,797	44,817,200	268,697,797	44,817,200
Reserves	20	83,852,978	2,674,860	78,794,263	2,674,860
Accumulated losses		(16,788,262)	(17,217,144)	(45,532,273)	(39,022,360)
Equity attributable to owners of the parent		335,762,513	30,274,916	301,959,787	8,469,700
Non-controlling interests		(2,141)	-	-	-
Total Equity		335,760,372	30,274,916	301,959,787	8,469,700
Non-Current Liabilities					
Loans and borrowings	21	30,628,609	13,976,087	-	-
Deferred tax liabilities	10	838,395	-	-	-
		31,467,004	13,976,087	-	-
Current Liabilities					
Trade payables	22	163,456,487	13,382,698	-	-
Other payables	23	16,867,086	4,450,799	2,005,320	1,291,049
Amount due to customers on contract	12	43,378,559	-	-	-
Amount due to subsidiary companies	15	-	-	6,389,388	6,236,495
Amount due to related companies	16	37,028,631	-	-	-
Loans and borrowings	21	8,178,742	3,004,271	-	-
Tax payable		70,986	-	-	-
		268,980,491	20,837,768	8,394,708	7,527,544
Total Liabilities		300,447,495	34,813,855	8,394,708	7,527,544
Total Equity and Liabilities		636,207,867	65,088,771	310,354,495	15,997,244

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 2016

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	24	92,532,519	37,026,211	-	-
Cost of sales	25	(81,958,114)	(27,520,243)	-	-
Gross profit		10,574,405	9,505,968	-	-
Other income		6,516,011	1,766,633	52,099	583,496
Administrative expenses		(14,006,204)	(2,764,123)	(6,562,012)	(1,990,343)
Finance costs	26	(946,121)	(1,431,480)	-	-
Share of profit in an associated company		15,620	-	-	-
Profit / (Loss) before taxation	27	2,153,711	7,076,998	(6,509,913)	(1,406,847)
Taxation	28	(1,830,750)	3,096,840	-	264,925
Profit / (Loss) for the financial year		322,961	10,173,838	(6,509,913)	(1,141,922)
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	10	(1,630,262)	-	-	-
		5,162,495	-	-	-
Total comprehensive income for the financial year		5,485,456	10,173,838	(6,509,913)	(1,141,922)
Profit for the financial year attributable to:					
Owners of the parent		325,102	10,173,838		
Non-controlling interests		(2,141)	-		
		322,961	10,173,838		
Total comprehensive income attributable to:					
Owners of the parent		5,487,597	10,173,838		
Non-controlling interests		(2,141)	-		
		5,485,456	10,173,838		
Earnings per share					
Basic earnings per share (sen)	29	0.30	11.35		
Diluted earnings per share (sen)	29	0.11	11.35		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	← Attributable to owners of the parent →			
	← Non-Distributable →			
	Share Capital RM	**Warrant Reserves RM**	**Accumulated Losses RM**	**Total Equity RM**
Group				
At 1 January 2015	44,817,200	2,674,860	(27,390,982)	20,101,078
Profit for the financial year, representing total comprehensive income for the financial year	-	-	10,173,838	10,173,838
At 31 December 2015	44,817,200	2,674,860	(17,217,144)	30,274,916

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(CONT'D)

		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		-	-	-	-	-	-	325,102	325,102	(2,141)	322,961
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	325,102	5,487,597	(2,141)	5,485,456
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	(16,788,262)	335,762,513	(2,141)	335,760,372

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(CONT'D)

		← Non-Distributable			→		
	Note	Share Capital RM	ICPS RM	Share Premium RM	Warrant Reserves RM	Accumulated Losses RM	Total Equity RM
Company							
At 1 January 2015		44,817,200	-	-	2,674,860	(37,880,438)	9,611,622
Loss for the financial year, representing total comprehensive income for the financial year		-	-	-	-	(1,141,922)	(1,141,922)
At 31 December 2015		44,817,200	-	-	2,674,860	(39,022,360)	8,469,700
At 1 January 2016		44,817,200	-	-	2,674,860	(39,022,360)	8,469,700
Loss for the financial year, representing total comprehensive income 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

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash flows from operating activities				
Profit/(Loss) before taxation	2,153,711	7,076,998	(6,509,913)	(1,406,847)
Adjustments for:				
Bad debts written off	1,527,960	178,497	-	-
Depreciation of				
- property, plant and equipment	1,141,506	770,916	98,623	115,062
- assets held for sale	-	253,083	-	-
- investment properties	60,886	-	-	-
(Gain)/Loss on disposal of				
- property, plant and equipment	(326,630)	-	28,222	-
- assets held for sale	(4,963,823)	(292,072)	-	-
Impairment losses on receivables	880,420	-	-	-
Impairment losses on amount due from subsidiary companies	-	-	124,586	-
Impairment loss on leasehold land and building	1,389,832	-	-	-
Interest income	(130,937)	-	-	-
Waiver of debts	(335,757)	(818,319)	(23,363)	(432,053)
Inventories written down	477,646	-	-	-
Reversal of impairment losses of trade receivables	-	(495,000)	-	-
Finance costs	946,121	1,431,480	-	-
Dividend income	(29,299)	(152,193)	(28,736)	(151,393)
Share of profit in an associate company	(15,620)	-	-	-
Operating profit/(loss) before working capital changes	2,776,016	7,953,390	(6,310,581)	(1,875,231)
Changes in working capital:				
Inventories	728,368	(332,799)	-	-
Receivables	58,461,073	(20,433,924)	4,068,809	371,890
Payables	(5,729,618)	10,382,695	737,634	(2,681,578)
Customers on contract	1,593,497	-	-	-
Holding company	(9,159,071)	-	-	-
Subsidiary companies	-	-	58,700	(2,321,911)
Related company	(57,919,091)	-	(5,238)	-
	(12,024,842)	(10,384,028)	4,859,905	(4,631,599)
Cash used in operations	(9,248,826)	(2,430,638)	(1,450,676)	(6,506,830)
Interest paid	(946,121)	(1,431,480)	-	-
Interest income	130,937	-	-	-
Tax paid	(2,640,842)	(9,000)	-	-
	(3,456,026)	(1,440,480)	-	-
Net cash used in operating activities	(12,704,852)	(3,871,118)	(1,450,676)	(6,506,830)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(CONT'D)

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Cash flows from investing activities					
Dividend income		29,299	152,193	28,736	151,393
Net cash inflows from acquisition of subsidiary companies	7(b)	1,744,061	-	-	-
Purchase of property, plant and equipment	4(c)	(131,014)	(81,602)	(21,260)	(79,702)
Proceeds from disposal of assets held for sale		17,050,000	2,500,000	-	-
Proceeds from disposal of property, plant and equipment		890,000	-	90,000	-
Net cash from investing activities		19,582,346	2,570,591	97,476	71,691
Cash flows from financing activities					
Decreased of fixed deposits pledged		4,000	-	-	-
Repayment of finance lease liabilities		(63,813)	(531,660)	-	-
Repayment of term loans		(4,600,054)	(2,463,525)	-	-
Net cash used in financing activities		(4,659,867)	(2,995,185)	-	-
Net increase/(decrease) in cash and cash equivalents		2,217,627	(4,295,712)	(1,353,200)	(6,435,139)
Cash and cash equivalents at the beginning of the financial year		(19,906)	4,275,806	2,472,687	8,907,826
Cash and cash equivalents at the end 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 comprises:					
Cash and bank balances		7,475,465	2,984,365	1,119,487	2,472,687
Fixed deposits with licensed banks		1,995,056	4,000	-	-
Bank overdrafts		(5,277,744)	(3,004,271)	-	-
		4,192,777	(15,906)	1,119,487	2,472,687
Less: Fixed deposits pledged with licensed banks		(1,995,056)	(4,000)	-	-
		2,197,721	(19,906)	1,119,487	2,472,687

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. CORPORATE INFORMATION

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

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

The registered office of the Company is located at I-6, Sunway PJ@51A, Jalan SS 9A/19, Seksyen 51A, 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 7 to the financial statements. 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 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, 1965 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:

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 114	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 - 2014 Cycle	

Adoption of above MFRS and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

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 applied the following new MFRSs, new interpretation and amendments to MFRSs that have been issued by MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition for Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRSs 2014 - 2016 Cycle		
• Amendments to MFRS 12		1 January 2017
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2	Clarification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 15	Clarification to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments with* MFRS 4 *Insurance Contracts*	1 January 2018*
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

Note:

* *Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

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

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

<u>MFRS 9 *Financial Instruments (IFRS 9 issued by IASB in July 2014)*</u>

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*.

