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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth (14th) Annual General Meeting (“AGM”) of the Majuperak Holdings Berhad (“MHB” or “the Company”) will be held at Aman Jaya Convention Centre, Casuarina @ Meru Hotel, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan on **Friday, 26 May 2017 at 5.00 p.m.**

AGENDA

As ORDINARY BUSINESS:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2016, together with Directors’ Reports and Auditors’ Report thereon. (Please refer to Note 1)
2. To approve the payment of Directors’ Fees of RM435,000 for the financial year ended 31 December 2016. (Ordinary Resolution 1)
3. To approve the payment of Directors’ benefits (excluding Directors’ Fees) to Non-Executive Directors up to an amount of RM150,000 from 1 January 2017 until the next AGM of the Company. (Ordinary Resolution 2)
4. To re-elect the following Directors who retire in accordance with Article 84 of the Company’s Articles of Association and being eligible, offer themselves for re-election as Directors of the Company: -
 - 4.1 Y.B. Dato’ Mohd Khusairi Bin Abdul Talib (Ordinary Resolution 3)
 - 4.2 Y.Bhg. Dato’ Mohd Azmi Bin Hj Othman (Ordinary Resolution 4)
5. To re-elect the following Directors who was appointed during the year and retire in accordance with Article 91 of the Company’s Articles of Association and being eligible, offer themselves for re-election as Directors of the Company:
 - 5.1 Rustam Apandi Bin Jamaludin (Ordinary Resolution 5)
 - 5.2 Y.Bhg. Datuk Mahdi Bin Tan Sri Morad (Ordinary Resolution 6)
6. To re-appoint the following Directors of the Company:
 - 6.1 Y.Bhg. Tan Sri Dato’ Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas (Ordinary Resolution 7)
 - 6.2 Tuan Haji Mustapha Bin Mohamed (Ordinary Resolution 8)
7. To re-appoint Messrs AljeffriDean as Auditors of the Company and to authorise the Directors to fix their remuneration. (Ordinary Resolution 9)

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

AS **SPECIAL BUSINESS**, to consider and, if thought fit, pass the following Resolutions:

8. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR (Ordinary Resolution 10)

Subject to his re-appointment/re-election as Director, Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be retained, to continue to act as an Independent Non-Executive Director of the Company.

9. AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016 (Ordinary Resolution 11)

"That, subject to the Companies Act, 2016 and the Company's Articles and Association and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities"), Securities Commission and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 75 of the Companies Act, 2016 to allot and issue shares in the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total issued shares of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the Annual General Meeting of the Company held next after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is the earlier."

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

10. **PROPOSED RENEWAL OF EXISTING SHAREHOLDER'S MANDATE AND NEW SHAREHOLDERS' MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** (Ordinary Resolution 12)

"That, subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiaries shall be mandated to enter into the category of Recurrent Related Party Transactions of a Revenue or Trading Nature as specified in Item 2.1 of the Circular dated 29 April 2017 subject further to the following:

- (i) the transactions are in the ordinary course of business and are on terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) the Proposed Shareholders' Mandate shall apply in respect of the Recurrent Related Party Transactions to be entered into from 26 May 2017 to the next Annual General Meeting of the Company. The Proposed Shareholders' Mandate shall only continue to be in force until:
 - the conclusion of the next Annual General Meeting of the Company, 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 Companies Act, 2016 but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016; or
 - revoked or varied by a resolution passed by the shareholders in general meeting before the next Annual General Meeting,

whichever is earlier.

And that the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

Thereafter, approval from shareholders for a renewal of the recurrent related party transactions mandate will be sought at each subsequent Annual General Meeting of the Company; and

- (iii) disclosure is made in the annual report of the breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year and in the annual report for the subsequent financial year during which the Proposed Shareholders' Mandate is in force based on the type of recurrent transactions made and the names of the related parties involved in each type of the recurrent transactions made and their relationship with the listed issuer, provided that such transactions are made on normal commercial terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company on an arm's length basis; and

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

- (iv) the Directors and/or any of them be and are hereby authorised to complete and do such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

- 11. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

By Order of the Board
CHAN YOKE YIN
CHAN EOI LENG
Secretaries
Ipoh
29 April 2017

NOTES:

- 1. Agenda 1 is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 only requires the Audited Financial Statements to be laid before the Company at the Annual General Meeting and does not require shareholders' approval. Hence, Agenda 1 will not be put forward for voting.
- 2. Only members whose names appear on the Record of Depositors as at 18 May 2017 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.
- 3. A member entitled to attend and vote at the AGM is entitled to appoint a proxy/proxies who may but need not be member/members of the Company to attend and vote in his/her stead.
- 4. A member shall not be entitled to appoint more than two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
- 5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an 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.
- 6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- 7. The instrument appointing a proxy must be deposited with the Company Secretaries at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.

Faxed or emailed copies are not acceptable.
- 8. The registration for the above Meeting will commence on **Friday, 26 May 2017 at 3 p.m.**

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

EXPLANATORY NOTES TO SPECIAL BUSINESS:

A) ORDINARY RESOLUTION 1 & 2 – DIRECTORS' FEES AND BENEFITS

Section 230(1) of the Companies Act, 2016 provides amongst others, that “fee” of the directors and “any benefits” payable to directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval is sought for these payments in two separate resolutions as follows:

Resolution 1 : Payment of Directors' Fee

The Directors' Fee includes fee payable to the Chairman and members of the Board and Board of Subsidiaries.

Based on the Nomination and Remuneration Committee's recommendation, the Board decided that the Directors' fee in respect of the financial year ended 31 December 2016 remained unchanged.

Resolution 2 : Payment of Directors' benefit for the financial year ending 31 December 2017 until the next AGM

The Directors' remuneration (excluding Directors' Fees) comprises the Meeting Allowances payable to the Chairman and members of the Board, Board of subsidiaries.

B) ORDINARY RESOLUTION 3, 4, 5 & 6 – RE-ELECTION OF DIRECTORS

Y.Bhg. Dato' Mohd Khusairi Bin Abdul Talib, YBhg. Dato' Mohd Azmi Bin Hj Othman, Rustam Apandi Bin Jamaludin and Y.Bhg. Datuk Mahdi Bin Tan Sri Morad are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election at this AGM.

The Board has via the Nomination & Remuneration Committee had conducted an assessment on their effectiveness and contributions of the said retiring Directors including their skills, experience and strength in qualities and time commitment, has recommended for them to be re-elected to the Board. The profile of the retiring Directors is set out in the Profile of Directors on pages [12] to [20] of the Annual Report 2016.

C) ORDINARY RESOLUTION 7 & 8 – RE-APPOINTMENT OF Y.BHG. TAN SRI DATO' SERI MEGAT NAJMUDDIN BIN DATUK SERI DR HAJI MEGAT KHAS AND TUAN HAJI MUSTAPHA BIN MOHAMED

Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas and Tuan Haji Mustapha Bin Mohamed are above 70 years of age and pursuant to the resolution passed at the 2016 Annual General Meeting (AGM) held on 26 May 2016, they would be retiring at the forthcoming AGM. Section 129 of the Companies Act 1965, requires a Director who reach 70 years of age to retire annually but there is no age limit under the new Companies Act, 2016. Hence, Directors who have reached 70 years of age no longer needs to retire annually but will be subject to retirement by rotation pursuant to the Company's Articles of Association. The Board therefore will recommend the re-appointment of Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas and Tuan Haji Mustapha Bin Mohamed as Directors of the Company at the forthcoming AGM to hold office until their retirement in accordance with the Company's Articles of Association.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

D) ORDINARY RESOLUTION 9 – RE-APPOINTMENT OF EXTERNAL AUDITOR

The Audit Committee (“AC”) had on 3 April 2017 deliberated the outcome of the annual assessment of the EA, which included an assessment of the engagement teams’ qualifications, credentials and experience, particularly in the financial services sector, their audit work approach, and their ability to provide value added advice and services, as well as to perform the work within MHB Group’s timeline. The AC then decided to recommend for the Board’s approval the re-appointment of Messrs. AljeffriDean (“AljeffriDean”) as external auditors of the Company for the financial year ending 31 December 2017.

E) ORDINARY RESOLUTION 10 – RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Ordinary Resolution 10 proposed under item 8, if passed, will allow the Director, Y.Bhg. Tan Sri Dato’ Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas to continue to hold office until the next Annual General Meeting of the Company as Independent Director notwithstanding that he has served a cumulative term of more than nine (9) years.

In line with the Recommendation 3.2 of the Malaysian Code on Corporate Governance 2012, the Board on the recommendation of the Nomination and Remuneration Committee, after the annual assessment of the Directors’ independence have recommended that Y.Bhg. Tan Sri Dato’ Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas who has served as Director of the Company for a cumulative term of more than nine (9) years, be re-appointed as Independent Director of the Company based on the following justifications:

- (i) He has fulfilled the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (ii) He remains independent and actively participate in board discussions and provide an independent and objective voice on the Board.
- (iii) He has in depth knowledge of the Company’s business operations and he is committed to devote sufficient time and attention to the Company.

He acts in the best interest of all shareholders and will provide the check and balance to the Board.

F) ORDINARY RESOLUTION 11 – AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016

The Ordinary Resolution 11 proposed under item 9 if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting (“AGM”) until the next AGM to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company (“Share Mandate”). This Share Mandate is a renewal of the general mandate that was approved by shareholders at the preceding AGM held on 26 May 2016. There were no funds raised from the general mandate that was approved at the preceding AGM. The renewal of the general mandate is to provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from and cost involved in convening a general meeting to approve such issuance of shares should be eliminated. The Company will have to seek shareholders’ approval at a general meeting to be convened in the event that the proposed issuance of shares exceeds the 10% threshold contained in the Share Mandate.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

G) ORDINARY RESOLUTION 12 – PROPOSED RENEWAL OF EXISTING SHAREHOLDER'S MANDATE AND NEW SHAREHOLDERS' MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Ordinary Resolution 12 proposed under item 10, if passed, will enable the MHB Group to enter into any of the recurrent transactions of a revenue or trading nature which are necessary for the MHB Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. The details of the Proposal are set out in the Circular to the Shareholders dated 29 April 2017 circulated together with this Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin
Bin Datuk Seri Dr. Haji Megat Khas

Tuan Haji Mustapha Bin Mohamed

Y.Bhg. Dato' Seri Dr. Raja Ahmad Zainuddin
Bin Raja Haji Omar

Y.Bhg. Dato' Mohd Khusairi Bin Haji Abdul Talib

Y.Bhg. Dato' Aminuddin Bin Md Desa

Y.Bhg. Dato' Mohd Azmi Bin Hj Othman

Y.B. Dato' Mohd Azhar Bin Jamaluddin

Rustam Apandi Bin Jamaludin

Y.Bhg. Datuk Mahdi Bin Tan Sri Morad

Chairman

Senior Independent, Non-Executive Director

Independent, Non-Executive Director

Independent, Non-Executive Director

Independent, Non-Executive Director

Non-Independent, Non-Executive Director

Independent, Non-Executive Director

Independent, Non-Executive Director

Managing Director cum Group Chief Executive Officer

Independent, Non-Executive Director

AUDIT & RISK MANAGEMENT COMMITTEE

Tuan Haji Mustapha Bin Mohamed

Y.Bhg. Dato' Mohd Azmi Bin Hj Othman

Y.B. Dato' Mohd Azhar Bin Jamaluddin

Chairman

Independent, Non-Executive Director

Independent, Non-Executive Director

Independent, Non-Executive Director

NOMINATION & REMUNERATION COMMITTEE

Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin
Bin Datuk Seri Dr. Haji Megat Khas

Y.Bhg. Dato' Mohd Khusairi Bin Haji Abdul Talib

Y.Bhg. Dato' Aminuddin Bin Md Desa

Chairman

Senior Independent, Non-Executive Director

Independent, Non-Executive Director

Non-Independent, Non-Executive Director

CORPORATE INFORMATION (CONTINUED)

REGISTERED OFFICE

55A, Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Perak Darul Ridzuan
Tel: (05) 5474 833
Fax: (05) 5474 363

PRINCIPAL PLACE OF BUSINESS

Perbadanan Kemajuan Negeri Perak
No. 1-A, Blok A, Menara PKNP
Jalan Meru Casuarina
Bandar Meru Raya
30020 Ipoh, Perak Darul Ridzuan
Tel: (05) 5019 888/ 5019 588
Fax: (05) 5019 634
Email: info@majuperak.com.my
Website: www.majuperak.com.my

COMPANY SECRETARIES

Chan Yoke Yin (MAICSA 7043743)
Chan Eoi Leng (MAICSA 7030866)

AUDITORS

AljeffriDean (AF 1366)
Chartered Accountants (Malaysia)
Level 10, Suite 1,
Perak Techno Trade Centre
Bandar Meru Raya
Off Jalan Jelapang
30020 Ipoh, Perak Darul Ridzuan

PRINCIPAL BANKERS

RHB Bank Berhad
Malayan Banking Berhad
Bank Islam Malaysia Berhad

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: (03) 7849 0777
Fax: (03) 7841 8151
Email: ssr.helpdesk@symphony.com.my

SOLICITORS

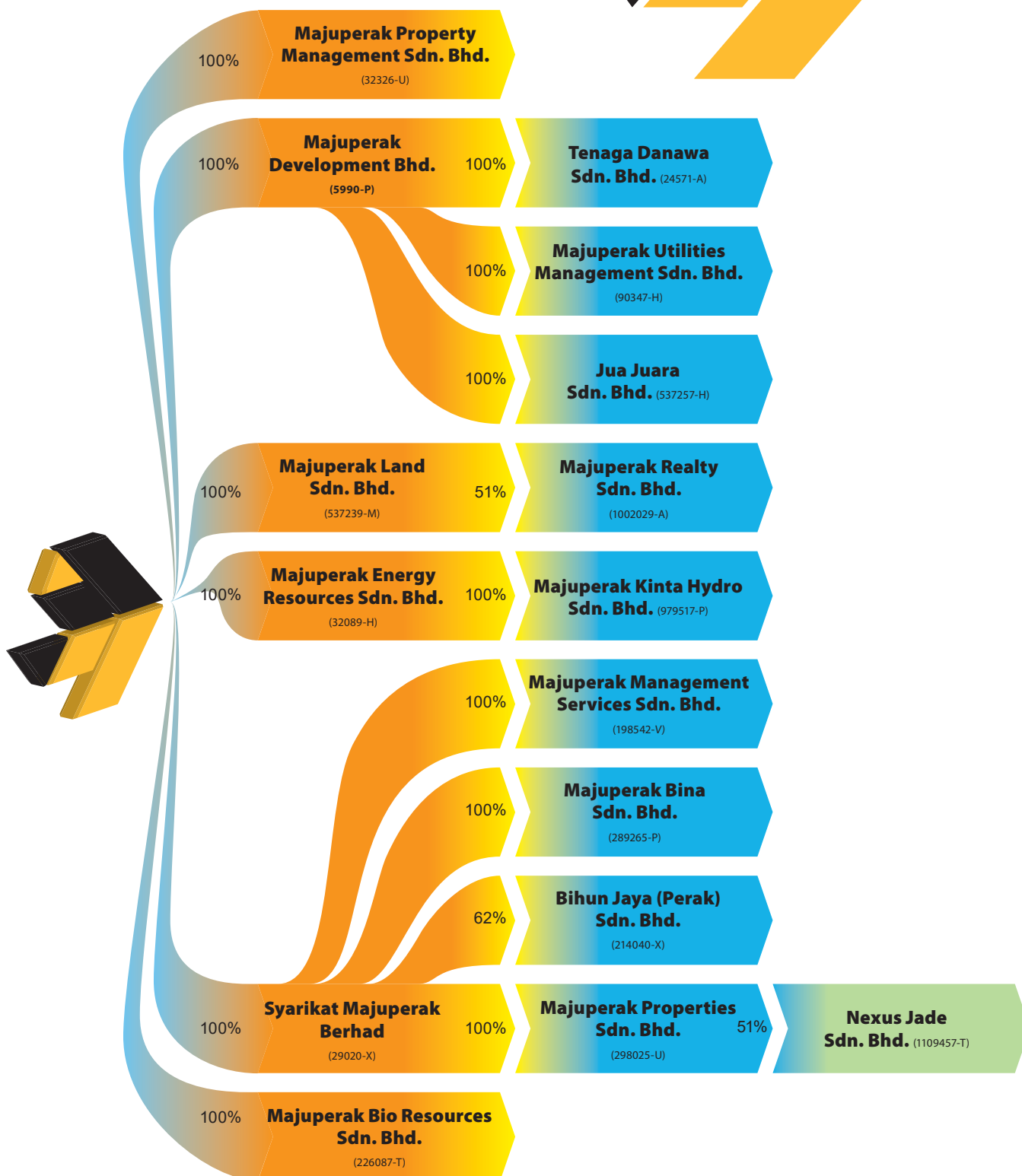
Messrs. Izhar Haji Saidin & Co.
Messrs. Kamarul Hakimi Ansor & Partners
Messrs. Ong-Hanim & Badrol
Messrs. Lokman Reena & Co.
Messrs. Mad Diah Das & Co
Messrs. Raimy Fuaad Aqis
Messrs. Maxwell Kenion Cowdy & Jones Messrs.
Mior & Associates
Messrs. Norali & Co
Messrs. Ram Reza & Muhammad
Messrs. Sabri & Co
Messrs. Zul Rafique & Partners
Messrs. Shook Lin & Bok
Messrs. Siti Haja Teh Azreen & Khuan Messrs.
BH Koh Soong Zarin & Partners

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
Stock Code: 8141
Stock Short Name: MJPERAK

CORPORATE STRUCTURE

MAJUPERAK HOLDINGS BERHAD (585389-X)



BOARD OF DIRECTORS

Y.BHG. TAN SRI DATO' SERI MEGAT NAJMUDDIN BIN DATUK SERI DR HAJI MEGAT KHAS

Chairman

Senior Independent, Non-Executive Director

Male, Malaysian, aged 73

Date of Appointment: 17 August 2006

Length of Service (as at 28 April 2017): 10 years 8 months

Date of Last Re-appointment: 26 May 2016

Academic/Professional Qualification(s)

Bachelor of Law (Hon), University of Singapore

Present Directorship(s)

- Asian Pac Holdings Berhad
- Omesti Berhad
- SEG International Berhad
- Petroliam Nasional Berhad ("PETRONAS")

Present Appointment(s)

- President, Federation of Public Listed Companies Berhad ("FPLC")
- Institute of Integrity Malaysia ("IIM")
- Transparency International Malaysia ("TIM")
- Committee member of Bank Negara Malaysia's Financial Directors' Education Steering Committee ("FIDE")

Past Directorship(s) and/or Appointment(s)

- Member of the High-Level Finance Committee of the Ministry of Finance
- Capital Market Advisory Council of the Securities Commission ("CMAC")
- Adjunct Professor at Faculty of Law, University Utara Malaysia
- Malaysian Institute of Corporate Governance ("MICG")
- Tradewinds Corporation Berhad

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: 27,000

Convictions of offences: He has not been convicted for any offence within the past 5 years.

Board Meetings attended: 4 of 5



BOARD OF DIRECTORS (CONTINUED)

TUAN HAJI MUSTAPHA BIN MOHAMED

Independent, Non-Executive Director

Male, Malaysian, aged 71

Date of Appointment: 30 December 2008

Length of Service (as at 28 April 2017): 8 years 4 months

Date of Last Re-appointment: 26 May 2016

Academic/Professional Qualification(s)

- Fellow Member of the Association, Chartered Certified Accountants
- Chartered Accountant, The Malaysian Institute of Accountants
- Member, The Malaysian Association of Certified Public Accountants

Present Directorship(s)

- Rubberex Corporation (M) Berhad
- MBM Resources Berhad

Present Appointment(s): Nil

Past Directorship(s) and/or Appointment(s)

- Partner, Coopers & Lybrand Malaysia (now PricewaterhouseCoopers), 1971 to 1993
- Director, Gadek Berhad
- Director, Gadek Capital Berhad
- Director, Ipemuda Berhad
- Director, Credit Corporation of Malaysia Berhad
- Director, MHC Plantations Berhad
- Director, Ho Hup Construction Company Berhad

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: 1,181

Convictions of offences: He has not been convicted for any offence within the past 5 years.

Board Meetings attended: 5 of 5



BOARD OF DIRECTORS (CONTINUED)

Y.M. DATO' SERI DR RAJA AHMAD ZAINUDDIN BIN RAJA HAJI OMAR

Independent, Non-Executive Director

Male, Malaysian, aged 57

Date of Appointment: 20 August 2009

Length of Service (as at 28 April 2017): 7 years 8 months

Date of Last Re-appointment: 26 May 2016

Academic/Professional Qualification(s)

- PhD From World Academy of Arts and Culture (WAAC) California, USA
- Master in Management
- Diploma in Political Science

Present Directorship(s)

- Ken Holdings Berhad

Present Appointment(s)

- Board Member of National Farmers Association (NAFAS) and Chairman of its Subsidiaries
- Pengerusi Pertubuhan Peladang Negeri (PPN) Perak
- President of Perak Muay Association
- Columnist of Berita Harian, Utusan Malaysia, Sinar Harian and Oriental Daily

Past Directorship(s) and/or Appointment(s)

- Chairman, Lembaga Perlesenan Kenderaan Perdagangan
- Director, Lembaga Urusan Tabung Haji and Its Subsidiaries (2001-2004)
- Chief Editor, Berita Perak (1988-1999)
- Ex-Member of Parliament and State Assembly (5 Terms)
- Chief 1 Lembaga Pembangun Sastera Perak
- Ex-Chairman of Jawatankuasa Kira-Kira Wang Negeri (PAC) Negeri Perak
- Deputy Secretary – General Belia 4B Malaysia
- Chairman Belia 4B Perak
- Vice President of Football Association Malaysia (FAM)

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Convictions of offences: He has not been convicted for any offence within the past 5 years.

Board Meetings attended: 4 of 5



BOARD OF DIRECTORS (CONTINUED)

Y.B. DATO' MOHD KHUSAIRI BIN ABDUL TALIB

Independent, Non-Executive Director

Male, Malaysian, aged 56

Date of Appointment: 14 August 2012

Length of Service (as at 28 April 2017): 4 years 8 months

Date of Last Re-appointment: 12 June 2015

Academic/ Professional Qualification(s)

- B.A.(Hon), University Kebangsaan Malaysia (UKM)

Present Directorship(s)

- Chairman, Ladang Lekir Sdn Bhd (a subsidiary of State Agriculture Development Corporation)
- Director, Felda
- Director, Felda Travel
- Chairman, National Film Development Corporation Malaysia (FINAS)

Present Appointment(s)

- Chairman, Biro Penerangan UMNO Negeri Perak
- Chief, UMNO Tanjung Malim
- Chief, UMNO Felda Sungai Behrang
- Perak State Assemblyman for Slim

Past Directorship(s) and/or Appointment(s)

- Managing Director, Goldana Corporation Sdn Bhd (Publishing/Landscaping) (1990 -1998)
- Director, Tentiew (M) Sdn Bhd (Publishing & Management) (1999-2000)
- Director, Lembaga Air Perak (LAP)
- Director, Yayasan Perak
- Member State Audit Committee

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Convictions of offences: He has not been convicted for any offence within the past 5 years.

Board Meetings attended: 3 of 5



BOARD OF DIRECTORS (CONTINUED)

Y.BHG. DATO' AMINUDDIN BIN MD DESA

Non-Independent, Non-Executive Director

Male, Malaysian, aged 55

Date of Appointment: 31 July 2013

Length of Service (as at 28 April 2017): 3 years 9 months

Date of Last Re-appointment: 26 May 2016

Academic/ Professional Qualification(s)

- Advance Diploma In Business Studies (Insurance), University of Technology MARA
- Diploma In Accountancy, University of Technology MARA
- Associate Member, Chartered Insurance Institute, United Kingdom
- Associate Member, Malaysian Insurance Institute
- Global Leadership Development Program, ICLIF

Present Directorship(s)

- Board Member, Perak Corporation Berhad
- Board Member, Universiti Teknologi Mara (UiTM)
- Chairman, UiTM Holdings Sdn Bhd

Present Appointment(s)

- Group Chief Executive, Perbadanan Kemajuan Negeri Perak
- Group Chief Executive Officer, Perak Corporation Berhad

Past Directorship(s) and/or Appointment(s)

- Executive Director and Chief Executive Officer, Maybank Fortis Holdings Bhd
- Executive Director and Chief Financial Officer, Malayan Banking Berhad
- Chief Executive Officer, Takaful Nasional Sdn Bhd
- General Manager, Arab Malaysian Assurance Bhd
- Deputy General Manager, Takaful Malaysia Sdn Bhd

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Convictions of offences: He has not been convicted for any offence within the past 5 years.

Board Meetings attended: 4 of 5



BOARD OF DIRECTORS (CONTINUED)

Y.BHG. DATO' MOHD AZMI BIN HAJI OTHMAN

Independent, Non-Executive Director

Male, Malaysian, aged 49

Date of Appointment: 25 February 2014

Length of Service (as at 28 April 2017): 3 years 2 months

Date of Last Re-appointment: 27 June 2014

Academic/ Professional Qualification(s)

- Ijazah Sarjana Muda Undang-Undang (Hons), University of Technology MARA, Shah Alam

Present Directorship(s)

- KYM Holdings Bhd
- Tenaga Danawa Sdn Bhd

Present Appointment(s)

- Partner of Azmi Hisham & Co.
- Director, Royal Perak Golf Club Berhad
- Member, Board of Trustees, Yayasan Kemajuan Islam Darul Ridzuan
- Trustee, YBU Holdings

Past Directorship(s) and/or Appointment(s): Nil

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Convictions of offences: He has not been convicted for any offence within the past 5 years.

Board Meetings attended: 5 of 5



BOARD OF DIRECTORS (CONTINUED)

Y.B. DATO' MOHD AZHAR BIN JAMALUDDIN

Independent, Non-Executive Director

Male, Malaysian, aged 50

Date of Appointment: 30 November 2015

Length of Service (as at 28 April 2017): 1 year 5 months

Date of Last Re-appointment: 26 May 2016

Academic/ Professional Qualification(s)

- B.B.A. (Hons.), 2nd Class Upper, Kuala Lumpur Infrastructure University College (KLiUC)

Present Directorship(s)

- Director, Harl Corporation Sdn Bhd
- Director, Malaysian Palm Oil Board (MPOB)
- Director, Maxxis Security Sdn Bhd (Safety & Securities)
- Director, Estet Pekebun Kecil Sdn Bhd (ESPEK)
- Director, Livestock (ESPEK)

Present Appointment(s):

- Ahli Dewan Undangan Negeri Perak (ADUN) Changkat Jong, Perak
- Chief, UMNO Teluk Intan
- Special Committee of Post Exco Public Utilities, Infrastructure, Energy and Water, Perak
- Special Committee of Solid Waste Management and Public Cleanliness Corporation (SWCORP) of Perak
- Special Committee of Majlis Mesyuarat Kerajaan Negeri Perak (MMK) Crime Prevention
- Deputy Chairman, Persatuan Mencegah Dadah Malaysia (PEMADAM) Negeri Perak
- Chairman, Majlis Pembangunan Luar Bandar Parlimen Teluk Intan (MPLB)
- Chairman, Majlis Pembangunan Pertanian Parlimen Teluk Intan (MP3)
- Chairman, Majlis Perundingan Koperasi Parlimen Teluk Intan
- Chairman of Advisory Board, Kolej Komuniti Teluk Intan
- Chairman, Yayasan Pendidikan Teluk Intan (YPENDITA)
- Chairman, Koperasi Dana & Aset Bumiputra Teluk Intan Berhad (KODANAPUTRA)

Past Directorship(s) and/or Appointment(s):

- Chief Councilor Majlis Perbadanan Teluk Intan (MPTI) (9 years)

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Convictions of offences: He has not been convicted for any offence within the past 5 years.

Board Meetings attended: 3 of 5



BOARD OF DIRECTORS (CONTINUED)

RUSTAM APANDI BIN JAMALUDIN

Managing Director cum Group Chief Executive Officer

Male, Malaysian, aged 56

Date of Appointment: 1 April 2017

Length of Service (as at 28 April 2017): 1 month

Date of Last Re-appointment: N/A

Academic/ Professional Qualification(s)

- Masters in Business Administration (May 1987) Central Missouri State University, USA
- Bachelor Science of Business Administration (Finance) (May 1985), St. Louis University, USA
- Diploma In Accountancy (June 1982) MARA Institute of Technology

Present Directorship(s):

- Board Member, Perak Corporation Berhad's subsidiaries

Present Appointment(s)

- Deputy Chief Executive Officer (Business Operation) of Perbadanan Kemajuan Negeri Perak

Past Directorship(s) and/or Appointment(s): Nil

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Convictions of offences: He has not been convicted for any offence within the past 5 years.

Board Meetings attended: Not applicable



BOARD OF DIRECTORS (CONTINUED)

Y.BHG. DATUK MAHDI BIN TAN SRI MORAD

Independent, Non-Executive Director

Male, Malaysian, aged 61

Date of Appointment: 3 April 2017

Length of Service (as at 28 April 2017): 1 month

Date of Last Re-appointment: N/A

Academic/Professional Qualification(s)

- Masters in Business Administration (Dec 1985) (Major in Finance & Operations Management); University of Missouri- Kansas City
- BSc in Agricultural Business (Aug 1984) (Major in Agricultural Finance); Iowa State University
- Diploma in Agricultural Science (1978); University Putra Malaysia (Formerly known University Pertanian Malaysia)
- Global Leadership Development Program, ICLIF

Present Directorship(s): Nil

Present Appointment(s)

- Ahli Jawatankuasa Pelaburan Negeri Perak Darul Ridzuan
- Ahli Jawatankuasa Kecil Pelaburan Negeri Perak Darul Ridzuan
- Honorary Auditor, Sekolah Tunku Abdul Rahman Old Boys Association
- Member of Institute Bank-Bank Malaysia (IBBM)

Past Directorship(s) and/or Appointment(s):

- Managing Director / Chief Executive Officer of AmBank Islamic Berhad
- Executive Director / Senior General Manager of Arab Malaysian Finance Berhad / AmFinance Berhad / Am Bank (M) Berhad
- Manager of First Malaysia Finance
- Assistant Manager / Branch Manager of Asia Commercial Finance (ACF)
- Estate Assistant Manager / System Coordinator of Sime Darby Plantations Berhad
- Chairman / Director of Arab-Malaysian Credit Berhad
- Director of MBf Trustees Berhad
- Director of AmPremier Capital Berhad
- Director of Islamic Banking and Finance Institute of Malaysia (IBFIM)
- Director of MBf Information Services Sdn Bhd
- Director of Bougainvillea Development Sdn Bhd
- Director of AmProperty Holdings Sdn Bhd
- Director of AmCredit & Leasing Sdn Bhd
- Director of AmCapital (L) Inc.
- Director of AMBB Capital (L) Ltd.
- Council Member and Exco Member of Association of Islamic Banking Institutions Malaysia (AIBIM)

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Convictions of offences: He has not been convicted for any offence within the past 5 years.