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)*

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. 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. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. 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.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Group is in the process of assessing the impact of this Standard. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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 asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a 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 lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents 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 includes 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 impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

2. BASIS OF PREPARATION (CONT'D)

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is 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:

Useful lives of property, plant and equipment and investment properties

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 5 respectively.

Revaluation of property, plant and equipment

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 2016 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

On 28 November 2016, the Company has acquired the entire issued and paid up capital in MITC Engineering Sdn. Bhd. ("MITCE") for a purchase consideration of RM300,000,000. 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.

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 9.

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 10.

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

The Group recognises construction contracts revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

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

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (Cont'd)

Impairment of loans and receivables

The Group assesses at the 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.

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 2016, the Group has tax recoverable and payable of RM26,361 (2015: RMNil) and RM70,986 (2015: 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 34(d) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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.

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

If the business combination is achieved in stages, 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.

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 F*inancial 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(n)(i) 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(n)(i) on impairment of non-financial assets.

(b) Investment in an associate company

An associate company 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.

On acquisition of an investment in an associate company, 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 profit or loss for the period in which the investment is acquired.

An associate company is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate company. Under the equity method, on initial recognition the investment in an associate company 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 company after the date of acquisition. When the Group's share of losses in an associate company equals or exceeds its interest in the associate company, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate company.

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

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

After application of the equity method, the Group applies MFRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate company. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single assets, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investment in an associate company (Cont'd)

Upon loss of significant influence over the associate company, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate company 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 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(n)(i) to the financial statements 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(n)(i).

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Recognition and measurement (Cont'd)

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%

The residual values, useful lives and depreciation method are reviewed at each reporting period end 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 is 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Capital work-in-progress

Capital work-in-progress consists of buildings under construction for intended use as investment properties. 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.

As lessee

(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.

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 statement 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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

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(n)(i) 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) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) 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:

(i) 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.

(ii) 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.

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.

(j) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) 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 property development

The costs of land held for property development is stated at the lower of historical cost and net realisable value. The cost of land held for property 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 property 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 property 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.

(l) Construction contracts

Construction contracts are 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 function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

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

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the reporting period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from customers on contract. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to customers on contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) 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.

(n) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment of assets (Cont'd)

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, and investments in subsidiary companies and associate company, 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.

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.

(o) Share capital

(i) Ordinary shares

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

(p) 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 each end 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.

(q) 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.

(r) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) 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 construction contracts is accounted in accordance to the accounting policies as described in Note 3(l) to the financial statements.

(iii) Management fee

Management fee is recognised on the accrual basis when services are rendered, unless collectability is in doubt.

(t) 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 period, 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. 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)

(u) 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.

(v) 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.

(w) 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.

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

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						
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)

	At Cost				
	Leasehold Land and Buildings RM	**Plant, Machinery and Equipment RM**	**Furniture, Fittings and Office Equipment RM**	**Electrical Installation and Renovation RM**	**Total RM**
Group					
2015					
Cost					
At 1 January 2015	18,866,588	17,286,676	1,464,390	1,353,091	38,970,745
Additions	-	-	33,272	48,330	81,602
Reclassified to assets held for sale	-	(7,653,104)	-	-	(7,653,104)
At 31 December 2015	18,866,588	9,633,572	1,497,662	1,401,421	31,399,243
Accumulated depreciation					
At 1 January 2015	4,770,027	7,626,072	1,380,809	791,405	14,568,313
Charge for the financial year	386,288	263,135	42,953	78,540	770,916
Reclassified to assets held for sale	-	(2,549,728)	-	-	(2,549,728)
At 31 December 2015	5,156,315	5,339,479	1,423,762	869,945	12,789,501
Carrying amount					
At 31 December 2015	13,710,273	4,294,093	73,900	531,476	18,609,742

	Furniture, Fittings and Office Equipment RM	**Electrical Installation and Renovation RM**	**Total RM**
Company			
2016			
Cost			
At 1 January 2016	551,558	791,982	1,343,540
Additions	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)

	Furniture, Fittings and Office Equipment RM	Electrical Installation and Renovation RM	Total RM
Company			
2015			
Cost			
At 1 January 2015	520,186	743,652	1,263,838
Additions	31,372	48,330	79,702
At 31 December 2015	551,558	791,982	1,343,540
Accumulated depreciation			
At 1 Janaury 2015	445,508	184,067	629,575
Charge for the financial year	37,363	77,699	115,062
At 31 December 2015	482,871	261,766	744,637
Carrying amount			
At 31 December 2015	68,687	530,216	598,903

(a) As at 31 December 2016, leasehold land and buildings of the Group with carrying amount of RM26,842,026 (2015: RM13,710,273) have been charged to a licensed bank for credit facilities granted to the Group as disclosed in Note 21.

(b) The carrying amount of property, plant and equipment of the Group acquired under finance lease arrangement are as follows:

	Group	
	2016 RM	2015 RM
Motor vehicles	1,612,373	-
Plant and machinery	2,588,982	-
	4,201,355	-

(c) The aggregate additional cost for the property, plant and equipment of the Group under finance lease financing and cash payments are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Aggregate costs	672,788	81,602	21,260	79,702
Less: Finance lease financing	(541,774)	-	-	-
Cash payments	131,014	81,602	21,260	79,702

(d) The remaining period of leasehold land and buildings are 30 to 93 years (2015: 31 and 39 years).

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) During the 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 by 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 RM21,191,738 (2015: RM13,710,273).

5. INVESTMENT PROPERTIES

	Group	
	2016 **RM**	**2015** **RM**
Cost		
At 1 January	-	-
Arising from acquisition of a subsidiary company	36,531,916	-
Transferred from capital work-in-progress (Note 6)	25,111,327	-
At 31 December	61,643,243	-
Accumulated depreciation		
At 1 January	-	-
Charge for the financial year	60,886	-
Arising from acquisition of a subsidiary company	1,144,933	-
At 31 December	1,205,819	-
Carrying amount		
At 31 December	60,437,424	-
At cost		
Included in the above are:		
Leasehold buildings	61,643,243	-
Fair value of investment properties	62,487,327	-

(a) Investment properties of the Group with carrying amount RM34,964,291 (2015: RMNil) have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 21.

(b) Investment properties of the Group are leasehold properties with remaining lease periods range from 78 to 98 (2015: Nil) 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 having appropriate recognised professional qualification and recent experiences in the locations and category of properties being valued. The fair values are within Level 2 of the fair value hierarchy.

6. CAPITAL WORK-IN-PROGRESS

	Group 2016 RM	Group 2015 RM
At 1 January	-	-
Additions	15,510,901	-
Arising from acquisition of a subsidiary company	11,190,237	-
Transferred to investment properties (Note 5)	(25,111,327)	-
At 31 December	1,589,811	-

The capital work in-progress is pledged to a licensed bank as security for banking facility granted to the Group as disclosed in Note 21.

7. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company 2016 RM	Company 2015 RM
Unquoted shares, at cost		
In Malaysia	361,977,002	61,977,002
Less: Accumulated impairment loss	(61,976,998)	(61,976,998)
	300,000,004	4

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective Interest 2016 %	Effective Interest 2015 %	Principal activities
Direct Holding:				
Vintage Tiles Industries Sdn. Bhd.	Malaysia	100	100	Civil engineering, design and build and general construction activities
Vintage Tiles Industries (EM) Sdn. Bhd.	Malaysia	100	100	Dormant
Vintage Roofing & Construction Sdn. Bhd.	Malaysia	100	100	Dormant
Newsteel Building Systems Sdn. Bhd.	Malaysia	80	80	Dormant
Vintage Tiles Holdings Sdn. Bhd.	Malaysia	100	100	Dormant
MITC Engineering Sdn. Bhd.	Malaysia	100	-	Civil engineering, design and build, general construction activities and trading of construction materials

7. 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 2016 %	2015 %	Principal activities
Indirect Holding:				
Subsidiary company of Vintage Roofing & Construction Sdn. Bhd.				
Tirai Impresif Sdn. Bhd.	Malaysia	100	100	Dormant
VTI Consortium Sdn. Bhd.	Malaysia	100	100	Dormant
Subsidiary company of MITC Engineering Sdn. Bhd.				
Prisma Craft Sdn. Bhd.	Malaysia	100	-	Dormant
Prisma Kasturi Sdn. Bhd.	Malaysia	100	-	Property investment and management
Top Ace Solutions Sdn. Bhd.	Malaysia	100	-	Trading of construction materials and general construction activities

(b) Acquisition of subsidiary companies

On 28 November 2016, the Company has completed the acquisition of the entire issued and paid up capital in MITCE for a purchase consideration of RM300,000,000. Consequently, MITCE and its subsidiary companies became wholly-owned subsidiary companies of the Company.