Board Meetings attended: Not applicable



PROFILE OF KEY SENIOR MANAGEMENT



RUSTAM APANDI BIN JAMALUDIN

***Managing Director cum
Group Chief Executive Officer***

Male, Malaysian, aged 56

- Refer to the Profile of Directors on page [19].



ROZAHAN BIN OSMAN

Chief Financial Officer

Male, Malaysian, aged 52

Date of Appointment: 17 April 2014

Length of Service (as at 28 April 2017): 3 years

Academic/ Professional Qualification(s)

- The Association of Chartered Certified Accountants (ACCA)
- Certified Management Accountant (CMA)
- Chartered Financial Analyst (CFA)
- Certified SAP Consultant- Controlling

Present Directorship(s) in Public Companies and Listed Issuer: Nil

Present Appointment(s):

- Director Finance, Accounts & Administration of Perbadanan Kemajuan Negeri Perak (PKNP)
- Group Chief Financial Officer of Perak Corporation Berhad

Working Experience:

- Chief Financial Officer of Cement Industries of Malaysia Berhad
- General Manager of Finance/Corporate Planning of Malaysia Marine and Heavy Engineering Berhad
- Group Financial Controller of Magna Prima Berhad
- Financial Controller of Malakoff Berhad
- Research Analyst of Zalik Securities Sdn Bhd
- Audit Senior 1 of Ernst and Young

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Convictions of offences: He has not been convicted for any offence within the past 5 years.

PROFILE OF KEY SENIOR MANAGEMENT (CONTINUED)



SAYED SHARIFFUDDIN BIN SAYED SHAMSHUDDIN

Deputy Chief Executive (Corporate Services)

Male, Malaysian aged, 56

Date of Appointment: 1 January 2015

Length of Services (as at 28 April 2017): 3 years 4 months

Academic/ Professional Qualification(s)

- Bachelor Degree in Business Administration (Marketing and Economy); Western Michigan University, USA
- Diploma in Business Studies, ITM (now UiTM)

Present Appointment(s):

- Deputy Chief Executive of Perbadanan Kemajuan Negeri Perak (PKNP) (Corporate Services)

Working Experience(s)

- General Manager, Government Relations & Affairs, Perbadanan Kemajuan Negeri Perak Group (PKNP)
- Senior Director, Corporate Planning Affairs and Entrepreneurship, Perbadanan Kemajuan Negeri Perak Group (PKNP)
- Director, Corporate Planning Affairs and Entrepreneurship, Perbadanan Kemajuan Negeri Perak (PKNP)
- Corporate Planning Manager, Perbadanan Kemajuan Negeri Perak (PKNP)
- Administration and Marketing Manager, Penang Regional Development Authority (PERDA)
- Lecturer, Politeknik Sultan Ahmad Shah (POLISAS), Kuantan
- Credit Officer, Bank Pertanian Malaysia, Parit, Perak
- Finance Officer, Urban Development Authority (UDA), Bukit Bintang, Kuala Lumpur

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Conviction of offences: He has not been convicted for any offence within the past 5 years.



AHMAD AL-HADI BIN ABDUL KHALID

General Manager

Corporate Planning & Finance

Male, Malaysian aged, 53

Date of Appointment: 1 November 2013

Length of Services (as at 28 April 2017): 3 years 5 months

Academic Qualification(s)

- Primary: SRJK St George 2 Taiping, Perak
- Secondary: Malay College Kuala Kangsar
- A Levels: Holborn Law Tutors London
- ACCA: Southbank University London, London School of Accountancy, Emile Woolfe College of Accountancy

Professional Qualification(s)

- Association of Chartered Certified Accountants (UK)
- Chartered Accountant, Malaysia (MIA Member)

Present Appointment(s):

- General Manager Corporate Planning & Finance of Perbadanan Kemajuan Negeri Perak (PKNP)

Directorships in Public Companies and Listed Issuer: Nil

Working Experience(s)

- Chief Operations Officer of Dakna Travel & Tours Sdn Bhd
- Manager, Corporate Finance & Accounts of Tricubes Berhad
- Chief Financial Officer of Ode Solution Associates Sdn Bhd (OSA)
- Vice President of Codegen Technologies Sdn Bhd
- General Manager of Advance Interactive Digital Sdn Bhd (Aidigital)
- Consultant (Freelance on project basis) of Messrs. Abdul Raji & Co.
- General Manager (Operations) of OICnetworks Sdn Bhd
- Manager (Finance) of EPNCR (M) Sdn Bhd (KL)
- Accountant of Edaran Positif (M) Sdn Bhd, Shah Alam
- Vice President of Capitalcorp Securities Sdn Bhd, (KL)
- Executive (Management Accounting) of Celcom Sdn Bhd
- Accountant of Pasdec Berhad, Pahang
- Audit Assistant of Kassim Chan & Co., Kuala Lumpur

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Conviction of offences: He has not been convicted for any offence within the past 5 years.

CHAIRMAN'S STATEMENT

Dear Shareholders,

**In the name of Allah, the Most Compassionate, the Most Merciful.
Assalamualaikum Warahmatullahi Wabarakatuh.**

On behalf of the Board of Directors, I am pleased to present the 2016 Annual Report and Audited Financial Statements of the Group and the Company for the Financial Year ended 31st December 2016.

FINANCIAL REVIEW

For the financial year ended 31 December 2016, the Group had recorded a profit before tax of RM3.23 million as compared to the previous year's profit before tax of RM12.32 million. This year's profit was contributed largely by the merchandising sales to Animation Theme Park. Gross profit margin increased by 60% due to contribution from land sales of Tg. Tualang and Sg. Siput. The Group's strategy remains, i.e. to grow its business segments of property development by leveraging on the continuous development of its existing land banks, renewable energy and refurbishment of the Silveritage Complex. The focus of this year was to ensure that its invested development projects remain on schedule for delivery and to continue to source for new projects that would ensure sustainability of the Group's future profits. To this end, the Group has cash and bank balances of RM2.95 million as at 31 December 2016 as well as unutilised financing lines which would be channeled to finance the existing and new earmarked projects.

As at 31 December 2016, the Group's net asset per share stood at RM0.85

OPERATIONAL REVIEW

Property Development

The unfavourable economic climate and market condition looming over the Group's intended affordable housing program have made it difficult for the Group to launch any projects in 2016.

The project that was supposed to take off was the Affordable Homes in Tambun, Ipoh, which was targeted to be launched in the Second Quarter of 2016 but was put on hold. This Affordable Homes development consisting of 300 units Apartment was postponed due to the unfavorable market conditions that remained gloomy till the end of 2016. The unfavourable market conditions had resulted in buyers having difficulty in obtaining housing loans from financial institutions, mainly for condominiums and apartments.

Another affordable housing project which we are undertaking is the 270 units in Taman Trong Bakti, Taiping, Perak. It was supposed to be launched in 2016 but was postponed to 2017 after a delay in obtaining the relevant approvals from the authorities. The project is expected to be completed within the stipulated target date given the demand for such houses in that area.

CHAIRMAN'S STATEMENT (CONTINUED)

Silveritage Galleria Complex

The other project which is due to take off soon will be the Silveritage Galleria Complex. The Silveritage Galleria Complex is a redevelopment and refurbishment of an existing commercial building into a modern commercial complex with an expected gross development cost of RM16.9 million. The redevelopment will give rise to approximately 70,000 sq. ft. of lettable retail and F&B space, approximately 100,000 sq. ft. of parking space and 130,000 sq. ft. of common area. The main objective is to turn it into a modern lifestyle Complex providing local delicacies and handicraft focusing on both local and foreign tourists.

Renewable Energy

Majuperak Energy Resources Sdn Bhd's ("Majuperak Energy") solar power plants are capable of generating an estimated revenue of RM1.25 million per year. Majuperak Energy is a wholly owned subsidiary of the Company. Majuperak Energy has a power plant under the Feed in Tariff (FiT) with a capacity of 1.5 MWh in Keramat Pulai, Perak.

Currently, the Management is identifying suitable sites for Biomass, Hydro and Large Scale Solar Photovoltaic Plants within the Perak state so as to establish a strong foothold in the energy sector.

Human Resources

The MHB Group has always recognized their human capital as an important asset for the company. In order to ensure the Group has adequate workforce to support the Company's Business Strategic Plan, for the year 2016, the Group has been prudent and remain to do so in its recruitment exercise. The Group is also dedicated to strengthen the current workforce by continuously implementing initiatives representing its business values under its Culture Transformation Program. The ultimate goal of these initiatives is to create a high-performance culture among employees within the Group.

The impact of the culture initiatives has been measured using a tool known as Employees Commitment Index (ECI), used to measure the employees' commitment towards business values. The 3rd ECI which was carried out in March 2016, has resulted in positive results, improving to 7.86 from 7.68 in March 2015. This admirable score is a sign of highly committed and engaged efforts by the employees who were willing to go the extra mile for the company and we believe it has a correlation with our current business performances.

Furthermore, the Group also has been dedicated to continue to focus on the implementation of Competency Based Assessment for the Executive level employees after the approval of the Competency Model Core and Leadership in 2016. The fundamental for the formation of the competency model is based on the Prophet Muhamad (SAW)'s four attributes which are Siddiq, Amanah, Tabligh and Fathanah. These competencies will be used as a guideline to measure as well as identify skills and competency gaps more efficiently and effectively by providing professional and customize training programs based on the individual development plan.

DIVIDEND

The Company has, on 21 June 2016, paid an Interim dividend of 1.06 sen per ordinary share in respect of the financial year ended 31 December 2016.

The Board does not recommend the payment of a final dividend in respect of the financial year ended 31 December 2016.

CHAIRMAN'S STATEMENT (CONTINUED)

OUTLOOK

The year 2016 was indeed challenging, with various market conditions weighing down Malaysia's economy which included the depreciation of the Ringgit, the increasing costs and the sluggish overall global economy. Moving into 2017, the Group does not foresee an easy year ahead as the economy will still grow but at a slower pace. The Group will continue with its effort to look at various ways to improve its revenue stream.

The property market is forecasted to remain slow in the upcoming financial year with property sentiment affected by the current economic outlook. Uncertain market sentiments will subdue households to purchase or invest in property. The Group is foreseen to operate in a challenging business environment under these market conditions. The Group will make every effort to optimize its resources in order to curb the rise in construction costs. Nevertheless, the Group will continue with its strategy to build good relationship with established developers through joint ventures to develop its property development segment. This is to ensure continuous financial sustainability and growth.

As merchandising sales are the major contributor to the Group's revenue mainly derives from the Animation Theme Park project, the Group through its subsidiary, Nexus Jade Sdn Bhd, will maintain the achievement of this segment. Strategies will be taken to increase the productivity, growth and prospect of merchandising sales and ensure that this segment will contribute positively to the Group's future profitability.

In addition to the Group's effort to diversify its revenue base, the Group through its subsidiary, Majuperak Energy Resources Sdn Bhd has ventured into renewable energy business, with current total generation of 2.10 MWh of electricity per annum. While generating revenue for the Group, the business is also a reflective of the Group's effort towards contributing to green and clean energy.

With these strategies in place, the Group is optimistic about the long-term prospects and are confident in realizing the potential of investments made so far.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my sincere appreciation to our clients, business associates, bankers and shareholders for their wonderful support. Last but not least I would like to thank my fellow Board members, the management team and employees for their commitment, contribution and efforts to the Company.

Thank you and our warmest regards.

Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin
Bin Datuk Seri Dr. Haji Megat Khas
Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

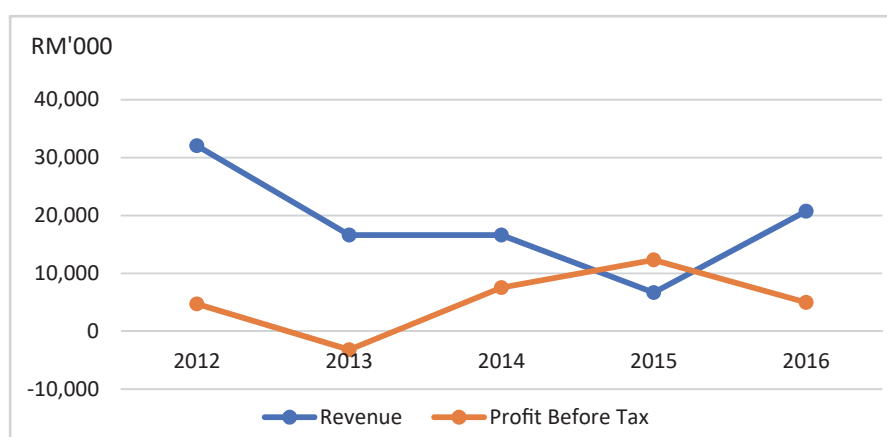
In 2016, the MHB Group continued to focus on its core businesses of property development and realty and this commitment is demonstrated in the redevelopment of Silveritage Galleria Complex which was completed on 17 March 2017. The opening is expected to be in May 2017 and this complex will be transformed into a tourist destination, showcasing Perak's heritage of craftworks and other memorabilia, fashion boutiques as well as food and beverages outlets.

In diversifying its activities and exploring other avenues, the Group has also ventured into renewable energy and merchandising business. The Group through its subsidiary, Majuperak Energy Resources Sdn Bhd ("MERSB"), operates three Solar Energy Power Plants in Keramat Pulaui, Simpang Pulaui. The three plants operate under the Feed-in-Tariff Renewable Energy Act 2011, and collectively generated total of 2.1 MW of electricity in 2016. For 2017, the Group expect to collectively generate roughly the same amount of electricity per annum as in 2016. While generating revenue for the company, this business is reflective of the Group's efforts towards contributing to green and clean energy.

In 2016, the merchandising business through Nexus Jade Sdn Bhd ("NJSB") has been one of the main sources of revenue to the Group. The resulting sales have enabled the Group to achieve satisfactory results for the financial year under review despite a subdued performance by the property development segment due to the slow pace in the property market.

The Group will continue to actively seek and create opportunities to grow and strengthen the Property and Realty market of Perak.

FINANCIAL REVIEW



For the financial year ended 31 December 2016, the Group recorded revenue of RM21.1 million, an increase of 215% compared to previous year's revenue of RM6.68 million mainly due to merchandising sales and land sales.