The purchase consideration has been satisfied by the Company in the following manners:

(i) 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.

(ii) 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.

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Acquisition of subsidiary companies (Cont'd)

The following summarises the major classes of consideration transferred, and the recognised amount of assets acquired and liabilities assumed at the acquisition date:

	2016 RM
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	16,528,112
Investment in an associate company	18,695
Inventory	3,000,000
Investment properties	35,386,983
Capital work-in-progress	11,190,237
Trade receivables	66,779,179
Other receivables	54,099,302
Amount due from related companies	113,123,825
Fixed deposit with licensed bank	1,995,056
Cash and bank balances	5,218,825
Trade payables	(154,726,371)
Other payables	(13,829,080)
Amount due to holding company	(9,159,071)
Amount due to related companies	(28,273,402)
Amount due to customers on contract	(32,729,445)
Finance lease payables	(3,151,330)
Bank overdraft	(3,474,764)
Term loan	(20,524,283)
Tax payable	(1,429,029)
Deferred taxation	(133,821)
Total identifiable assets and liabilities	39,909,618
Net cash inflow arising from the acquisition as follows:	
Purchase consideration settled in cash	-
Cash and bank balances	5,218,825
Fixed deposit with licensed bank	1,995,056
	7,213,881
Less: Bank overdraft	(3,474,764)
Less: Fixed deposit pledged with licensed bank	(1,995,056)
	1,744,061
Goodwill arising from business combination	
Goodwill was recognised as a result of the acquisition as follows:	
Fair value of consideration transferred	300,000,000
Fair value of identifiable assets acquired and liabilities assumed	(39,909,618)
Goodwill	260,090,382

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Acquisition of subsidiary companies (Cont'd)

The fair values of assets acquired and liabilities assumed and purchase consideration have been determined on a provisional basis pending completion of purchase price allocation exercise. The purchase price allocation exercise is expected to be completed not exceeding one year from the acquisition date. The goodwill on acquisition is provisionally estimated to be RM260,090,382, it will be adjusted accordingly on a retrospective basis if any identified intangible assets is allocated when the purchase price allocation is finalised.

The goodwill 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.

<u>Acquisition-related costs</u>

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 administrative expenses in the profit or loss.

<u>Impact of the acquisition on the Statement of Profit or Loss and Other Comprehensive Income</u>

From the date of acquisition, acquired subsidiary company has contributed RM51,020,625 and RM1,434,071 to the Group's revenue and profit for the financial year respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue and profit for the financial year from its continuing operations would have been RM485,930,780 and RM26,051,630 respectively.

(c) 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.

(d) 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.

8. INVESTMENT IN AN ASSOCIATE COMPANY

	Group	
	2016 RM	**2015 RM**
At cost		
Arising from acquisition of a subsidiary company		
- Unquoted shares in Malaysia	45,000	-
- Share of post acquisition reserves	(26,305)	-
	18,695	-
Share of post acquisition reserves	15,620	-
	34,315	-

8. INVESTMENT IN AN ASSOCIATE COMPANY (CONT'D)

Name of company	Country of incorporation	Effective Interest 2016 %	Effective Interest 2015 %	Principal activity
Associate company of MITC Engineering Sdn. Bhd.				
* YLT Consultancy Sdn. Bhd.	Malaysia	30	-	Engineering consultancy services

* Associate company not audited by UHY

The summarised financial information of the associate company is as follows:

	Group 2016 RM	Group 2015 RM
Assets and liabilities		
Non-current assets	1,110,093	-
Current assets	123,516	-
Total assets	1,233,609	-
Non-current liabilities	(850,750)	-
Current liabilities	(268,476)	-
Total net assets	114,383	-
Financial results		
Revenue	139,240	-
Loss before taxation	(25,714)	-
Taxation	(4,000)	-
Loss for the financial year	(29,714)	-

9. GOODWILL ON CONSOLIDATION

	Group 2016 RM	Group 2015 RM
At 1 January	-	-
Acquisition of a subsidiary company	260,090,382	-
At 31 December	260,090,382	-

Goodwill on consolidation arose upon the acquisition of a subsidiary company principally engaged in civil engineering, design and build, operational construction activities 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 financial year 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 financial budgets and plans of the CGU is ranging from 8% - 15%.

9. GOODWILL ON CONSOLIDATION (CONT'D)

(a) Recoverable amount on value in use (Cont'd)

For the purpose of impairment testing, the recoverable amount of goodwill as at the end of the financial year 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: (Cont'd)

(iii) Pre-tax discount rate of 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 changes 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.

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At 1 January	1,500,000	-	-	-
Arising from acquisition of a subsidiary company	(133,821)	-	-	-
Recognised in other comprehensive income	(1,630,262)	-	-	-
Recognised in profit or loss	(574,312)	1,500,000	-	-
At 31 December	(838,395)	1,500,000	-	-

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deferred tax assets	2,060,198	2,996,428	9,978	9,803
Deferred tax liabilities	(2,898,593)	(1,496,428)	(9,978)	(9,803)
	(838,395)	1,500,000	-	-

10. DEFERRED TAX ASSETS/(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
Group				
Deferred tax assets				
At 1 January 2016	661,081	2,335,347	-	2,996,428
Recognised in profit or loss	(651,031)	(473,898)	(15,897)	(1,140,826)
Under provision in prior year	-	-	204,596	204,596
At 31 December 2016	10,050	1,861,449	188,699	2,060,198
At 1 January 2015	1,850,052	301	-	1,850,353
Recognised in profit or loss	(1,188,971)	2,335,046	-	1,146,075
At 31 December 2015	661,081	2,335,347	-	2,996,428
Company				
Deferred tax assets				
At 1 January 2016	9,803	-	-	9,803
Recognised in profit or loss	175	-	-	175
At 31 December 2016	9,978	-	-	9,978
At 1 January 2015	12,921	-	-	12,921
Recognised in profit or loss	(3,118)	-	-	(3,118)
At 31 December 2015	9,803	-	-	9,803

	Accelerated capital allowances RM	Revaluation of assets RM	Total RM
Group			
Deferred tax liabilities			
At 1 January 2016	(1,496,428)	-	(1,496,428)
Arising from acquisition of a subsidiary company	(133,821)	-	(133,821)
Recognised in profit or loss	310,629	-	310,629
Recognised in other comprehensive income	-	(1,630,262)	(1,630,262)
Crystallisation of deferred tax	-	32,773	32,773
Over provision in prior year	18,516	-	18,516
At 31 December 2016	(1,301,104)	(1,597,489)	(2,898,593)
At 1 January 2015	(1,850,353)	-	(1,850,353)
Recognised in profit or loss	353,925	-	353,925
At 31 December 2015	(1,496,428)	-	(1,496,428)

10. DEFERRED TAX ASSETS/(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	Total RM
Company			
Deferred tax liabilities			
At 1 January 2016	(9,803)	-	(9,803)
Recognised in profit or loss	(175)	-	(175)
At 31 December 2016	(9,978)	-	(9,978)
At 1 January 2015	(12,921)	-	(12,921)
Recognised in profit or loss	3,118	-	3,118
At 31 December 2015	(9,803)	-	(9,803)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unutilised capital allowances	95,236	73,679	28,599	7,187
Unused tax losses	13,538,750	10,967,854	6,442,110	2,665,557
	13,633,986	11,041,533	6,470,709	2,672,744

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.

11. INVENTORIES

	Note	Group 2016 RM	Group 2015 RM
Land and property development cost	(a)	3,000,000	-
At cost			
Raw material		1,500	284,379
Finished goods		44,927	663,942
Spare parts		1,600	305,720
		48,027	1,254,041
		3,048,027	1,254,041
Recognised in profit or loss:			
Inventories recognised as cost of sales		3,616,591	5,174,157
Inventories written down		477,646	-

11. INVENTORIES (CONT'D)

(a) Land and property development cost

	Group 2016 RM	Group 2015 RM
At 1 January	-	-
Arising from acquisition of a subsidiary company	3,000,000	-
At 31 December	3,000,000	-

The freehold land is pledged to licensed bank as security for banking facility granted to the Group as disclosed in Note 21.

12. AMOUNT DUE FROM/(TO) CUSTOMERS ON CONTRACT

	Group 2016 RM	Group 2015 RM
Construction costs incurred todate	897,010,682	19,623,276
Add: Attributable profits	102,418,039	8,173,691
	999,428,721	27,796,967
Less: Progress billings	(1,033,751,663)	(27,796,967)
	(34,322,942)	-
Presented as:		
Amount due from customers on contract	9,055,617	-
Amount due to customers on contract	(43,378,559)	-
	(34,322,942)	-
Retention sum included in the progress billings		
- third parties	10,223,772	2,728,125
- related parties	57,417,037	-
	67,640,809	2,728,125

The cost incurred during the financial year in construction contracts include rental of premises amounting to RM101,772 (2015: RMNil).

13. TRADE RECEIVABLES

	Group 2016 RM	Group 2015 RM
Trade receivables	59,900,483	18,433,760
Retention sum receivable	10,223,772	2,728,125
	70,124,255	21,161,885
Less: Accumulated impairment losses	(34,741)	-
	70,089,514	21,161,885

The Group's normal trade credit terms are 14 to 180 days (2015: 30 to 90 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.

13. TRADE RECEIVABLES (CONT'D)

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group	
	2016 RM	2015 RM
At 1 January	-	10,787,615
Impairment losses recognised	34,741	-
Amount recovered	-	(9,000)
Impairment losses reversed	-	(495,000)
Amount written off	-	(10,283,615)
At 31 December	34,741	-

Analysis of the trade receivables ageing at the end of the reporting period is as follows:

	Group	
	2016 RM	2015 RM
Neither past due nor impaired	17,379,100	9,775,845
Past due but not impaired:		
Less than 30 days	8,856,162	5,700,315
31 to 60 days	6,685,859	406,941
61 to 90 days	36,735,893	1,822,400
More than 90 days	432,500	3,456,384
	52,710,414	11,386,040
	70,089,514	21,161,885
Impaired	34,741	-
	70,124,255	21,161,885

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

As at 31 December 2016, trade receivables of RM52,710,414 (2015: RM11,386,040) 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 (2015: RMNil), related to customers that are in financial difficulties. These balances are expected to be recovered through the debts recovery process.

At the end of the reporting period, the Group has 6 customers (2015: 9 customers) that owed the Group for approximately 61% (2015: 60%) of all the receivables outstanding.

14. OTHER RECEIVABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables	18,659,646	7,797,653	278,716	4,166,492
Less: Accumulated impairment losses	(845,679)	(1,218,990)	-	-
	17,813,967	6,578,663	278,716	4,166,492
Deposits				
- third party	408,153	139,297	4,240	78,210
- subsidiary company	-	-	12,000	-
Prepayments	347,840	770,601	3,479	122,542
	18,569,960	7,488,561	298,435	4,367,244

Movements in the allowance for impairment losses of other receivables are as follows:

	Group	
	2016 RM	2015 RM
At 1 January	1,218,990	1,218,990
Impairment losses recognised	845,679	-
Amount written off	(1,218,990)	-
At 31 December	845,679	1,218,990

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.

15. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

(a) Amount due from subsidiary companies

	Company	
	2016 RM	2015 RM
Amount due from subsidiary companies	20,179,229	20,085,036
Less: Accumulated impairment losses	(11,651,216)	(11,526,630)
	8,528,013	8,558,406

Movements in impairment on amount due from subsidiary companies are as follows:

	Company	
	2016 RM	2015 RM
At 1 January	11,526,630	11,526,630
Impairment losses recognised	124,586	-
At 31 December	11,651,216	11,526,630

Amount due from subsidiary companies are unsecured, non-interest bearing advance and repayable on demand.

(b) Amount due to subsidiary companies

Amount due to subsidiary companies are unsecured, non-interest bearing advance and repayable on demand.

16. AMOUNT DUE FROM/(TO) RELATED COMPANIES

(a) Amount due from related companies

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Trade	106,477,875	-	-	-
Retention sum receivables	57,417,037	-	-	-
	163,894,912	-	-	-
Non trade	392,332	-	5,238	-
	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 and repayable on demand except for an amount of RM9,203,601 (2015: RMNil) which bears interest of 6.07% (2015: Nil) per annum.

17. FIXED DEPOSITS WITH LICENSED BANKS

The interest rates of fixed deposits of the Group are range from 2.95% to 3.35% (2015: 3.15%) per annum and the maturity of deposits is 365 days (2015: 365 days).

The fixed deposits of the Group has been pledged to licensed banks as securities for bank guarantee facilities granted to subsidiary company.

18. ASSETS HELD FOR SALE

	Group	
	2016 RM	**2015 RM**
Cost		
At 1 January	15,640,055	10,149,884
Reclassified from property, plant and equipment	-	7,653,104
Addition	-	57,928
Disposal	(15,640,055)	(2,220,861)
At 31 December	-	15,640,055
Accumulated depreciation		
At 1 January	3,553,878	764,000
Reclassified from property, plant and equipment	-	2,549,728
Charge for the financial year	-	253,083
Disposal	(3,553,878)	(12,933)
At 31 December	-	3,553,878
Carrying amount		
At 31 December	-	12,086,177

18. ASSETS HELD FOR SALE (CONT'D)

On 17 February 2015, Vintage Tiles Industries Sdn. Bhd., a wholly-owned subsidiary company of the Company has entered into Sale and Purchase Agreement ("SPA") 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 has been disposed on 15 September 2016.

On 3 June 2015, Vintage Tiles Industries (EM) Sdn. Bhd., a wholly-owned subsidiary of the Company has entered into a SPA with a third party for the disposal of its land held under Country Lease No. 045086379 and measuring a total of 5 acres, 2 roods and 25 perches in the District of Tuaran, Sabah including all structures and buildings erected thereupon for a total consideration of RM 2,500,000.

19. SHARE CAPITAL

	Group and Company			
	Number of Shares		Amount	
	2016 Unit	2015 Unit	2016 RM	2015 RM
Authorised				
Ordinary shares of RM0.50 each				
At 1 January	1,000,000,000	1,000,000,000	500,000,000	500,000,000
Transferred to ICPS	(180,000,000)	-	(90,000,000)	-
At 31 December	820,000,000	1,000,000,000	410,000,000	500,000,000
Irredeemable Convertible Preference Shares of RM0.50 each ("ICPS")				
At 1 January	-	-	-	-
Transferred from ordinary shares	180,000,000	-	90,000,000	-
At 31 December	180,000,000	-	90,000,000	-
Total	1,000,000,000	1,000,000,000	500,000,000	500,000,000
Issued and fully paid				
Ordinary shares of RM0.50 each				
At 1 January	89,634,400	89,634,400	44,817,200	44,817,200
Exercise of right allotment	267,761,194	-	133,880,597	-
At 31 December	357,395,594	89,634,400	178,697,797	44,817,200
Irredeemable Convertible Preference Shares of RM0.50 each ("ICPS")				
At 1 January	-	-	-	-
Issued during the financial year	180,000,000	-	90,000,000	-
At 31 December	180,000,000	-	90,000,000	-
Total	537,395,594	89,634,400	268,697,797	44,817,200

During the financial year, the Company increased its issued and paid-up share capital from 89,634,400 to 357,395,594 through the issuance of 267,761,194 new ordinary shares of RM0.50 each at an issue price of RM0.67 per ordinary share as partial discharge of the purchase consideration for an acquisition of a subsidiary company.

In addition, the Company also issued 180,000,000 ICPS of RM0.50 each at an issue price of RM0.67 per ICPS as partial discharge of the purchase consideration for an acquisition of a subsidiary company.

19. SHARE CAPITAL (CONT'D)

Ordinary shares

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.

ICPS

The salient features of the ICPS are as follows:

(i) The ICPS were issued at RM0.67 each (par value of RM0.50 each) 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 the ICPS into new ordinary shares based on the Conversion Price or Conversion Ratio, 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 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 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 shares 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 articles of memorandum and association.

(iv) All the ICPS that remain outstanding on the Market Day immediately after the maturity date will be automatically converted into new ordinary shares at the Conversion Price or Conversion Ratio.

(v) The ICPS are not redeemable for cash.

(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 shares 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(CONT'D)

20. RESERVES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Non-distributable				
Share premium	76,119,403	-	76,119,403	-
Warrant reserves	2,674,860	2,674,860	2,674,860	2,674,860
Assets revaluation reserves	5,058,715	-	-	-
	83,852,978	2,674,860	78,794,263	2,674,860

Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

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 another reserve account within equity.

During the financial year 2014, the Company issue the followings:

(a) private placement share 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

(b) 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 dated 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 on 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.

As at 31 December 2016, the total number of Warrants that remain unexercised were 26,748,600 (2015: 26,748,600).

Assets revaluation reserves

	Group	
	2016 RM	2015 RM
At 1 January	-	-
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	(103,780)	-
At 31 December	5,058,715	-

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.