However, despite the higher revenue in 2016, the profit before tax for the Group decreased to RM3.23 million compared to RM12.32 million in 2015. The higher profit shown in 2015 is largely due to the sale of Ladang Sg.Piah.

Merchandising sales by NJSB was the main contributor of revenue to the Group for 2016. Below is the contribution of each activities to the Groups' total revenue.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

	%	RM
Merchandising Sales	28.9	6.2 million
Tg.Tualang Land Sale	21.3	4.5 million
Sg.Siput Land Sale	19.4	4.1 million
Project Management	9	1.8 million
Solar Activities	11.4	2.4 million
Management Services & Others	10.0	2.1 million
Total Group's Revenue	100.0	21.1 million

The Company recorded for the year 2016 basic earnings per share attributable to ordinary equity holders of the Company at 1.04 sen compared to previous year that earned 5.41 sen. The earnings per share shows the Group is still profitable and the Group has profits to distribute to its shareholders. The net assets per share as at 31 December 2016 stood at RM0.85.

OPERATIONAL REVIEW

Property Development

MHB's core business lies in the property and realty sector. The company owns and manages commercial properties in the State. This includes Silveritage Galleria Complex and Brewster Village in Ipoh.

(i) Affordable Housing

The unfavourable economic climate and market condition looming over the Group's intended affordable housing program have made it difficult for the Group to launch any projects in 2016.

One of the affordable housing project is the 270 units in Taman Trong Bakti, Taiping, Perak. It was supposed to be launched in 2016 but was postponed to 2017 after a delay in obtaining the relevant approvals from the authorities. The project is expected to be completed within the stipulated target date given the demand for such houses in that area.

(ii) Silveritage Galleria Complex

The redevelopment of Silveritage Galleria Complex was completed on 17 March 2017. This complex will be transformed into a tourist destination, showcasing Perak's heritage of craftworks and other memorabilia, fashion boutique as well as food and beverage outlets with focus on local delicacies and lifestyle. The refurbished modern commercial complex that takes up over 300,000 square feet will bring new life and commercial growth to this area and support the Group's business goals in the tourism sector.

Total lettable area of 72 lots, comprising 16 F&B lots, 44 retail lots and 12 kiosks. The percentage of tenants that has shown interest to date is estimated at 75% and from that number, total of 18 tenants have confirmed their interest to rent the lots. The complex is targeted to start operation in May 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The risk associated with this is the risk of low occupancy with regards to its lettable lots. The Group will have to maximize its marketing and promotion of the complex to attract tenants as well as visitors and tourists to the complex. The Group will take the opportunity of the Visit Perak year 2017 to promote and attract visitors to the complex and this will in turn increase the revenue of the Group in the 2017 financial year.

(iii) Brewster Village

Brewster Village Sdn Bhd ("BVSB") that is located at Jalan Sultan Idris Shah, Ipoh, Perak Darul Ridzuan, is the former office site of Majuperak Holdings Bhd and title of the property is under Majuperak Properties Sdn Bhd. It involves in the development of facilities for conducting entertainment events such as weddings, corporate banquets, birthday celebrations as well as offering Ramadan buffet complete with a banquet hall, catering services, grooming, car park, and temporary accommodation.

Total revenue of BVSB for 2016 is reported at RM300,000 mainly contributed by wedding and corporate events held at Brewster Village. The main convention hall is also equipped with fully air-conditioning facility to ensure a competitive market offering.



Renewable Energy

In diversifying its activities and exploring other avenues, MHB ventured into renewable energy. This segment has recorded revenue of RM2.4 million derive from selling solar energy to Tenaga Nasional Berhad ("TNB").

The demand for electricity is continuously high but the world is pushing for clean and renewable energy sources. Fossil fuels are non-renewable and require finite resources, which are dwindling because of high cost and environmentally damaging retrieval techniques. The need for cheap and obtainable resources is greatly needed. An efficient and more feasible alternative option is solar energy.

Its wholly-owned subsidiary, MERSB, owns and operates three Solar Energy Power Plants in Keramat Pulai, Simpang Pulai. The three plants operate under the Feed-in-Tariff Renewable Energy Act 2011, and collectively generated total of 2.1 MW of electricity in 2016. It is projecting to generate approximately the same amount of electricity in 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Merchandising Business – Nexus Jade Sdn Bhd (“NJSB”)

NJSB is the main contributor to the Group's revenue for this financial year with revenue amounting RM6.2 million as compared to its previous year's revenue of RM0.2 million from merchandising sales.

NJSB supplies all kinds of merchandises and branded premium gift items which is popular among clients, be it government agencies, corporate bodies or individuals. Product ranges from stationery, bags, 3-in-1 USB flash drive pen, umbrella, general premium items as well as hampers and gifts to suit any events as required by clients. A dedicated team will assist and provide consultancy service in terms of design as well the available printing methods to incorporate clients' corporate logo and advertisement required.

List of NJSB clientele are Perak Corporation Bhd, Maju Perak Holdings, Perbadanan Kemajuan Negeri Perak, Lumut Maritime Terminal Sdn Bhd, Casuarina Resort & Hotels, Destination Perak Sdn Bhd, Politeknik Ungku Omar, and Universiti Utara Malaysia.

In 2016, NJSB has been appointed as the sole supplier for all merchandise items to be retailed at Movie Animation Park Studios (MAPS) in accordance to Dreamworks Studios and Animation Studios IP guidelines.

FUTURE PROSPECTS

The Group shall strive to achieve good results for the financial year ending 31 December 2017 through its long-term strategies which will lead to the growth of the Group. The Group has embarked and ventured into various ways in improving its revenue stream as well as enhancing values for stakeholders. The management believes that the Group is well positioned to capitalize on economic opportunities as and when they arise.

Moving forward, more resources and efforts will be put in to explore collaborative opportunities to improve the revenue and profitability of the Group's property development segment.

Further efforts have been made to maximise value from the Group current operation through the continuous development such as diversifying the revenue stream to merchandising business which is expected to be one of the strong revenue contributor to the Group. This includes supply of merchandise items to the visitors of the MAPS.

With respect to the renewable energy business, the three Solar Energy Power Plants in Keramat Pulai has also shown potential for future expansion.

The Group is optimistic that given the prevailing economic conditions and financial outlook, the strategies implemented and future undertakings will generate revenue for the Group and ensure the growth of its core businesses.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the Board) recognizes the importance of safeguarding and promoting the interests of shareholders. The Board is committed to uphold the value of good corporate governance by continuously advocating transparency, accountability, integrity and responsibility to enhance long term shareholders' values and safeguarding the stakeholders' values.

The Board is pleased to report on the corporate governance practices of the company and the extent to which the Company has complied with the principles as set out in the Malaysian Code on Corporate Governance 2012 ("Code").

1. ESTABLISH CLEAR ROLES & RESPONSIBILITY OF THE BOARD & MANAGEMENT

Principal Roles

The Directors together as a team set values and standards of the Company and ensures that the Group's business is properly managed to safeguard the Group's assets and shareholders' interests. The Board assumes full responsibility for the oversight and overall management of the Company.

Roles and Responsibilities

The Board's principal focus is the overall strategic direction, development and control of the Group. In support of this focus, the Board maps out and reviews the Group's medium and long term strategic plans on a basis, so as to align the Group's business directions and goals with the prevailing economic and market conditions. The Board considers all aspects of the operations of the Group and particularly in the following areas:

- Reviewing the management's performance and ensures that necessary financial and human resources are available to meet the Group's objectives;
- Overseeing the conduct of the business of the Group;
- Review the capital budgets and regularly monitors their progress throughout the year, using appropriate financial indicators and industry benchmarks;
- Succession planning for senior management;
- Identifying and putting in place systems to manage any principal risk;
- Reviewing the adequacy and integrity of the management information and internal control system.

The role of the Chairman, YBhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas and the Past Managing Director, Y.Bhg Dato' Jamal Bin Mohd Aris are separated with clear distinction of responsibility between them. However, Y.Bhg Dato' Jamal Bin Mohd Aris had resigned on 3 March 2017 and Encik Rustam Apandi Bin Jamaludin was appointed on 1 April 2017 in place of him. The role of the Chairman is to ensure the smooth and effective functioning of the Board. His duties include providing leadership for the Board, ensuring the Board carries out its responsibilities in the best interest of the Company and that all the key issues are discussed in a timely manner. The Chairman is also tasked with facilitating active discussion and participation by all Directors and ensuring that sufficient time is allocated to discuss all relevant issues at the Board meetings. Whereas the Managing Director is responsible for the day-to-day running of the business and implementation of Board's policies and decisions.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

Board Meetings

The Board meets on a quarterly basis and additional meetings were convened and held when specific urgent or important matters are required to be considered and decided between the scheduled meetings. During the financial year, the Board met five (5) times where the Board deliberated and considered a variety of matters including the Group's financial results, budget and strategy, corporate proposals and strategic issues that affect the Group's business operations.

The details of attendance of Directors at Board meetings during the financial year are as follows:

Name of Directors	No. of Meetings Attended
Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Megat Khas <i>Chairman, Independent, Non-Executive Director</i>	4 of 5
Tuan Haji Mustapha Bin Mohamed <i>Independent, Non-Executive Director</i>	5 of 5
Y.M. Dato' Seri Dr. Raja Ahmad Zainuddin Bin Raja Haji Omar <i>Independent, Non-Executive Director</i>	4 of 5
Y.B. Dato' Mohd Khusairi Bin Abdul Talib <i>Independent, Non-Executive Director</i>	3 of 5
Y.Bhg. Dato' Aminuddin Bin Md Desa <i>Non Independent, Non-Executive Director</i>	4 of 5
Y.Bhg. Dato' Jamal Bin Mohd Aris <i>Group Chief Executive Officer (resigned on 3 March 2017)</i>	5 of 5
Y.Bhg. Dato' Mohd Azmi Bin Hj Othman <i>Independent, Non-Executive Director</i>	5 of 5
Y.B. Dato' Mohd Azhar Bin Jamaluddin <i>Independent, Non-Executive Director</i>	3 of 5
Rustam Apandi Bin Jamaluddin <i>Managing Director/Group Chief Executive Officer (appointed on 1 April 2017)</i>	Not Applicable
Y.Bhg. Datuk Mahdi Bin Tan Sri Morad <i>Independent, Non-Executive Director (appointed on 3 April 2017)</i>	Not Applicable

All the Directors have complied with the minimum attendance at Board Meetings as stipulated by Bursa Malaysia Securities Berhad ("Bursa Securities") during the financial year.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

Access to Information and Advice

The Board had unrestricted access to timely and accurate information, necessary in the furtherance of their duties. In carrying out their duties, the Directors have complete access to all staff for information pertaining to the Group's affair. The Directors have full access and dedicated support services of the Company Secretaries, independent professional advisers, and internal/external auditors in appropriate circumstances at the Company's expense, if required to ensure effective functioning of the Board. The Directors may also interact directly with, or request further explanation, information and updates on any aspect of the Company's operations or business concerns from the Management.

The Board and Board Committees meetings are planned in advance prior to the commencement of a new calendar year and the schedule is circulated to the Directors and Committee members well in advance to enable them to plan ahead. Board members are given at least seven (7) days' notice before any Board meeting is held. The agenda for each Board meeting and papers relating to the matters to be deliberated at the meeting are forwarded to all Directors at least three (3) days before the Board meeting. The Board papers are comprehensive covering agenda items to facilitate informed decision-making. In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation at next Board meeting.

The Board also peruses the decisions deliberated by Board Committees through minutes of these Committees. The Chairman of the Board Committees is responsible to inform the Directors at Board meeting of any salient matters noted by the Committees and which require the Board's notice or direction. All proceedings of Board meetings are minuted and signed by the Chairman of the meeting in accordance with the provisions of Companies Act, 2016.

The Directors are notified of any corporate announcements released to Bursa Securities. They are also notified of the impending restriction in dealing with the securities of the Company at least thirty (30) days prior to the targeted released date of the quarterly financial results announcement.

Qualified and Competent Company Secretaries

The Company Secretaries play an advisory role to the Board in relation to the Company's Articles of Association, Board's policy and procedures, and compliance with the relevant regulatory requirements, codes or guidelines and legislations. They are responsible for developing and maintaining the processes that enable the Board to fulfill its role. They are charged with the duty of ensuring proper filing of all requisite documents and obtaining all the necessary information from the Directors, both for the Company's own records and for meeting statutory requirements and regulatory obligations. The Company Secretaries also highlight all issues which they feel ought to be brought to the Board's attention.

The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements. The Company Secretaries attend all Board and Board Committee meetings to ensure that deliberations at Board and Board Committee meetings are well captured and minuted.

Whistle Blowing Policy

The Group in its effort to enhance corporate governance has put in place a whistle blowing policy to provide an avenue for employees and stakeholders to report genuine concern about malpractices, unethical behavior, misconduct or failure to comply with regulatory requirements without fear of reprisal. Any concern raised will be investigated and a report and update is provided to the Audit & Risk Management Committee (if any).

2. STRENGTHEN COMPOSITION

BOARD COMMITTEES

The Group has delegated certain responsibilities to the Board Committees which operate within defined terms of reference approved by Board to assist the Board in discharging its fiduciary duties and responsibilities. The Board Committees include the Audit & Risk Management Committee and Nomination & Remuneration Committee.

The Board Committees exercise transparency and full disclosure in their proceedings. Where necessary, issues deliberated by the Board Committees are presented to the Board with the appropriate recommendations. The ultimate responsibility for the final decision on all matters however, lies with the Board.

The Board Committees of MHB are as follows:

Audit & Risk Management Committee

The Audit & Risk Management Committee comprises three (3) Independent Non-Executive Directors and is in compliance with the Bursa Securities Main Market Listing Requirements ("Listing Requirements"). The members of the Audit & Risk Management Committee are as follows:

- (i) Tuan Haji Mustapha Bin Mohamed
Independent, Non-Executive Director – Chairman
- (ii) Y.B. Dato' Mohd Azmi Bin Hj Othman
Independent, Non-Executive Director
- (iii) Y.B. Dato' Mohd Azhar Bin Jamaluddin
Independent, Non-Executive Director

A full report of the Audit & Risk Management Committee with a summary of the works performed during the financial year are set out in this Annual Report under the Audit & Risk Management Committee Report.

The Audit & Risk Management Committee's principal role is to ensure that the Group's assets are utilized efficiently. As part of the Audit & Risk Management Committee's responsibilities, they would review the Company's financial statements, related party transactions and the system of internal controls. They may also consider whether procedures on internal audit are effective in monitoring adherence to the Company's standards and values. During the financial year, the Audit & Risk Management Committee had two (2) meetings with the external auditors without the presence of the management and Managing Director.

Nomination & Remuneration Committee (NRC)

- (i) Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr. Megat Khas
Senior Independent, Non-Executive Director
- (ii) Y.B. Dato' Mohd Khusairi Bin Abdul Talib
Independent, Non-Executive Director
- (iii) Y.Bhg. Dato' Aminuddin Bin Md Desa
Non-Independent, Non-Executive Director

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

The role of the NRC, set out in its terms of reference, includes among others, the following:

(a) Appointment and Evaluation

- (i) To consider and recommend new candidates for directorship to the Board and to Board Committees based on the following broad criteria:
 - skills, knowledge, expertise and experience;
 - professionalism;
 - integrity; and
 - for independent non-executive directors, the ability to discharge their duties.
- (ii) Reviewing annually the required mix of skills, experience and other qualities, including core competencies, which Directors should bring to the Board.
- (iii) Assessing annually the effectiveness of the Board as a whole, including its size and composition, the committees of the contribution of each individual Director.
- (iv) Reviewing the training needs of Directors.
- (v) Establishing a nomination process of the board members to facilitate and identify, evaluate, select and recommend to the Board the candidates to be appointed as Directors of the Company;
- (vi) Reviewing the terms of office and performance of the Audit & Risk Management Committee and each of its members annually to determine whether the Audit & Risk Management Committee and its members have carried out their duties in accordance with the terms of reference.
- (vii) Ensuring there is a proper succession planning for the Group Chief Executive Officer and key Management.

(b) Remuneration

- (i) To recommend to the Board the remuneration package for all the Directors. Individual Directors will abstain from participating in the discussion and decision of their own remuneration.
- (ii) To recommend to the Board on the framework or broad policy for the remuneration of the Company's or Group's Chief Executive Officer and other senior management as the Committee is designated to consider.

The NRC meets at least once in a financial year and wherever required. The NRC met twice during the financial year and undertook the following activities:

- (i) Reviewed the mix of skills, independence, experience and other qualities of the Board.
- (ii) Reviewed the performance of the Directors who are due for re-election/re-appointment at the next Annual General Meeting of the Company.
- (iii) Assessed the independence of the Independent Directors.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

- (iv) Reviewed the annual assessment of the effectiveness, composition and balance of the Board as well as the effectiveness of the Committees and contribution of each individual directors using the following criteria:

Audit & Risk Management Committee

- Quality and Composition;
- Skills and Competencies; and
- Meeting Administration and Conduct Board of Directors
- Board Structure;
- Board Operations; and
- Board Roles and Responsibilities.

- (v) Reviewed the remuneration package for the Group Chief Executive Officer

The Director who is subject to re-election and/or re-appointment at the next Annual General Meeting is assessed by the NRC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the NRC is based on the yearly assessment conduct.

The NRC, having conducted an annual assessment of the Board and its individual members, the Audit & Risk Management Committee and its members, and the NRC was satisfied with the current board size and the effectiveness of the Board/Board Committees and thus, no recommendation on the change of composition of the Board is made and also of the opinion that the NRC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions as listed in the Terms of Reference of the NRC. The assessment and evaluation was properly documented.

The Board concurred with the NRC and is satisfied that the NRC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions as listed in the Terms of Reference of the NRC. As such, there is no need to separate the nomination and remuneration functions into distinct nomination and remuneration committees.

Directors' Remuneration

All Non-Executive Directors are paid Directors' fees as approved by the shareholders at the Annual General Meeting based on the recommendation of the Board. The determination of the level of fees of the Non-Executive Directors is a matter decided by the Board as a whole to ensure that it is sufficient to attract and retain the services of the Non-Executive Directors which are vital to the Company. Meetings attendance allowances are paid to Non-Executive Directors in accordance with the number of meetings attended during the financial year.

For the Managing Director, the remuneration package link rewards to individual as well as corporate performance and achievement of key performance indicators, taking into consideration the market and industry practice.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

Details of the Directors' remuneration (including benefit-in-kind) of the Company and Group for the financial year ended 31 December 2016 are as follows:

(a) Aggregate remuneration of Directors categorized into the appropriate components:

Executive Directors' Remuneration:	Group (RM)	Company (RM)
Salaries	652,160	652,160
Other Emoluments	45,000	45,000
Defined Contribution Plan – EPF	104,348	104,348
Benefit-in-kind	–	–
Total	801,508	801,508

Non-Executive Directors	Group (RM)	Company (RM)
Fees	330,000	330,000
Other Emoluments	25,000	25,000
Total	355,000	355,000

b) Analysis of Remuneration:

	Number of Directors	
Range of Remuneration	Executive	Non-Executive
Company		
RM50,000 & Below	–	6
RM50,001 & RM100,000	–	1
RM800,001 & RM850,000	1	–
Group		
RM50,000 & Below	–	6
RM50,001 & RM100,000	–	1
RM800,001 & RM850,000	1	–

The disclosure of Directors' remuneration is made in accordance with the Listing Requirements. The Board is of the opinion that the disclosure of Directors' remuneration through 'band disclosure' is sufficient to meet the objectives of the Code. Separate and detailed disclosure of individual Directors remuneration would not add significantly to the understanding of shareholders and other interested persons in this aspect.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

3. REINFORCE INDEPENDENCE

The Group is helmed by an effective and experienced Board comprising individuals of caliber and credibility from diverse professional backgrounds with a wealth of experience, skills and expertise which are crucial for the Board to function effectively.

The Board currently comprises Nine (9) members, one (1) Managing Director, one (1) Non-Independent Non-Executive Director and a strong presence of Seven (7) Independent Non-Executive Directors. The presence of a majority of Independent Non-Executive Directors provides an effective check and balance in the functioning of the Board which is in compliance with paragraph 15.02 of Bursa Securities Listing Requirements. The Independent Directors which make up more than half the Board play a crucial role in the exercise of independent assessment and objective participation in Board deliberations and decision-making process.

The role of the independent directors is particularly important as they provide independent and unbiased views, advice and judgement. Hence, they do not participate in the day-to-day management of the Company and do not engage in any business dealing and are not involved in any other relationships with the Company which could materially interfere with the exercise of their independent judgements.

The Board has also identified the Chairman as the Senior Independent Director. Any concern relating to the Group may be conveyed by the stakeholders to the Senior Independent Director. The Board through the NRC ensures that it recruits to the Board individuals of sufficient caliber, knowledge, integrity, professionalism and experience.

In line with recommendation 3.1 of the MCCG 2012, the Board had conducted an assessment of independence of the Non-Executive Directors, and also other criteria, ie character, integrity, competence, experience and time in effectively discharging their respective roles as Directors of the Company. The Board has received and reviewed the duly signed declaration forms from the Independent Directors to confirm their independence based on the criteria in line with the definition of "Independent Directors" prescribed by the Listing Requirements.

The individual Directors were assessed based on performance set in the areas of Board dynamics and participation, competency and capability, independence and objectivity, probity and personal integrity and guidance. Each of the NEDs has also provided their annual declaration/confirmation of independence.

Appointment to the Board and Re-election of Directors

In accordance with the Company's Articles of Association, all directors who were appointed by the Board are subject to re-election at the first opportunity after their appointment and at least one third of the remaining directors are subject to re-election by rotation at each Annual General Meeting ("AGM"). The Articles of Association also provide that all directors shall retire at least once in every three (3) years.

The proposed appointment of new Board members as well as the proposed re-election/re-appointment of existing Directors who are seeking re-election/re-appointment at the Annual General Meeting are first considered and evaluated by the NRC.

For the purpose of determining the eligibility of the Directors to stand for re-election at the AGM, the NRC had also conducted an annual review of the performance of the Board to ensure that it is continuously effective.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

The performance and contribution of each of the Directors based on their self and peer assessment results of the Board Effective Evaluation;

- The assessment of the individual Director's level of contribution to the Board through each of their skills, experience and strength in qualities and
- The level of independence demonstrated by each of the Non-Executive Directors (NED) and his ability to act in the best interest of the Company in decision making, to ensure that the Non-Executive Directors were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interest of the Company.
- Upon its evaluation, the NRC will make recommendations on the proposal(s) to the Board for approval, taking into account the Director's attendance at meetings, participation, contribution and time commitment. The Board makes the final decision on the proposed appointment or re-election/re-appointment to be presented to shareholders for approval as follows:
- Y.B. Dato' Mohd Khusairi Bin Abdul Talib and Dato' Mohd Azmi Bin Hj Othman will be retiring by rotation in accordance with Article 84 of the Company's Articles of Association and being eligible had offered themselves for re-election as Directors of the Company at the forthcoming AGM to be held on 26 May 2017. At the recommendation of the NRC and as approved by the Board, they will be seeking for re-election as Directors at the 2017 AGM.
- Rustam Apandi Bin Jamaludin and Y.Bhg. Datuk Mahdi bin Tan Sri Morad who were appointed during the year will be retiring in accordance with Article 91 of the Company's Articles of Association and being eligible, had offered themselves for re-election as Directors of the Company at the forthcoming AGM to be held on 26 May 2017.
- Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas and Tuan Haji Mustapha Bin Mohamed are above 70 years of age and pursuant to the resolution passed at the 2016 AGM held on 26 May 2016, they would be retiring at the forthcoming AGM. Section 129 of the Companies Act 1965, requires a director who reach 70 years of age to retire annually but there is no age limit under the new Companies Act, 2016. Hence, directors who have reached 70 years of age no longer needs to retire annually but will be subject to retirement by rotation pursuant to the Company's Articles of Association. The Board therefore will recommend the re- appointment of Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas and Tuan Haji Mustapha Bin Mohamed at the forthcoming AGM to hold office until his retirement in accordance with the Company's Articles of Association.

Tenure of Independent Directors

The Board does not have term limits for independent Directors. However, in line with the recommendation of the Code, the Company follows the guidelines which provide a limit of a cumulative term of nine (9) years on the tenure of the independent directors unless extended by shareholders. The NRC and the Board have determined that Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Megat Khas, who have served the Board as Senior Independent Non-Executive Director, exceeding a cumulative term of nine (9) years, has remain unbiased, objective and independent in expressing his opinions and in participating in the decision-making of the Board.

Therefore, the Company will be seeking shareholders' approval to retain Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Megat Khas as an Independent Non-Executive Director based on the following justifications:

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

- (i) he has fulfilled the criteria of an independent director pursuant to the Listing Requirements;
- (ii) he has in-depth knowledge of and familiar with the Group's business operations;
- (iii) he has devoted sufficient time and attention to his responsibilities as an independent director of the Company; and
- (iv) he acts in the best interest of all shareholders and will provide the check and balance to the Board.

4. FOSTER COMMITMENT

Each Director does not hold more than five directorships in public listed companies to ensure that they have sufficient time to focus and discharge their duties and responsibilities. The Board is satisfied with the time and level of commitment given by the Non-Executive Directors towards fulfilling their roles and responsibilities as Directors of the Company during the financial year ended 31 December 2016.

Directors' Training

The Board acknowledges the importance of continuous education and training broaden one's perspective and to keep abreast with the current and future developments in the industry and global markets, regulatory updates as well as management strategies to enhance the Board's skills and knowledge in discharging their duties. An orientation program is initiated for newly appointed Directors who have attended the Mandatory Accreditation Programs prescribed by Bursa Securities. The Directors also continued to attend and participate in various training programmes, briefings, conferences and seminars, which they have individually considered as relevant and useful to further enhance their business acumen and professionalism in discharging their stewardship responsibilities.

The following were the details of trainings attended by the Directors during the financial year ended 31 December 2016:

- (i) Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Megat Khas
 - February 17, 2016: "Leaders Room Talk" organized by Iclif;
 - March 8, 2016: Independent Directors Programme – "The Essence of Independence" organized by Bursa Malaysia;
 - March 22-25, 2016: "Offshore Technology Conference Asia" organized by ICEP;
 - August 3, 2016: PETRONAS Board Excellence: "Best Practices for Board Excellence" Programme organized by Petronas;
 - September 26 -27, 2016: "Khazanah Megatrend Forum 2016" organized by Khazanah Malaysia;
 - September 28, 2016: MICG's Seminar On "Chairman Roles".
- (ii) Tuan Haji Mustapha Bin Mohamed
MIA National Accountant Conference.
- (iii) Y.Bhg. Dato' Aminuddin Bin Md Desa
High Impact Governance Seminar On Corporate Compliance – "Focusing On Directors' Duties, Liabilities And Expectations" by Bursatra Sdn Bhd on 25 May 2016.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

- (iv) Y.Bhg. Dato' Jamal Bin Mohd Aris (resigned on 3 March 2017)
14th ASEAN Ports and Shipping 2016 on 14 – 15 July 2016.
- (v) Y.Bhg. Dato' Mohd Azmi Bin Hj Othman
Bursa Malaysia's Listing Requirement Updates 2016 & The Proposed Malaysian Code on Corporate Governance 2016 on 6 October 2016
- (vi) Y.B. Dato' Mohd Azhar Bin Jamaluddin
Mandatory Accreditation Programs (MAP) on 2 – 3 March 2016.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board endeavors to present a balanced and comprehensive assessment of the Group's performance through the annual audited financial statements and quarterly announcement of financial results to shareholders. The Board is assisted by the Audit & Risk Management Committee ("ARMC") who reviewed the Company's audited financial statements in the presence of external auditors, prior to recommending them for approval by the Board and issuance to shareholders. The ARMC met on a quarterly basis and carried out their duties in accordance with the Terms of Reference.

The Chief Financial Officer formally presented to the ARMC and the Board details of the revenue and expenditures for review of quarter-to-quarter and year-to-date financial performance against the budget. The Group's financial results are also presented to shareholders on a quarterly basis through the link to Bursa Securities known as BURSA Link.

Assessment of Suitability and Independence of External Auditors (EA)

The ARMC had on 3 April 2017 deliberated the outcome of the annual assessment of the EA, which included an assessment of the engagement teams' qualifications, credentials and experience, particularly in the financial services sector, their audit work approach, and their ability to provide value added advice and services, as well as to perform the work within MHB Group's timeline. The ARMC then decided to recommend for the Board's approval the re-appointment of Messrs. AljeffriDean ("AljeffriDean") as external auditors of the Company for the financial year ending 31 December 2017. At the same time, the ARMC further undertook an annual assessment of the quality of audit, which encompassed the performance of the EA, AljeffriDean, and the quality of their communications with the AC and MHB Group, based on the feedback obtained via assessment questionnaires from MHB personnel who had regular contact with the external audit team, AljeffriDean throughout the year. The ARMC also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussion at private meetings, which demonstrated their independence, objectivity and professionalism. AljeffriDean had also confirmed their independence throughout the conduct of their audit engagement with MHB Group in accordance with the independence criteria set.

The ARMC was satisfied with the suitability of AljeffriDean based on their quality of service and sufficiency of resources provided to the Group, in terms of the firm and the professional staff assigned to the audit. The ARMC was also satisfied in its review that the provision of non-audit services by AljeffriDean to the Company for the financial year ended 31 December 2016 did not in any way impair their objectivity and independence as external auditors of MHB and Group. Having regard to the outcome of the evaluations

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

and the annual assessment of external auditors which supported the ARMC's recommendation on the suitability and independence of the external auditors, the Board approved the ARMC's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the appointment of AljeffriDean as external auditors of the Company for the financial year ending 31 December 2017.

A statement by the Directors on their responsibilities in preparing the financial statements is set out on page [56] of this Annual Report.

6. RECOGNISE AND MANAGE RISKS

Internal Control

The Board acknowledges its overall responsibility in maintaining an internal control system that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations, as well as internal procedures and guidelines. However, the Group's system of internal control is designed to manage and not eliminate the risk of failure to achieve the Group's objectives, hence the internal control system can only provide reasonable and not absolute assurance against the risk of material errors, fraud or loss.

The Statement on Risk Management and Internal Control, which provides an overview of the state of internal control within the Group, is set out on pages [43] to [45] of this Annual Report.