21. LOANS AND BORROWINGS

	Group	
	2016 RM	2015 RM
Secured		
Floating rate		
Bank overdrafts (Note a)	5,277,744	3,004,271
Term loans (Note b)	29,900,316	13,976,087
Fixed rate		
Finance lease liabilities (Note c)	3,629,291	-
	38,807,351	16,980,358
Current liabilities		
Bank overdrafts (Note a)	5,277,744	3,004,271
Term loans (Note b)	1,653,151	-
Finance lease liabilities (Note c)	1,247,847	-
	8,178,742	3,004,271
Non-current liabilities		
Term loans (Note b)	28,247,165	13,976,087
Finance lease liabilities (Note c)	2,381,444	-
	30,628,609	13,976,087
	38,807,351	16,980,358
Maturity of loans and borrowings (excluding finance lease liabilities):		
Within 1 year	6,930,895	3,004,271
Between 1 to 2 years	1,859,654	3,546,722
Between 2 to 3 years	1,935,357	2,331,055
Between 3 to 4 years	2,032,053	2,496,587
Between 4 to 5 years	2,136,033	5,601,723
After 5 years	20,284,068	-
	35,178,060	16,980,358

(a) Bank overdrafts

The bank overdrafts are secured by the followings:

(i) legal charges over the property, plant and equipment as disclosed in Note 4(a);
(ii) fixed charge on capital work-in-progress as disclosed in Note 6;
(iii) fixed charge on the freehold land as disclosed in Note 11;
(iv) fixed charge on certain investment properties as disclosed Note 5(a);
(v) corporate guarantee by holding company, LBS Bina Group Berhad; and
(vi) corporate guarantee by the Company.

21. LOANS AND BORROWINGS (CONT'D)

(b) Term loans

The term loans are secured by the followings:

(i) legal charges over the property, plant and equipment as disclosed in Note 4(a);
(ii) legal charges over non-current assets held for sale in prior year as disclosed in Note 18;
(iii) a debenture by way of fixed and floating charge over all present and future assets belonging to subsidiary companies;
(iv) fixed charge on capital work-in-progress as disclosed in Note 6;
(v) fixed charge on the freehold land as disclosed in Note 11;
(vi) fixed charge on certain investment properties as disclosed Note 5(a);
(vii) corporate guarantee by holding company, LBS Bina Group Berhad; and
(viii) corporate guarantee by the Company.

(c) Finance lease liabilities

		Group	
		2016 RM	2015 RM
(a)	**Minimum lease payments**		
	Within one year	1,431,876	-
	Later than one year and not later than two years	1,170,120	-
	Later than two year and not later than five years	1,257,946	-
	Later than five years	185,537	-
		4,045,479	-
	Less: Future finance charges	(416,188)	-
	Present value of minimum lease payments	3,629,291	-
(b)	**Present value of minimum lease payments**		
	Within one year	1,247,847	-
	Later than one year and not later than two years	1,068,120	-
	Later than two year and not later than five years	1,134,754	-
	Later than five years	178,570	-
		3,629,291	-
Analysed as:			
	Repayable within twelve months	1,247,847	-
	Repayable after twelve months	2,381,444	-
		3,629,291	-

The Group leases motor vehicles and plant and machinery under finance lease [Note 4(b)]. At the end of the lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

21. LOANS AND BORROWINGS (CONT'D)

The average effective interest rates per annum at the end of the reporting period are as follows:

	Group	
	2016	**2015**
	%	**%**
Bank overdrafts	6.69	5.76
Finance lease liabilities	2.97	-
Term loans	5.31	6.79

22. TRADE PAYABLES

	Group	
	2016	**2015**
	RM	**RM**
Trade payables		
- third parties	118,043,272	11,761,511
- related parties	260,878	-
	118,304,150	11,761,511
Retention sum		
- third parties	1,001,145	1,621,187
- related parties	44,151,192	-
	163,456,487	13,382,698

The normal trade credit term granted to the Group is 30 to 60 days (2015: 30 to 60 days).

23. OTHER PAYABLES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Other payables	2,777,970	1,272,471	265,154	259,573
Deposits received				
- third parties	90,000	1,955,000	-	-
- related parties	6,900	-	-	-
Accruals	13,710,202	441,314	1,458,152	249,462
Amount due to directors	282,014	782,014	282,014	782,014
	16,867,086	4,450,799	2,005,320	1,291,049

The amount due to directors are unsecured, non-interest bearing advances and repayable on demand.

Included in accrual consist of accrued project cost of RM9,861,953 (2015:RM Nil).

24. REVENUE

	Group	
	2016 RM	2015 RM
Sales of goods	10,660,051	8,901,016
Construction contracts	81,021,218	27,585,195
Project management fee	851,250	540,000
	92,532,519	37,026,211

25. COST OF SALES

	Group	
	2016 RM	2015 RM
Sales of goods	13,299,950	7,983,883
Construction contracts	68,658,164	19,536,360
	81,958,114	27,520,243

26. FINANCE COSTS

	Group	
	2016 RM	2015 RM
Interest expenses on:		
- Term loans	764,230	1,096,146
- Bank overdrafts	115,646	354,912
- Inter company advances from related company	46,330	-
- Finance lease liabilities	19,915	(19,578)
	946,121	1,431,480

27. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is derived after charging/(crediting):

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Auditors' remuneration				
- statutory audit				
- current year	125,891	103,996	65,000	51,000
- under provision in prior year	-	4,485	-	2,008
- non statutory audit				
- current year	155,000	20,000	155,000	20,000
- under provision in prior year	15,000	-	15,000	-
Bad debts written off	1,527,960	178,497	-	-
Depreciation of				
- property, plant and equipment	1,141,506	770,916	98,623	115,062
- assets held for sale	-	253,083	-	-
- investment properties	60,886	-	-	-
Impairment losses on receivables	880,420	-	-	-
Impairment losses on amount due from subsidiary companies	-	-	124,586	-
Impairment loss on leasehold land and building	1,389,832	-	-	-
Inventories written down	477,646	-	-	-
Rental of hostel	12,850	22,050	-	-
Rental of premises	40,767	62,257	44,767	62,257
Rental of tractor and equipment	56,700	113,460	-	13,770
Rental of office equipment	13,825	-	13,825	-
Non-executive Directors' remuneration				
- fees	162,000	-	162,000	-
- other emolument	22,100	-	22,100	-
Bad debt recovered	(3,000)	(9,000)	-	-
Dividend income	(29,299)	(152,193)	(28,736)	(151,393)
Interest income	(130,937)	-	-	-
Rental income				
- related party	(4,375)	-	-	-
- third party	(166,013)	-	-	-
(Gain)/Loss on disposal of				
- property, plant and equipment	(326,630)	-	28,222	-
- assets held for sale	(4,963,823)	(292,072)	-	-
Reversal of impairment losses of trade receivables	-	(495,000)	-	-
Waiver of debts	(335,757)	(818,319)	(23,363)	(432,053)

28. TAXATION

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Tax expenses recognised in profit or loss:				
Current tax provision	793,490	-	-	-
Over provision in prior years	-	(1,596,840)	-	(264,925)
	793,490	(1,596,840)	-	(264,925)
Deferred tax:				
Relating to origination/(reversal) of temporary differences	830,197	(1,500,000)	-	-
Crystalisation of deferred tax	(32,773)	-	-	-
Over provision in prior years	(223,112)	-	-	-
	574,312	(1,500,000)	-	-
Real property gain tax	462,948	-	-	-
Tax expense for the financial year	1,830,750	(3,096,840)	-	(264,925)

Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit/ (Loss) before taxation	2,153,711	7,076,998	(6,509,913)	(1,406,847)
At Malaysian statutory tax rate of 24% (2015: 25%)	516,890	1,769,250	(1,562,380)	(351,712)
Expenses not deductible for tax purposes	1,724,052	253,873	663,369	130,944
Income not subject to tax	(1,235,691)	(72,326)	(12,500)	-
Deferred tax assets not recognised	622,186	223,573	911,511	220,768
Share of result of an associate company	(3,750)	-	-	-
Crystallisation of deferred tax	(32,773)	-	-	-
Utilisation of previously unrecognised deferred tax assets	-	(3,674,370)	-	-
Over provision in respect of prior years				
- income tax	-	(1,596,840)	-	(264,925)
- deferred tax	(223,112)	-	-	-
Real property gain tax	462,948	-	-	-
Tax expense for the financial year	1,830,750	(3,096,840)	-	(264,925)

28. 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	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Unused tax losses	21,294,788	20,698,466	6,442,110	2,665,557
Unutilised capital allowances	137,111	2,828,182	70,174	48,033
	21,431,899	23,526,648	6,512,284	2,713,590

29. 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	
	2016 RM	**2015 RM**
Profit attributable to owners of the parent	325,102	10,173,838
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 January	89,634,400	89,634,400
Effect of ordinary shares issued during the financial year	18,339,808	-
Weighted average number of ordinary shares at 31 December	107,974,208	89,634,400
Basic earnings per ordinary share (in sen)	0.30	11.35

(b) Diluted earnings per shares

Diluted earnings per share are calculated based on the adjusted 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 have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2016 RM	**2015 RM**
Profit attributable to owners of the parent	325,102	10,173,838
Weighted average number of ordinary shares in issue in the calculation of basic earnings per share	107,974,208	89,634,400
Effect of conversion of warrants	5,905,535	*
Effect of conversion of ICPS	180,000,000	-
Weighted average number of ordinary shares at 31 December	293,879,703	89,634,400
Diluted earnings per ordinary share (in sen)	0.11	11.35

* The number of shares under warrants was not taken into account in the computation of diluted earnings per share because the effect on the basic earnings per share is antidilutive.