Audit & Risk Management Committee

The Audit & Risk Management Committee conducts a review of the Internal Audit Function in terms of its authority, resources and scope as defined in the Internal Audit Charter adopted by the Group. The minutes of the Audit & Risk Management Committee meetings are tabled to the Board for perusal and for action where appropriate.

Relationship with Auditors

The Company, through its Audit & Risk Management Committee, has established a transparent and appropriate relationship with the Company's auditors, both internal and external. It is the policy of the Audit & Risk Management Committee to meet the external auditors to discuss their audit plan, audit findings and the financial statements.

The roles of both the internal and external auditors are further described in the Audit & Risk Management Committee Report.

7. RELATIONSHIP AND COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

Communication with Shareholders

The Board is committed to provide shareholders and investors accurate, useful and timely information about the Company, its business and its activities. The Company has regularly communicated with shareholders and investors in conformity with the disclosure requirements.

The Company's AGM remains the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's business and corporate development.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

The Group ensures that timely disclosures are made to the public with regard to the Group's corporate proposals, financial results and other required announcement.

Corporate and financial information of the Group as well as the Company's announcements to Bursa Securities are also made available to the public through the Company's website at www.majuperak.com.my

8. CORPORATE SOCIAL RESPONSIBILITY

Over the year, the Group continued with its Corporate Social Responsibility (CSR) initiatives to serve people in the community as well as at the workplace and marketplace. This significant role not only to ensure all its business activities in compliance with regulatory requirements, ethical standards, and best practices but contributing to sustainable development by working to improve quality of life of its employees, their families, the local communities as well as all other members of the public sphere who may also be considered as stakeholders.

A couple of initiatives for employees' wellbeing has been introduced and maintained. One of them is the Long Service Awards aims to recognize and demonstrate the appreciation to loyal and committed of long serving employees. The Group believe, such gratitude also needs to be further expanded to their children who are excel in their studies, hence, the presentation of Academic Excellence Award has become a highly-anticipated event for them.

The Group uphold the importance of having good working relationships among its staff. So, it makes sense that the better our relationships are at work, the happier and more productive we're going to be. Ramadan Iftar held by the Group not only provides an opportunity for employees, their family members and colleagues to break the daily fast at the hotel together but fostering relationship among them. Ramadan is a month with full of blessing, thus, upon this spirit the Group expand this Ramadan Iftar to those unfortunate and deserving member of the society, for instance, orphanage and blind people.

In addition, Eid al-Fitr Celebration held every year is not just a meal festival but more on social gathering to strengthen the relationship among stakeholders, for instance, employees, management, government officials, vendor, contractors, and off course unfortunate people i.e. children from orphan centres whom before that being given a new festive season clothes.

What is more commendable, the activity of corporate social responsibility is not merely initiated by the Group but also involved its Staff Club. Through their Welfare Bureau, they annually hold a Blood Donation Campaign which to support Hospital Raja Permaisuri Bainun Ipoh to increase their blood bank. There is consistent enthusiasm from the Group's employees and surrounding communities towards blood donation campaigns, consequently, each year the number of blood donors has increased tremendously.

An initiative that gives a substantial impact on the surrounding society recently is the opening of a recreation park known as Bulatan Amanjaya. This public recreational park which was built and managed by the Group is not only has beautiful green landscape, jogging lane, boulevard, work out facilities but also has its main attractions, a colorful rhythm fountain. Despite newly opened to the public, it has attracted especially for those families hold recreational activities in the evenings and weekends.

We consider ourselves to be on a mission to make a difference in the communities that we live and work.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main LR of Bursa Malaysia, the Board of Directors of MHB is committed to maintain a sound risk management framework and internal control system in the Group and is pleased to present herewith the Statement on Risk Management and Internal Control which outlines the nature and state of risk management and internal control of the Group during the year.

This statement is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), Statement on Risk Management & Internal Control – Guidance for Directors of Listed Issuers provided by Bursa Securities and the Malaysian Code on Corporate Governance 2012.

BOARD'S RESPONSIBILITY

The Board of Directors acknowledges its overall responsibility in maintaining a sound system of internal controls and risk management which includes not only financial controls but also operational and compliance controls as well as effective risk management.

The Board affirms that there is an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group's business objectives, which has been in place during the year and up to the date of approval of the annual report and financial statements.

The system of internal control is design to manage and provide reasonable rather than absolute assurance of effectiveness against the material misstatement of management and financial information, financial losses, fraud and breaches of laws and regulations.

AUDIT & RISK MANAGEMENT FRAMEWORK

The Board fully supports the contents of the Risk Management and Internal Control Guidance and with the assistance of the internal auditor; a structured risk management framework for the Group has been put in place. The risk framework for adoption by the Group involves the following:

- **Group Audit & Risk Management Committee**

Responsible to identify continuously and communicate and report to the Board, the critical risks the Group faces, their changes and the management action plans to manage the risks.

The Audit & Risk Management Committee are as follows: -

- (i) Tuan Haji Mustapha Bin Mohamed
(Chairman, Independent Non-Executive)
- (ii) Y.Bhg. Dato' Mohd Azmi Bin Hj Othman
(Independent Non-Executive)
- (iii) Y.B. Dato' Mohd Azhar Bin Jamaluddin
(Independent Non-Executive)

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

- **Key Management Staff**

Nomination of key management staff in each operating unit to prepare action plans, with implementation time-scales to address any risk and control issues.

- **Risk Management Reporting**

Reporting by the head of operating units/management staff to the Group risk. All the General Managers reporting to the Group Audit & Risk Management Committee.

The Internal Auditors provide support to the Audit & Risk Management Committee in discharging its duties with respect to the adequacy and integrity of the system of internal controls within the Group.

The Internal Auditors carried out audits based on an internal audit plan approved by the Audit & Risk Management Committee. Their reports are table to the Audit & Risk Management Committee meeting, where the Audit & Risk Management Committee members reviewed the findings with management. The internal auditors ensured that recommendations to improve controls were implemented by management.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from key risk management and internal audit, the Group has in place the following key elements of internal control:

- **Board Meetings**

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Managing Director leads the presentation of board papers and provides explanations on pertinent issues. In arriving at any decisions, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group's activities and operations on a timely and regular basis.

- **Organizational Structure**

The Group has in place an appropriate organizational structure with clearly defined lines of responsibility and delegated authority established for directors and management within the group in respect of quick response to the changes in the evolving business environment, effective supervision of day-to-day operations and accountability for operations performance. Capital and non-capital expenditures and acquisition and disposal of investment interest are subject to appropriate approval processes.

- **Management Financial Report**

Quarterly financial and performance reports are submitted to the Board and reviewed, which include explanation and management action taken for improvement of results.

Regular visits to the subsidiaries by the members of the management to monitor and assess the Group's performance and control.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement in accordance with the Recommendation 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 Malaysia Institute of Accountants on the Review of Directors’ Statement on Risk Management and Internal Control pursuant to paragraph 15.23 of the MMLR of Bursa Securities and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the integrity of the system of risk management and internal control of the Group.

CONCLUSION

The Board has reviewed the adequacy and effectiveness of the Group’s risk management and internal control system for the year under review and a number of minor structural deficiencies were identified during the period, all of which have been addressed. However, none of the deficiencies have results in any material losses, contingencies or uncertainties that required disclosure in the Company’s annual report.

This Statement on Risk Management and Internal Control was reviewed and approved by the Board of Directors on 3 April 2017.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“the Board”) of Majuperak Holdings Berhad (“MHB” or “the Company”) is pleased to present the report on the Audit and Risk Management Committee (“ARMC”) for the financial year ended 31 December 2016 in compliance with Paragraph 15.15 of the Main LR of Bursa Malaysia.

The ARMC was established on 21 May 2007 to serve as a committee of the Board of MHB. In performing their duties and discharging their responsibilities, the ARMC is guided by its terms of reference. The ARMC’s Terms of Reference is available at the Company’s website at www.majuperak.com.my.

1. COMPOSITION AND ATTENDANCE

The ARMC comprises three (3) members and all of whom are Independent and Non-Executive Directors. This meets the requirements of Para 15.09(1)(a) and (b) of the Main Market Listing Requirement (MMLR).

The Chairman, Tuan Haji Mustapha bin Mohamed is a fellow member of the Association of Chartered Certified Accountants (ACCA) and a member of the Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants. Accordingly, MHB complies with requirements of Paragraphs 15.09(1)(c)(i) of the MMLR of Bursa Malaysia.

The NRC reviews the terms of office of the ARMC members and assesses the performance of the ARMC and its members through an annual effectiveness evaluation. The NRC is satisfied that the ARMC and its members discharged their functions, duties and responsibilities in accordance with the ARMC’s Terms of Reference, supporting the Board in ensuring the Group upholds appropriate Corporate Governance standards. The TOR of the ARMC was also reviewed and amended during the year to reflect the changes in line with the recent amendments to the MMLR.

During the financial year ended 31 December 2016, five (5) ARMC meetings were held and the details of the attendance were as follows:

Members	No. of Meetings Attended
Tuan Haji Mustapha Bin Mohamed <i>Chairman, Independent, Non-Executive Director</i>	5 out of 5
Y.Bhg. Dato’ Mohd Azmi Bin Hj Othman <i>Independent, Non-Executive Director</i>	5 out of 5
Y.B. Dato’ Mohd Azhar Bin Jamaluddin <i>Independent, Non-Executive Director</i>	2 out of 5

The Company Secretary attended all the Meetings of the ARMC held during the financial year. Minutes of each ARMC Meeting were recorded and tabled for confirmation at the next ARMC meeting and subsequently presented to the Board for notation. The CEO and CFO and other members of the Board and employees also attended the Meetings upon invitation of the ARMC. The CFO will brief the ARMC on specific issues arising from the audit reports or any matters of interest. In 2016, the ARMC Chairman presented to the Board the Committee’s recommendation to approve the annual and quarterly financial statements and any significant concern as and when raised by the External Auditors or Internal Auditors.

2. SUMMARY OF ACTIVITIES

The key activities carry out by the ARMC in line with its terms of reference during the financial year ended 31 December 2016 comprised the following:

(a) Financial Reporting

- (i) Reviewed the Group's quarterly financial statements before recommending them to the Board for approval.
- (ii) Reviewed the audited financial statements of MHB and Group with the External Auditors to ensure compliance with the provisions of the Companies Act 2016 and the applicable accounting standards prior to submission to the Board for approval.

(b) External Audit

- (i) Reviewed the scope of work and the Audit Planning Memorandum of the External Auditors and their proposed fees for the statutory audit in respect of the audit for financial year ended 31 December 2016 prior recommending to the Board for adoption.
- (ii) Reviewed with the External Auditors the results of the audit and management's responses to their audit findings, including corrective actions taken by the management on outstanding audit issues highlighted in the previous audit.
- (iii) Met with the External Auditors without the presence of management including the MD and CEO. The external Auditors do not have any areas of concern to highlight to the ARMC and they have received full co-operation from the management.
- (iv) Reviewed and evaluated the performance of the External Auditors and their independence, objectivity and professionalism and assessment questionnaires were used as a tool for the assessment and made recommendations to the Board on their re-appointment.

(c) Internal Audit

- (i) Reviewed and approved the internal audit plan, including the scopes and audit approach.
- (ii) Reviewed and deliberated on the internal audit reports from the Internal Audit Unit and management's response to the recommendations and presented the reports to the Board of Directors.
- (iii) Carried out an annual review of performance of the Internal Audit Unit including assessment of their suitability and independence in performing their obligations by completing a formal evaluation form.

(d) Related Party Transactions

Reviewed the related party transactions to ensure they are transacted within the limits prescribed under the MMLR.

(e) Annual Report

- (i) Reviewed the Statement on Risk Management and Internal Control and recommended to the Board for approval and inclusion in the Annual Report;
- (ii) Presented the ARMC Report to the Board for approval and inclusion in the Annual Report.

3. GROUP INTERNAL AUDIT FUNCTION

The Company has an in-house Internal Audit Unit which provides support to the ARMC in discharging its duties and responsibilities. The functions and responsibilities of the Group's Internal Audit Function ("IAF") are to adopt a risk-based approach, and prepares its audit strategy and plan based on risk profiles of the business units of the Group. The IAF would conduct activities in accordance with its annual internal audit plan and also undertakes special reviews and investigations at the request of the senior management.

The activities of the Internal Audit Department that were carried out are as follows: -

- (i) Providing reasonable assurance in relation to the adequacy, efficiency and effectiveness of the internal control systems;
- (ii) Independent assessment and systematic review of the operational efficiency of the Group;
- (iii) Identifying and evaluating potential risk areas;
- (iv) Assessing the reliability of systems and the reported information; and
- (v) Ensuring compliance with the Group's policies/guidelines and with legislation.

During the year, the IAF had performed its roles with impartiality, proficiency and due professional care. The scope of the audit encompassed the corporate governance structure and the control environment focusing on revenue and accounts receivable.

The Management is responsible for ensuring that corrective actions are taken to overcome the reported deficiencies within an appropriate time frame. Audit reports incorporating the audit findings and recommendations for corrective actions on systems and control deficiencies are presented to the management concerned, and thereafter to the ARMC for appraisal and review.

There was no cost incurred for the Internal Audit Function of the Group for the financial year ended 31 December 2016.

ADDITIONAL COMPLIANCE INFORMATION

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad for the year ended 31 December 2016

1. Details of the Recurrent Related Party Transactions

The details of the Recurrent Related Party Transactions are set out in the following table:

Transacting company within the MHB Group	Related Transacting Party	Nature of transactions	Related Parties	Nature of Relationship	Proposed Renewal Shareholders' Mandate
					Estimated aggregate value to be incurred from the 14 th AGM to the next AGM date (RM)
MHB	PKNP	Pension contribution for PKNP's staff seconded to MHB	@	*	108,332
MHB	PKNP	Rental of office space by MHB ¹	@	*	566,712
Nexus Jade Sdn. Bhd. ("NJSB")	ATP#	Procure and Purchase of merchandise by NJSB to ATP	@	***	30,000,000

Notes:

@ PKNP and the directors of MHB who are interested in the Proposed Mandate are YBhg. Dato' Aminuddin Bin Md Desa and Rustam Apandi Bin Jamaludin. They are deemed interested in the Proposed Mandate by virtue of them being the nominee Directors of PKNP, the major shareholder.

* Perbadanan Kemajuan Negeri Perak ("PKNP") is a major shareholder of MHB with 55.12% equity interest in MHB Share as at 31 March 2017. PKNP was formed on 7 October 1967 as a state incorporated body under the Perak State Development Corporation Enactment No.3 of 1967 in Perak Darul Ridzuan. Its principal activities include investment holding, property and infrastructure development, tourism, entrepreneur development, manufacturing, industrial development and industrial promotional activities in Perak Darul Ridzuan.

*** PKNP is also a major shareholder of Perak Corporation Berhad ("PCB") with 52.9% equity interest in PCB which indirectly holding 51% of Animation Theme Park Sdn. Bhd. ("ATP") equity interest through its wholly owned subsidiary, PCB Development Sdn. Bhd. ("PCBD").