30. STAFF COSTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries, wages and other emoluments	4,138,675	2,442,470	1,899,985	1,491,844
Social security contributions	22,511	13,060	5,928	4,355
Defined contribution plans	513,472	174,001	238,285	91,381
Voluntary seperation scheme	354,129	-	-	-
Other staff related expenses	237,259	397,445	48,857	82,146
	5,266,046	3,026,976	2,193,055	1,669,726

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	
	2016 RM	2015 RM	2016 RM	2015 RM
Executive Directors of the Company				
- Salaries and other emoluments	1,389,973	768,000	1,306,223	768,000
- Social contribution plan	2,383	1,240	2,314	1,240
- Defined contribution plan	177,635	72,000	165,072	72,000
	1,569,991	841,240	1,473,609	841,240

31. CONTINGENT LIABILITIES/ASSETS

(a) Contingent liabilities

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unsecured				
Corporate guarantees given to licensed banks for credit facilities granted to subsidiary companies	-	-	5,950,000	18,440,000
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 flavour of the local authorities and developers for the performance of the construction works	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 after tax profit of RM6 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.

31. CONTINGENT LIABILITIES/ASSETS (CONT'D)

(b) Contingent assets (Cont'd)

LBGB and Dato' Beh Hang Kong shall be liable to the difference between the guaranteed profit and audited operational profit after taxation. As at 31 December 2016, the Group has recorded an audited operational after tax profit of RM 3.96 million.

32. 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.

(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 in Notes 13, 14, 15, 16, 22 and 23, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Transaction with a subsidiary company				
Rental paid/payable	-	-	4,000	-
Transactions with related parties				
Management fees received/receivable	60,000	-	-	-
Contract revenue	72,619,126	28,125,000	-	-
Rental paid/payable	4,374	-	-	-

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Salaries, fees and other emoluments	2,047,683	1,081,295	1,895,815	768,000
Defined contribution plan	242,338	107,448	220,551	72,000
Social contribution plan	3,540	2,066	3,333	1,240
	2,293,561	1,190,809	2,119,699	841,240

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

33. 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:

(i) Manufacturing and trading – Manufacturing and trading of roof tiles.

(ii) Construction – Design and build, civil engineering, trading of construction material and general construction activities.

(iii) Others – Investment holding, providing of management services and dormant.

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 is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's 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.

	Manufacturing and trading RM	Construction RM	Others RM	Total segments RM	Adjustment and eliminations RM	Consolidated RM
Group						
2016						
Revenue						
External customers	4,646,743	87,885,776	-	92,532,519	-	92,532,519
Inter-segment	-	-	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	-	-	130,937	130,937	-	130,937
Finance costs	(734,250)	(211,871)	-	(946,121)	-	(946,121)
Depreciation	(841,920)	(260,656)	(99,816)	(1,202,392)	-	(1,202,392)
Share of profit in an associate company	-	-	15,620	15,620	-	15,620
Segment profit/(Loss) before tax	290,351	10,373,881	(8,510,521)	2,153,711	-	2,153,711

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

33. SEGMENT INFORMATION (CONT'D)

	Manufacturing and trading RM	Construction RM	Others RM	Total segments RM	Adjustment and eliminations RM	Consolidated RM
Group						
2016						
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 losses on trade receivables	-	-	(880,420)	(880,420)	-	(880,420)
Impairment losses 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	342,273,796	269,862,203	636,207,867	-	636,207,867
2015						
Revenue						
Total revenue						
- External customers	8,901,016	28,125,195	-	37,026,211	-	37,026,211
Results						
Finance costs	(1,301,007)	-	(130,473)	(1,431,480)	-	(1,431,480)
Depreciation	(907,570)	-	(116,429)	(1,023,999)	-	(1,023,999)
Segment (Loss)/profit before tax	(278,125)	8,462,354	(1,107,231)	7,076,998	-	7,076,998
Other non-cash items						
Bad debts written off	-	-	(178,497)	(178,497)	-	(178,497)
Gain on disposal of assets held for sale	-	-	292,072	292,072	-	292,072
Reversal of impairment losses of trade receivables	495,000	-	-	495,000	-	495,000
Waiver of debts	55,099	-	763,220	818,319	-	818,319
Segment assets						
Additions to non-current assets	1,900	-	79,702	81,602	-	81,602
Segment assets	38,498,418	19,189,431	7,400,922	65,088,771	-	65,088,771

33. SEGMENT INFORMATION (CONT'D)

Capital expenditure consists of additions of property, plant and equipment.

Adjustments and eliminations

Inter-segment revenues are eliminated on consolidation.

Geographical information

No disclosure on geographical segment 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**
	2016 RM	**2015 RM**	
Company A	2,544,292	5,017,207	Manufacturing and trading
Company B	2,102,452	3,197,087	Manufacturing and trading
Related companies	72,619,126	27,585,195	Construction

34. 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.

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			
2016			
Financial Assets			
Trade receivables	70,089,514	-	70,089,514
Other receivables	18,222,120	-	18,222,120
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
	262,069,399	-	262,069,399

34. 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	-	16,867,086	16,867,086
Amount due to related companies	-	37,028,631	37,028,631
Loans and borrowings	-	38,807,351	38,807,351
	-	256,159,555	256,159,555
2015			
Financial Assets			
Trade receivables	21,161,885	-	21,161,885
Other receivables	6,717,960	-	6,717,960
Fixed deposits with licensed banks	4,000	-	4,000
Cash and bank balances	2,984,365	-	2,984,365
	30,868,210	-	30,868,210
Financial Liabilities			
Trade payables	-	13,382,698	13,382,698
Other payables	-	4,450,799	4,450,799
Loans and borrowings	-	16,980,358	16,980,358
	-	34,813,855	34,813,855
Company			
2016			
Financial Assets			
Other receivables	294,956	-	294,956
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
	9,947,694	-	9,947,694
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
2015			
Financial Assets			
Other receivables	4,244,702	-	4,244,702
Amount due from subsidiary companies	8,558,406	-	8,558,406
Cash and bank balances	2,472,687	-	2,472,687
	15,275,795	-	15,275,795
Financial Liabilities			
Other payables	-	1,291,049	1,291,049
Amount due to subsidiary companies	-	6,236,495	6,236,495
	-	7,527,544	7,527,544

34. 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, interest rate risks and foreign currency. 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 loans and 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 RM6,950,000 (2015: RM19,440,000), representing the outstanding banking facilities of 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.

34. 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						
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 customers on contract	43,378,559	-	-	-	43,378,559	43,378,559
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
Finance 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
	270,434,385	4,278,538	10,876,780	27,017,419	312,607,122	299,538,114
2015						
Non-derivative financial liabilities						
Trade payables	13,382,698	-	-	-	13,382,698	13,382,698
Other payables	4,450,799	-	-	-	4,450,799	4,450,799
Bank overdrafts	3,004,271	-	-	-	3,004,271	3,004,271
Term loans	-	4,960,000	11,968,468	-	16,928,468	13,976,087
	20,837,768	4,960,000	11,968,468	-	37,766,236	34,813,855
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
2015						
Non-derivative financial liabilities						
Other payables	1,291,049	-	-	-	1,291,049	1,291,049
Amount due to subsidiary companies	6,236,495	-	-	-	6,236,495	6,236,495
	7,527,544	-	-	-	7,527,544	7,527,544

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Market risks

(i) 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:

	2016 RM	2015 RM
Group		
Fixed rate instruments		
Financial assets	1,995,056	4,000
Financial liabilities	3,629,291	-
	5,624,347	4,000
Floating rate instruments		
Financial liabilities	35,178,060	16,980,358

Interest rate risk sensitivity analysis

<u>Fair value sensitivity analysis for fixed rate instruments</u>

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.

<u>Cash flow sensitivity analysis for floating rate instruments</u>

A change in 1% interest rate at the end of the reporting period would have increased / (decreased) the Group' profit before tax by RM351,781 (2015: RM169,804), 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.

(ii) Foreign currency risk

The Group does not have any transactions or balances denominated in foreign currencies and hence not exposed to foreign currency risk.

34. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term loans and 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			
2016	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Carrying amount RM**
Group				
Financial liability				
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).

<u>Non-derivative financial instruments</u>

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.

35. 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 the end of the reporting period are as follows:

	Group		Group	
	2016 RM	2015 RM	2016 RM	2015 RM
Finance lease liabilities	3,629,291	-	-	-
Term loans	29,900,316	13,976,087	-	-
Bank overdrafts	5,277,744	3,004,271	-	-
	38,807,351	16,980,358	-	-
Less: Fixed deposits with licensed banks	(1,995,056)	(4,000)	-	-
Less: Cash and bank balances	(7,475,465)	(2,984,365)	1,119,487	2,472,687
Net debt	29,336,830	13,991,993	1,119,487	2,472,687
Total equity	335,760,372	30,274,916	301,959,787	8,469,700
Gearing ratio	0.09	0.46	*	*

* Gearing ratio not applicable as the Company has no borrowings as at 31 December 2016 and 31 December 2015.

There were no changes in the Group's approach to capital management during the financial year.

36. SIGNIFICANT EVENTS

(a) The Company has regularised its financial condition and level of operations and no longer triggers any of the criteria under Paragraph 2.1 of Practice Note 17 ("PN17") of the Main Market Listing Requirements. The Company has been uplifted from being classified as a PN17 company with effect from 11 March 2016.

(b) On 14 September 2016, the Company entered into share sales agreement to acquire MITC Engineering Sdn. Bhd. ("MITCE") for a purchase consideration of RM300,000,000.

The purchase consideration is to be satisfied by the Company in the following manners:

(i) 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.

(ii) 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.

The acquisition has been completed on 28 November 2016. Consequently, MITCE became a wholly-owned subsidiary company of the Company,

36. SIGNIFICANT EVENTS (CONT'D)

(c) 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 the assets held for sale at a consideration of RM17,050,000.

The disposal has been completed on 15 September 2016.

(d) On 5 July 2016, the Company has announced the decision to cease the business operations of manufacturing and trading in roof tiles with effect from 15 July 2016 ("the cessation"). The cessation is mainly due to competitive environment and the industry is experiencing declining in revenue and margins. The Cessation is expected to reduce losses and improve the overall cash flow of the Group. Moving forwards the Group will focus mainly in the construction business which expected will generate sustainable income revenue and profit.

37. SUBSEQUENT EVENTS

Subsequent to the financial year, the following subsequent events took place for the Company and its subsidiary companies:

(a) From 1 January 2017 to 31 March 2017, a total of 9,190,500 warrants were exercised at the exercise price of RM0.50 per warrant.

(b) On 21 February 2017, the Company has acquired fifty one (51) ordinary shares of RM1.00 each in Alunan Warta Sdn. Bhd. ("AWSB") for a total cash consideration of RM51. AWSB has become a 51% owned subsidiary company of the Company.

(c) On 3 March 2017, Vintage Tiles Industries (EM) Sdn. Bhd.("VTIEM"), a wholly-owned subsidiary of the Company, has acquired 2 ordinary shares in Delta Gallery Sdn. Bhd. ("DGSB") for a cash consideration of RM2. DGSB has become an indirect wholly-owned subsidiary company of the Company.

(d) On 22 March 2017, DGSB has increased its paid up share capital from 2 to 250,000 ordinary shares. VTIEM has subscribed for an additional of 249,998 ordinary shares in DGSB by way of cash.

(e) On 23 March 2017, DGSB has entered into a Joint Venture Agreement ("JVA") with Alaf Cahaya Development Sdn. Bhd. to carry out property development on a piece of leasehold land of 96 years expiring 4 September 2112 held under master title known as H.S.(D) 316362 PT 81444 in Mukim Petaling, District of Petaling, in the State of Selangor with total land area measuring approximately 18,965.72 square meters into a mixed property development project.

(f) On 18 April 2017, VTIEM has acquired 1 ordinary share in Idaman Kukuh Sdn. Bhd. ("IKSB") for a cash consideration of RM1. IKSB has become an indirectly wholly-owned subsidiary company of the Company.

(g) On 18 April 2017, the Company has announced its proposes 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 is subject to shareholders' approval at the Extraordinary General Meeting to be convened later.

38. COMPARATIVE INFORMATION

The financial statements of the Group and of the Company as at 31 December 2015 were audited by another firm of charted accountants.

Certain comparative figures have been reclassified where necessary to conform to the current year presentation.

	As previously stated RM	Reclassification RM	As restated RM
Company			
Statements of Financial Position Current Assets			
Amount due from subsidiaries	2,321,911	(2,321,911)	-
Amount due from subsidiary companies	-	8,558,406	8,558,406
Current Liabilities			
Amount due to subsidiary companies	-	6,236,495	6,236,495

39. 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 18 April 2017.

40. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained earnings/(accumulated losses) of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained earnings/(accumulated losses) of the Company and its subsidiary companies				
- realised	(25,855,441)	(67,516,712)	(45,532,273)	(39,022,360)
- unrealised	(838,395)	1,500,000	-	-
	(26,693,836)	(66,016,712)	(45,532,273)	(39,022,360)
Total retained earnings/(accumulated losses) of an associate company				
- realised	15,620	-	-	-
Less: Consolidation adjustments	9,889,954	48,799,568	-	-
Total accumulated losses	(16,788,262)	(17,217,144)	(45,532,273)	(39,022,360)

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

LIST OF MAJOR PROPERTIES

HELD AS AT 31 DECEMBER 2016

Location	Description	Tenure	Net Book Value RM'000	Approximately Land Area / Built Up Area	Date of Acquisition	Approximate 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	12,705	348,741 sq ft / 73,627 sq ft	8-Mar-02	14
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	5,108	236,739 sq ft / 97,721 sq ft	4-Jun-02	20
H-G, Block H, Sunway PJ@51A, Business Park, Jalan SS9A/19, 47300, Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	1,997	221 Sq metre	18-Jun-15	6
H-7, Block H, Sunway PJ@51A, Business Park, Jalan SS9A/19, 47300, Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	1,358	280 Sq metre	18-Apr-11	6
H-3A, Block H, Sunway PJ@51A, Business Park, Jalan SS9A/19, 47300, Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	1,340	271 Sq metre	24-Jun-15	6
H-2, Block H, Sunway PJ@51A, Business Park, Jalan SS9A/19, 47300, Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	1,311	271 Sq metre	19-Oct-15	6
H-6, Block H, Sunway PJ@51A, Business Park, Jalan SS9A/19, 47300, Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	1,308	271 Sq metre	2-Aug-12	6
I-7, Block I, Sunway PJ@51A, Business Park, Jalan SS9A/19, 47300, Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	869	180 Sq metre	20-Apr-11	6
I-6, Block I, Sunway PJ@51A, Business Park, Jalan SS9A/19, 47300, Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 01.07.2109	849	176 Sq metre	28-Mar-14	6
No 19, Jalan SP 7/7, BSP, Lebuhraya Elite, 42610 Jenjarom, Kuala Langat, Selangor, Malaysia.	Double storey terrace house	Leasehold 99 years expiring on 5.2.2094	419	112 Sq metre	25-Feb-13	3

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2017

A. SHARE CAPITAL

Number of Issued Shares	:	366,586,094
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	4,283	66.238	50,940	0.013
100 - 1,000	1,094	16.919	527,944	0.144
1,001 - 10,000	710	10.980	2,909,388	0.793
10,001 - 100,000	269	4.160	8,069,908	2.201
100,001 – 18,329,303 (*)	105	1.623	120,072,171	32.754
18,329,304 AND ABOVE (**)	5	0.077	234,955,743	64.092
TOTAL	**6,466**	**100.000**	**366,586,094**	**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	
		No. of Shares Held	Percentage Held	No. of Shares Held	Percentage Held
1	LBS Bina Group Berhad	202,883,215	55.344	-	-
2	Gaterich Sdn Bhd	-	-	202,883,215	55.344 [(a)]
3	Tan Sri Lim Hock San, JP	24,500	0.007	202,883,215	55.344 [(b)]
4	Datuk Wira Lim Hock Guan, JP	-	-	202,883,215	55.344 [(b)]
5	Datuk Lim Lit Chek	47,940,298	13.078	-	-

Directors' Interests in Shares

		Direct		Indirect	
		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	24,500	0.007	202,883,215	55.344 [(b)]
3	Datuk Wira Lim Hock Guan, JP	-	-	202,883,215	55.344 [(b)]
4	Datuk Lim Lit Chek	47,940,298	13.078	-	-
5	Lim Kim Hoe	-	-	-	-
6	Dato' Beh Hang Kong	4,296,604	1.172	-	-
7	Chin Sui Yin	-	-	-	-
8	Datuk Tan Choon Hwa, JP	-	-	-	-