¹ MHB rents office space from PKNP situated on No 1-A, Blok A, Menara PKNP, Jalan Meru Casuarina, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan for a total monthly rental of RM47,226 including general maintenance services. There is no formal rental agreement and the rental is payable yearly subject to biennial review.

New Recurrent Transaction which will be covered in the Proposed New Shareholders' Mandate.

ADDITIONAL COMPLIANCE INFORMATION (CONTINUED)

2. Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year.

3. Auditors' Remuneration

The auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2016 is as follows:

	Group RM	Company RM
Audit Fees	115,700	24,700
Non-Audit Fees	-	-
	<u>115,700</u>	<u>24,700</u>

4. Material Contracts and Contract Relating to Loans awarded to Directors, Chief Executive and Substantial Shareholders

There were no material contracts and contracts relating to loans entered into by the Company and its subsidiaries which involve the Directors, Chief Executive who is not a Director and substantial shareholders entered into since the previous financial year.

LIST OF PROPERTIES AS AT 31 DECEMBER 2016

(ABOVE RM1 MILLION)

No.	Name of Owner	Title/Location	Tenure/Age of Building	Land Use	Land Area/ Built up Area	Net Book value as at 31.12.2016 (RM)	Acquisition Date
A. INVESTMENT PROPERTIES							
1	Syarikat Majuperak Berhad	Lot 008051N (PN 31150) Wisma Maju UMNO, Unit Nos 2, 3, 4 and 5 at Level 1, Unit No. 2 at Level 2 and Level 5 to Level 10, Jalan Sultan Idris Shah, 30000 Ipoh	Leasehold of 99 years expiring in year 2086/ 25yrs	10-Storey Office Building	24,089 sq.ft / 72,602 sq.ft	5,259,328	1987
2	Syarikat Majuperak Berhad	Lot 9225N (PN 213729) PT 125562, Kompleks Majuperak (Brewster Village), Jalan Sultan Idris Shah, 30000 Ipoh	Leasehold of 99 years expiring in year 2095/ 75 yrs	Commercial/ Office Building/ Parking	71,586 sq.ft / 8,085 sq.ft	3,589,215	1996
3	Syarikat Majuperak Berhad	Lot 28801 (GRN 59907) Medan Letak Kenderaan, Jalan Sultan Idris Shah, 30000 Ipoh	Freehold (Residential)	Commercial/ Parking	16,226sq.ft	1,228,482	2002
B. DEVELOPMENT PROPERTIES							
1	Jua Juara Sdn Bhd (a subsidiary of Majuperak Development Berhad)	PT 18643 - 54.93 acre PT 18644 - 88.18 acre Mukim of Ulu Bernam, District of Batang Padang, Perak	#99 years	Residential/ Commercial	143.11 acres	1,395,838	2002
2	Jua Juara Sdn Bhd (a subsidiary of Majuperak Development Berhad)	Mukim of Ulu Bernam, District of Batang Padang, Perak, located off the 2½ M.S. Jalan Slim Lama and lies adjoining the Bernam Industrial Park, Proton City, Tanjung Malim, Perak	#99 years	a) Residential/ Commercial/ b) Industry c) Agriculture	203.44 acres	2,353,146	2002
3	Tenaga Danawa Sdn Bhd (a subsidiary of Majuperak Development Berhad)	PT 1779 [HS(D) 25344] - PT 1783 [HS(D) 25348] Mukim Trong, District of Larut Matang, Perak	Leasehold of 99 years expiring in year 2017	Residential/ Commercial	123.39 acres	2,666,666	2001
4	Tenaga Danawa Sdn Bhd (a subsidiary of Majuperak Development Berhad)	PT 1312-1319, PT 1321-1552, PT 1680-1716, HS(D) LM14102-(4109), HS(D) LM1411-14342, HS(D) LM 14470-14506, Taman Trong Bakti, Trong, District of Larut Matang, Perak. (Trong Phase 2: 277 lots)	Leasehold of 99 years expiring in year 2099	Commercial/ Residential	7.73 acres	2,700,908	2000

LIST OF PROPERTIES AS AT 31 DECEMBER 2016 (CONTINUED)

No.	Name of Owner	Title/Location	Tenure/Age of Building	Land Use	Land Area/ Built up Area	Net Book value as at 31.12.2016 (RM)	Acquisition Date
5	Tenaga Danawa Sdn Bhd (a subsidiary of Majuperak Development Berhad)	Tapah Road, District of Batang Padang, Perak (UCM)	#99 years	Residential/ Commercial	52.79 acres	19,726.41	2006
			* 99 years	Residential/ Commercial	122 acres		2006
		A portion of the above land, title issued PT 67488 [HS(D) 17221]	Leasehold of 99 years expiring in 2110	Residential/ Commercial	100 acres		2006
6	Syarikat Majuperak Berhad	Part of Lots No. 127196, 155002, 11450, 35433, 28414 & 35434. Balance of package 1 Bdr Tasik Idaman located along 2½ m.s. Batu Gajah-Gopeng Road, Batu Gajah, Mukim Sungai Terap, District of Kinta	* 99 years	Residential		2,099,169	2000
		Lots 310259 - 310263 (5 lots) Lots 310279 - 310280 (2 lots)	Leasehold of 99 years expiring in year 2102				
		PT 37487 - PT 37532 (46 lots) PT 37533 - PT 37542 (10 lots) PT 37543 - PT 37546 (4 lots)	Leasehold of 99 years expiring in year 2109		10.07 acres		
		286 lots Plots 3-4, Plots 113-176, Plots 230-350, Plots 433-464, Plots 506-537, Plots 594-603, Plots 614-624, Plots 647-650	* 99 years		15.94 acres		
		128 lots Plots 351-432, Plots 538-551, Plots 701-732	* 99 years		10.69 acres		
		Plots 1-8 (8 unit) R/Kedai			0.3 acres		
		Plots 9-93 (85 unit) (Rumah Teres - 22'x75') Plots 94-110 (17 unit) (Rumah Teres - 24'x60')			4.23 acres		
		Plot 111 (1 unit) (R/Teres Kos Rendah - 20'x55')			0.11 acres		
		Plot 112 (1 unit) (KAD)			3.59 acres		

Notes:

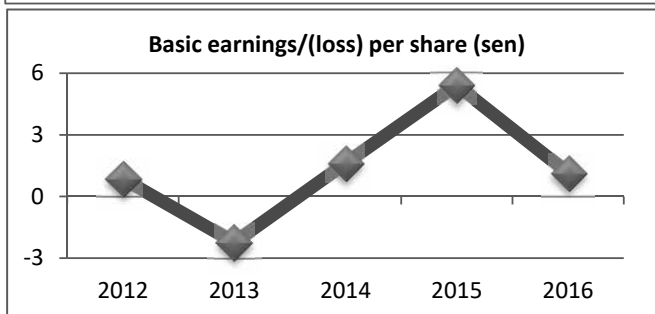
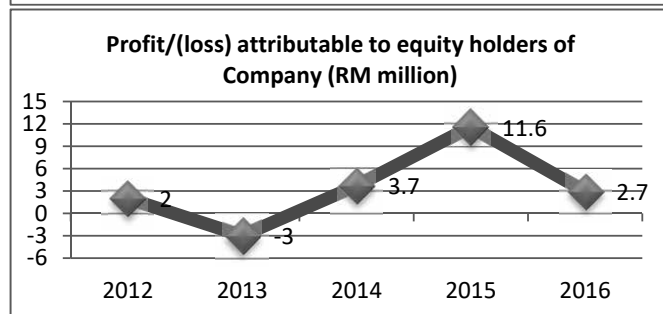
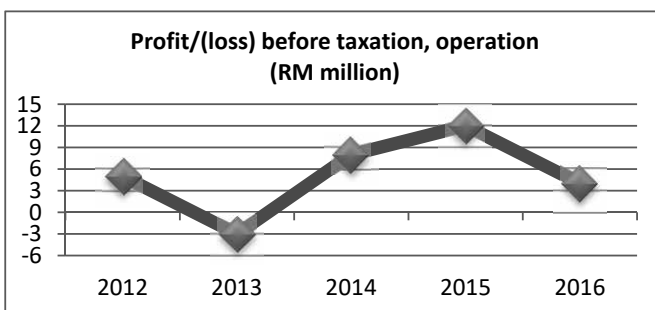
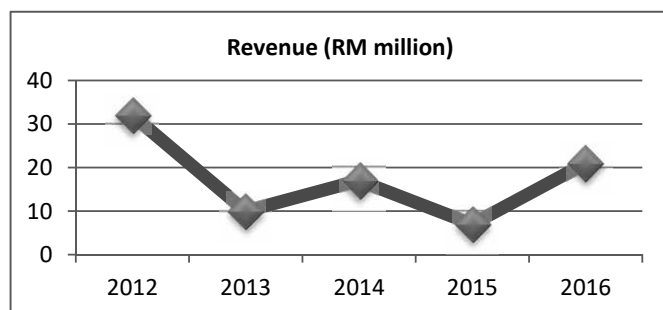
* In the process of issuing individual title

In the process of issuing block title

GROUP FIVE YEARS FINANCIAL HIGHLIGHTS

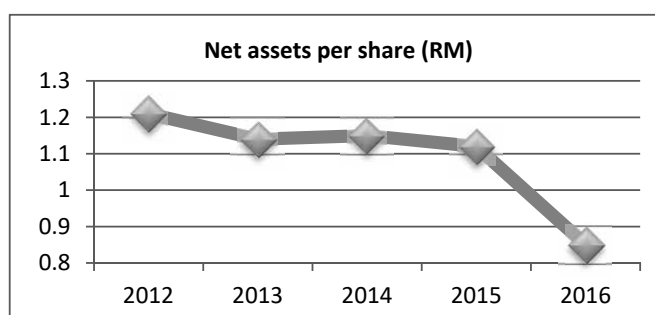
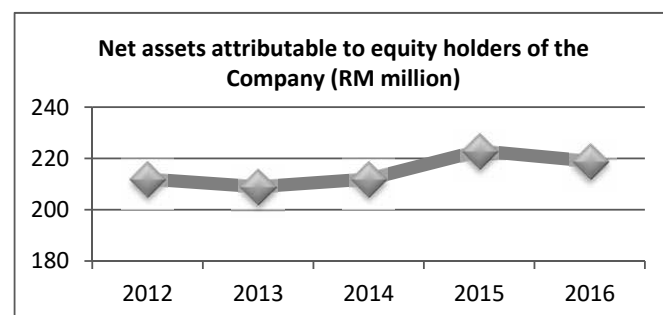
Financial Results

	2016	2015	2014	2013	2012
Revenue (RM'000)	21,099	6,683	16,627	16,627	32,056
Profit/(loss) before taxation, operation (RM'000)	3,226	12,320	7,522	(3,199)	4,721
Profit/(loss) attributable to equity holders of the Company (RM'000)	2,685	11,574	3,758	(3,288)	2,388
Basic earnings/(loss) per share (sen)	1.04	5.41	1.62	(2.24)	0.86



Financial Positions

	2016	2015	2014	2013	2012
Total assets (RM'000)	299,152	301,594	289,312	274,458	278,874
Total liabilities (RM'000)	80,432	78,483	77,399	65,575	67,084
Net assets attributable to equity holders of the Company (RM'000)	218,720	223,111	211,913	208,883	211,791
Number of ordinary shares issued and fully paid ('000 shares)	257,052	198,430	184,313	182,581	175,176
Net assets per share (RM)	0.85	1.12	1.15	1.14	1.21



STATISTICS ON SHAREHOLDINGS

AS AT 31 MARCH 2017

Analysis of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	613	14.97	20,243	0.01
100 - 1,000	1,213	29.61	733,190	0.28
1,001 - 10,000	1,441	35.18	5,540,588	2.16
10,001 - 100,000	694	16.94	24,545,241	9.55
100,001 - 12,852,620 (*)	131	3.20	56,552,135	22.00
12,852,621 and above (**)	4	0.10	169,661,026	66.00
Total	4,096	100.00	257,052,423	100.00

Note: * – Less than 5% of issued holdings ** – 5% and above of issued holdings

Directors' Shareholdings

No.	Name of Directors	No. of Shares	
		Direct Interest	%
1	Y.B. Dato' Aminuddin Bin Md. Desa	-	-
2	Tuan Haji Mustapha Bin Mohamed	1,181	0.00
3	Y.B. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas	27,000	0.01
4	Y.B. Dato' Mohd Khusairi Bin Abdul Talib	-	-
5	Y.M. Dato' Seri Raja Ahmad Zainuddin Bin Raja Haji Omar	-	-
6	Y.Bhg. Dato' Mohd Azmi Bin Haji Othman	-	-
7	Y.B. Dato' Mohd Azhar Bin Jamaluddin	-	-
8	Rustam Apandi Bin Jamaludin	-	-
9	Y.Bhg. Datuk Mahdi Bin Tan Sri Morad	-	-

Substantial Shareholders

No.	Name of Substantial Shareholders	No. of Shares	%
1	Perbadanan Kemajuan Negeri Perak	141,682,309	55.12
2	KUB Malaysia Berhad	14,429,143	5.61
3	BI Credit & Leasing Berhad	13,549,574	5.27

STATISTICS ON SHAREHOLDINGS (CONTINUED)

List of top 30 shareholders

No.	Name	Holdings	%
1.	Perbadanan Kemajuan Negeri Perak	128,682,309	50.06
2.	KUB Malaysia Berhad	14,429,143	5.61
3.	BI Credit & Leasing Berhad	13,549,574	5.27
4.	Perbadanan Kemajuan Negeri Perak	13,000,000	5.06
5.	ABB Nominee (Tempatan) Sdn Bhd Af-fin Bank Berhad (Loan Recovery)	5,393,371	2.10
6.	Cherry Blossom Sdn Bhd	4,038,686	1.57
7.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Han Fook Fong (E-PPG)	3,307,200	1.29
8.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Syed Abu Hussin Bin Hafiz Syed Abdul Fasal (M96067)	3,216,100	1.25
9.	Lim Han Kong	2,444,010	0.95
10.	Jenny Wong	1,501,700	0.58
11.	Chan Wan Moi	1,322,429	0.51
12.	UOBM Nominees (Tempatan) Sdn Bhd United Overseas Bank (Malaysia) Bhd (PCP)	1,146,606	0.45
13.	Tan Eng Hai	1,100,000	0.43
14.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tay Choon Hiong (KKU/UOB)	874,900	0.34
15.	Chua Siow Yee	871,500	0.34
16.	Chong Siow Fah	804,000	0.31
17.	Chia Aun Kee @ Angela	800,000	0.31
18.	Zainorazua Binti Zainun	749,800	0.29
19.	Chin Kian Fong	684,720	0.27
20.	Sikap Utama Sdn Bhd	644,850	0.25
21.	Affin Hwang Nominees (Asing) Sdn Bhd Exempt AN For DBS Vickers Securities (Singapore) Pte Ltd (Clients)	610,000	0.24
22.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hoo Pak @ Hor Ker Pay	610,000	0.24
23.	Koh Sooi Kwang	600,000	0.23
24.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Teh Swee Heng (MM1118)	598,000	0.23
25.	Yap Kok Wai	591,010	0.23
26.	Chuah Hun Leong	589,100	0.23
27.	Adam Lee Bin Abdullah	562,800	0.22
28.	Tan Ching Ching	544,872	0.21
29.	Seraya Sdn Bhd	529,929	0.21
30.	Fast Continent Sdn Bhd	500,087	0.19
	Total Percentage	204,296,696	79.48

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, the results and cash flows of the Group and of the Company for that financial year.