[(a)] Deemed to have interest in LBS Bina Group Berhad pursuant to Section 8 of the Companies Act, 2016

[(b)] Deemed interest pursuant to Section 8 of the Companies Act, 2016 by virtue of shareholdings in LBS Bina Group Berhad through Gaterich Sdn Bhd

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2017
(CONT'D)

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	KENANGA NOMINEES (TEMPATAN) SDN BHD LBS BINA GROUP BERHAD (3RD PARTY EDSP)	80,000,000	21.822
2.	LIM LIT CHEK	47,940,298	13.077
3.	LBS BINA GROUP BERHAD	47,820,896	13.044
4.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LBS BINA GROUP BERHAD	39,194,549	10.691
5.	KENANGA CAPITAL SDN BHD PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD	20,000,000	5.455
6.	M & A NOMINEE (TEMPATAN) SDN BHD BAHARI & BAHARI FOR LBS BINA GROUP BERHAD	15,867,770	4.328
7.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	8,837,200	2.410
8.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	7,848,600	2.140
9.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	7,000,000	1.909
10.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	5,450,000	1.486
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (BALANCE FUND)	5,037,200	1.374
12.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSGROWTH FUND	4,600,000	1.254
13.	M & A NOMINEE (TEMPATAN) SDN BHD BAHARI & BAHARI PARTNERS SDN BHD FOR BEH HANG KONG	4,073,364	1.111
14.	KUMPULAN WANG SIMPANAN GURU-GURU	4,000,000	1.091
15.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG KOK WAH	2,600,000	0.709
16.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSBALANCED FUND	2,500,000	0.681
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (SHAREHLDR'S FD)	2,500,000	0.681
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA TAKAFUL BERHAD (SHAREHOLDERS FD)	2,500,000	0.681
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (GENERAL FUND)	2,500,000	0.681

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2017

(CONT'D)

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
20.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (KIB)	2,454,900	0.669
21.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMFUNDS MANAGEMENT BERHAD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND	2,268,900	0.618
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR MAYBANK ASSET MANAGEMENT SDN BHD (RESIDENT)	2,161,500	0.589
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (GROWTH FUND)	2,150,000	0.586
24.	GOH PHAIK LYNN	1,880,000	0.512
25.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSDYNAMIC FUND	1,800,000	0.491
26.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRUVANTAGE FUND	1,500,000	0.409
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (PREM EQUITY FD)	1,390,000	0.379
28.	CHEAH SUAN LEE	1,387,438	0.378
29.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KNGA SML CAP FD)	1,269,400	0.346
30.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA BALANCED FUND	1,245,400	0.339
	TOTAL	**329,777,415**	**89.959**

ANALYSIS OF WARRANT HOLDINGS

AS AT 31 MARCH 2017

A. WARRANTS

Number of Issued Warrants	:	26,748,600
Number of Warrants Exercised	:	9,190,500
Number of Warrants Not Exercised	:	17,558,100
Number of Warrants Holders	:	440

B. DISTRIBUTION OF WARRANT HOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF WARRANTS	%
1 – 99	31	7.045	1,148	0.006
100 - 1,000	196	44.545	99,672	0.567
1,001 - 10,000	140	31.818	569,965	3.246
10,001 - 100,000	55	12.500	2,072,735	11.805
100,001 – 877,904 (*)	16	3.636	4,249,209	24.200
877,905 AND ABOVE (**)	2	0.454	10,565,371	60.173
TOTAL	**440**	**100.000**	**17,558,100**	**100.000**

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

C. SUBSTANTIAL WARRANTS HOLDERS AND DIRECTORS' WARRANTS HOLDINGS

Substantial Warrant Holders

		Direct		Indirect	
		No. of Warrants Held	Percentage Held	No. of Warrants Held	Percentage Held
1	Dato' Beh Hang Kong	9,979,881	56.839	-	-
2	I-Wen Morsingh	1,043,200	5.941	-	-

Directors' Interests in Warrants

		Direct		Indirect	
		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	0.031[(a)]
3	Datuk Wira Lim Hock Guan , JP	-	-	5,514	0.031[(a)]
4	Datuk Lim Lit Chek	-	-	-	-
5	Lim Kim Hoe	-	-	-	-
6	Dato' Beh Hang Kong	9,979,881	56.839	-	-
7	Chin Sui Yin	-	-	-	-
8	Datuk Tan Choon Hwa, JP	-	-	-	-

[(a)] Deemed interest pursuant to Section 8 of the Companies Act, 2016 by virtue of shareholdings in LBS Bina Group Berhad through Gaterich Sdn Bhd

ANALYSIS OF WARRANT HOLDINGS
AS AT 31 MARCH 2017
(CONT'D)

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.	M & A NOMINEE (TEMPATAN) SDN BHD BAHARI & BAHARI PARTNERS SDN BHD FOR BEH HANG KONG	9,522,171	54.232
2.	I-WEN MORSINGH	1,043,200	5.941
3.	LEONG KOK WAH	654,879	3.729
4.	TAN KHAY LONG	500,000	2.847
5.	GOH PHAIK LYNN	470,000	2.676
6.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH HANG KONG	392,400	2.234
7.	NG SIEW CHEE	328,500	1.870
8.	SUSAN CHIN YOK KIM	320,000	1.822
9.	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR LIM KAI SIEN	294,900	1.679
10.	CHONG CHING YEE	218,000	1.241
11.	LUI AH NGAU @ LUI WIN SOONG	159,100	0.906
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHAW LIT SING	157,000	0.894
13.	NGOI YOO WEE	156,000	0.888
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOY YANG ZHOU	143,700	0.818
15.	NG WEI FONG	133,000	0.757
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM AI CHOO (001)	120,000	0.683
17.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN KWANG KUI (MQ0002)	101,230	0.576
18.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GANGSA MEWAH SDN BHD (MARGIN)	100,500	0.572
19.	KHAW TENG KOK	100,000	0.569
20.	TAN ENG HOCK	100,000	0.569
21.	WONG YIN YEE	99,000	0.563
22.	LIM CHIM CHUAN	96,000	0.546
23.	POON YUAN ZHAOU	95,200	0.542
24.	YONG YAU LOON	90,000	0.512
25.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW PENG WAH	80,000	0.455
26.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH HANG KONG (8026695)	65,310	0.371
27.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHIN HOCK (7003122)	60,000	0.341
28.	GOH GEE KIM	60,000	0.341
29.	NG NEOH KIA @ NG SIEW TUAN	55,100	0.313
30.	KU YONG YEE	51,200	0.291
TOTAL		**15,766,390**	**89.795**

NOTICE OF FIFTEENTH (15TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth (15th) Annual General Meeting of the Company will be held at Ballroom I, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Monday, 29 May 2017 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 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 of RM153,000 for the financial year ended 31 December 2016. **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) Mr Chin Sui Yin **Resolution 3**
   ii) Mr Lim Kim Hoe **Resolution 4**

5. To re-elect Datuk Lim Lit Chek who retires in accordance with Article 95 of the Company's Articles of Association. **Resolution 5**

6. To re-appoint Messrs UHY as Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

7. **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 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 issued share capital 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 7**

NOTICE OF FIFTEENTH (15TH) ANNUAL GENERAL MEETING (CONT'D)

(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 2017 ("**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 8**

8. 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 2017

NOTICE OF FIFTEENTH (15TH) ANNUAL GENERAL MEETING (CONT'D)

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 Monday, 22 May 2017. Only members whose name appears on the Record of Depositors as at 22 May 2017 shall be entitled to attend and vote at the said meeting or appoint proxies to attend and/or vote on his/her behalf.

NOTICE OF FIFTEENTH (15TH) ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO THE AGENDA:

1. **Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2016**

   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 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 17 June 2016 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.

3. **Ordinary Resolution 7 – Authority to Directors to Allot and Issue Shares**

   The Ordinary Resolution proposed under Resolution 7 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 issued share capital 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, no new share of the Company was issued pursuant to the mandate granted to the Directors at the Fourteenth (14th) Annual General Meeting held on 17 June 2016.

4. **Ordinary Resolution 8 – Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   Ordinary Resolution 8, 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 2017 which is despatched together with the 2016 Annual Report of the Company.

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 **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 Fifteenth (15th) Annual General Meeting of the Company to be held at Ballroom I, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Monday, 29 May 2017 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		
Ordinary Resolution 8		

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 ____________________, 2017.

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.
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AFFIX
STAMP

THE COMPANY SECRETARY

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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ML GLOBAL BERHAD
(589167-W)

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