In preparing these financial statements, the Directors have:-

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable Financial Reporting Standards in Malaysia have been followed; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company at any time and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 2016.

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



MAJUPERAK HOLDINGS BERHAD

(585389-X)

(Incorporated in Malaysia)

REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2016

MAJUPERAK HOLDINGS BERHAD (Company No. 585389-X)
(Incorporated in Malaysia)

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REPORT OF THE DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 5 to the financial statements. There have been no significant changes in the nature of the activities during the financial year.

RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) for the financial year	2,873,995	(120,636)
Attributable to non-controlling interests	(189,022)	-
Profit for the financial year attributable to owners of the parent	<u>2,684,973</u>	<u>(120,636)</u>

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

DIVIDEND

Since the end of the previous financial year, the Company paid:

- i) a first interim dividend of 1.06 sen per share amounting to RM2,725,803 in respect of the financial year ended 31 December 2016 on 21 June 2016;
- ii) a final dividend of 1.08 sen per share amounting RM2,777,191 in respect of the financial year ended 31 December 2015 on 25 August 2016;
- iii) Outstanding Irredeemable Cumulative Preference Shares ("ICPS") dividend a total of 2% per RM0.50 ICPS in respect of the First Anniversary (Year 2007) and Second Anniversary (Year 2008) amounting RM1,359,306 on 23 December 2016.
- iv) Outstanding Irredeemable Cumulative Preference Shares ("ICPS") dividend of 1% per RM0.50 ICPS in respect of the Tenth Anniversary (Year 2016) amounting RM418,428 on 23 December 2016.

The Board does not recommend the payment of a final dividend in respect of the financial year ended 31 December 2016.

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

RESERVES AND PROVISIONS

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

ISSUANCE OF SHARES

During the financial year, the Company increased its issued and fully paid up share capital from RM99,214,833 to RM128,526,212 by way of the issuance of 58,622,759 ordinary shares of RM0.50 each pursuant to the conversion of 83,747,658 ICPS of RM0.50 each.

Upon conversion of the ICPS into new ordinary shares, such new ordinary shares to be issued will rank pari passu in all respects with the existing ordinary shares of the Company (Note 21).

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. At the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

The directors who held office since the date of the last report are as follows:

Y. Bhg. Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Haji Megat Khas

Tuan Haji Mustapha bin Mohamed

Y.M. Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar

Y.B. Dato' Mohd Khusairi bin Abdul Talib

Y. Bhg. Dato' Aminuddin bin Md Desa

Y. Bhg. Dato' Mohd Azmi bin Haji Othman

Y.B. Dato' Mohd Azhar bin Jamaluddin

Rustam Apandi bin Jamaludin

(Appointed on 01.04.2017)

Y. Bhg. Datuk Mahdi bin Tan Sri Morad

(Appointed on 03.04.2017)

Y. Bhg. Dato' Jamal bin Mohd Aris

(Resigned on 03.03.2017)

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year are as follows:

	Number of ordinary shares of RM0.50 each			
	At 01.01.2016	Bought	Sold	At 31.12.2016
Y. Bhg. Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Haji Megat Khas	27,000	-	-	27,000
Tuan Haji Mustapha bin Mohamed	1,181	-	-	1,181

None of the other directors holding office at the end of the financial year have any interest in the Company or in any related corporations during the financial year ended 31 December 2016.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

OTHER STATUTORY INFORMATION

As of the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Group and the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

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

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial year other than those disclosed in Note 37 to the financial statements.

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

In the opinion of the directors:

- a) The results of the operations of the Group and of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature.
- b) no item, transaction or event of a material or unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

During the financial year, the total amount paid to or receivable by the auditors as remuneration for their services rendered to the Group and the Company amounted RM115,700 and RM24,700 respectively.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Details of significant events is set out in Note 41 to the financial statements.

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

AUDITORS

The retiring auditors, Messrs. AljeffriDean, have expressed their willingness to continue in office.

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

.....
Y. Bhg. Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Haji Megat Khas

.....
Rustam Apandi bin Jamaludin

Ipoh, Perak Darul Ridzuan

Date: 03 April 2017

STATEMENT BY THE DIRECTORS

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

We, **Y. Bhg. Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Haji Megat Khas** and **Rustam Apandi bin Jamaludin**, being two of the directors of **Majuperak Holdings Berhad**, state that in the opinion of the directors, the accompanying financial statements set out on pages 14 to 83 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and financial performance and the cash flows of the Group and of the Company for the year then ended.

The supplementary information set out in Note 42 to the financial statements have been prepared in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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

.....
Y. Bhg. Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Haji Megat Khas

.....
Rustam Apandi bin Jamaludin

Ipoh, Perak Darul Ridzuan

Date: 03 April 2017

STATUTORY DECLARATION

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

I, **Rozahan bin Osman**, being the officer primarily responsible for the financial management of **Majuperak Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out in page 14 to 84 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)

by **Rozahan bin Osman**)
I/C No: 641202-07-5001

at Ipoh, Perak Darul Ridzuan)

on this day of 03 April 2017)

Before me,

.....
MOHD FIRDAUS BIN ABDULLAH (A233)
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAJUPERAK HOLDINGS BERHAD (COMPANY NO.: 585389-X)

Report on the Financial Statements

Opinion

We have audited the financial statements of **Majuperak Holdings Berhad**, which comprise the statements of financial position of the Group and the Company as at **31 December 2016**, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 14 to 83.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the 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 Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Impairment of non-current and current assets

Refer to Note 12, Goodwill on consolidation (RM9,636,260), Note 13, Trade receivables (RM18,701,097) and Note 3 bb, Significant accounting estimates and judgment.

The impairment of goodwill on consolidation and trade receivables are key audit matter as:

- the Group is required to annually test goodwill for impairment.
- the Group has recorded approximately RM13,528,948 trade receivables that are due but not impaired.
- we applied a significant level of judgement when considering management's assessment of impairment.

Our audit procedures included, among others:

- assessing the management's determination of the Group's CGUs based on our understanding of the nature of the Group's business. We also analysed the internal reporting of the Group to assess how results were monitored and reported.
- evaluating the forecasting process undertaken by the Group. It was done by comparing the precision of prior year's forecast cash flow and the actual outcome. Our approach was based on the findings of evaluation.
- reviewing the ageing analysis of receivables and testing the reliability thereof and subsequent cash collections for major receivables and overdue amounts.
- developing our understanding of significant overdue, deemed to be in default, or were on watch from the credit reports produced by the finance department, the legal notice produced by the legal department, and the analysis of aged receivables. Where available, the relevant business divisions and external data were also corroborated accordingly.
- evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.
- inquiring the management on the action plans to recover overdue amounts.
- questioning management's knowledge of future conditions that may impact expected customer receipts.

Based on our procedures, we find that the management's key assumptions are within a reasonable range of our expectations.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 Directors' 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 (CONTINUED)

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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

INDEPENDENT AUDITORS' REPORT

- 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.

Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries 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 accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

INDEPENDENT AUDITORS' REPORT

Other Reporting Responsibilities

The supplementary information set out in Note 42 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

AljeffriDean
AF 1366
Chartered Accountants (M)

Ipoh, Perak Darul Ridzuan

Date: 03 April 2017

Mohd Neezal Noordin
No. 2162/06/17 (J)
Chartered Accountant (M)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2016

		GROUP		COMPANY	
	NOTE	2016 RM	2015 RM	2016 RM	2015 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	22,717,073	5,684,676	207,202	269,165
Investment in subsidiary companies	5	-	-	148,497,343	148,497,343
Investment in associate companies	6	-	-	-	-
Investment in jointly controlled entity	7	-	-	-	-
Other investments	8	12,446,680	9,466,912	200,000	200,000
Investment properties	9	5,629,153	5,715,576	152,825	156,478
Land held for property development	10	166,796,170	167,937,946	140,855	140,855
Development expenditure	11	3,734,587	21,542,386	1,527,895	1,527,895
Goodwill on consolidation	12	9,636,260	9,636,260	-	-
		<u>220,959,923</u>	<u>219,983,756</u>	<u>150,726,120</u>	<u>150,791,736</u>
Current assets					
Trade receivables	13	18,701,097	15,727,158	-	-
Other receivables, deposits and prepayments	14	12,867,561	12,266,955	4,389,727	4,109,035
Inventories	15	2,391,991	2,104,466	-	-
Property development cost	16	23,234,608	9,751,793	-	-
Contract work-in-progress	17	-	386,756	-	-
Amount due from holding corporation	18	5,562,188	6,975,523	15,876,799	3,691,568
Amount due from subsidiary companies	5	-	-	22,731,035	29,597,599
Amount due from related companies	19	11,015,571	9,079,220	7,867,279	652,892
Deposits, cash and bank balances	20	4,418,821	25,318,277	451,059	17,600,335
		<u>78,191,837</u>	<u>81,610,148</u>	<u>51,315,899</u>	<u>55,651,429</u>
TOTAL ASSETS		299,151,760	301,593,904	202,042,019	206,443,165

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 2016 (CONTINUED)**

		GROUP		COMPANY	
	NOTE	2016 RM	2015 RM	2016 RM	2015 RM
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	21	128,526,212	99,214,833	128,526,212	99,214,833
Irredeemable convertible preference share	22	-	41,873,829	-	41,873,829
Share premium	23	51,066,629	38,504,179	51,066,629	38,504,179
Investment revaluation reserve	24	819,163	803,679	-	-
Accumulated profits	25	37,309,450	41,905,205	4,263,076	11,664,440
Shareholders' equity		217,721,454	222,301,725	183,855,917	191,257,281
Non-controlling interest	26	998,079	809,057	-	-
Total equity		218,719,533	223,110,782	183,855,917	191,257,281
LIABILITIES					
Current liabilities					
Trade payables		16,240,920	9,300,535	-	-
Other payables and accruals	27	11,783,314	25,238,746	6,218,748	11,444,050
Amount due to related companies	19	13,584,609	12,494,280	4,801,189	3,717,130
Bank borrowings	28	2,531,589	556,877	909,091	-
Hire purchase payables	29	8,668	21,446	-	12,778
Provision for taxation		260,854	943,096	-	-
		44,409,954	48,554,980	11,929,028	15,173,958
Non-current liabilities					
Bank borrowings	28	8,457,074	2,350,000	6,257,074	-
Hire purchase payables	29	23,859	44,453	-	11,926
Deferred taxation	30	27,541,340	27,533,689	-	-
		36,022,273	29,928,142	6,257,074	11,926
TOTAL LIABILITIES		80,432,227	78,483,122	18,186,102	15,185,884
TOTAL EQUITY AND LIABILITIES		299,151,760	301,593,904	202,042,019	206,443,165

See accompanying notes to the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	NOTE	GROUP		COMPANY	
		2016 RM	2015 RM	2016 RM	2015 RM
Revenue	3(t)	21,099,578	6,683,517	-	-
Cost of sales		(8,478,435)	(1,624,910)	-	-
Gross profit		12,621,143	5,058,607	-	-
Other income		5,903,986	19,295,937	5,666,031	18,971,339
Administrative expenses		(14,099,724)	(11,929,997)	(5,282,114)	(6,300,996)
Profit from operation	31	4,425,405	12,424,547	383,917	12,670,343
Finance costs	32	(613,410)	(104,323)	(504,553)	(4,639)
Share of results of jointly controlled entity		(500,000)	-	-	-
Share of results of associates		(85,715)	-	-	-
Profit/(Loss) before taxation		3,226,280	12,320,224	(120,636)	12,665,704
Taxation	33	(352,285)	(871,545)	-	-
Net profit/(loss) for the year		2,873,995	11,448,679	(120,636)	12,665,704
Other comprehensive income					
Item that may be subsequently reclassified to profit or loss:					
- Fair value of available-for-sale financial assets		15,484	(255,067)	-	-
Net other comprehensive income/(loss) for the financial year		15,484	(255,067)	-	-
Total comprehensive income/(loss) for the year		2,889,479	11,193,612	(120,636)	12,665,704
Profit/(Loss) attributable to:					
Equity holders of the Company		2,684,973	11,574,023	(120,636)	12,665,704
Non-controlling interests		189,022	(125,344)	-	-
		2,873,995	11,448,679	(120,636)	12,665,704
Total comprehensive income/(loss) attributable to:					
Equity holders of the Company		2,700,457	11,318,956	(120,636)	12,665,704
Non-controlling interests		189,022	(125,344)	-	-
		2,889,479	11,193,612	(120,636)	12,665,704
Earnings per share					
- Basic	34(a)	1.04 sen	5.41 sen		
- Diluted	34(b)	1.04 sen	3.64 sen		

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

GROUP	NOTE	Share Capital RM	ICPS RM	Investment Revaluation Reserve RM	Share Premium RM	Accumulated Profits RM	Total RM	Non- controlling Interest RM	Total Equity RM
As at 31.12.2014		92,156,319	51,957,421	1,058,746	35,479,101	30,571,900	211,223,487	689,401	211,912,888
Conversion of ICPS to share capital and share premium	21 – 23	7,058,514	(10,083,592)	-	3,025,078	-	-	-	-
Dividend on ICPS		-	-	-	-	(515,678)	(515,678)	-	(515,678)
Reversal of deferred taxation liabilities		-	-	-	-	274,960	274,960	-	274,960
Acquisition of subsidiary company		-	-	-	-	-	-	245,000	245,000
Total comprehensive income for the year		-	-	(255,067)	-	11,574,023	11,318,956	(125,344)	11,193,612
As at 31.12.2015		99,214,833	41,873,829	803,679	38,504,179	41,905,205	222,301,725	809,057	223,110,782

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

GROUP	NOTE	Share Capital RM	ICPS RM	Investment Revaluation Reserve RM	Share Premium RM	Accumulated Profits RM	Total RM	Non- controlling Interest RM	Total Equity RM
As at 31.12.2015		99,214,833	41,873,829	803,679	38,504,179	41,905,205	222,301,725	809,057	223,110,782
Conversion of ICPS to share capital and share premium	21 – 23	29,311,379	(41,873,829)	-	12,562,450	-	-	-	-
Dividend on ICPS	35	-	-	-	-	(1,777,734)	(1,777,734)	-	(1,777,734)
Dividend to the owners of the Company	35	-	-	-	-	(5,502,994)	(5,502,994)	-	(5,502,994)
Total comprehensive income for the year		-	-	15,484	-	2,684,973	2,700,457	189,022	2,889,479
As at 31.12.2016		128,526,212	-	819,163	51,066,629	37,309,450	217,721,454	998,079	218,719,533

See accompanying notes to the financial statements.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

COMPANY

	NOTE	Share Capital RM	ICPS RM	Share Premium RM	Accumulated (Losses)/ Profits RM	Total RM
As at 01.01.2015		92,156,319	51,957,421	35,479,101	(485,586)	179,107,255
Conversion of ICPS to share capital and share premium	21 - 23	7,058,514	(10,083,592)	3,025,078	-	-
Dividend on ICPS		-	-	-	(515,678)	(515,678)
Total comprehensive income for the year		-	-	-	12,665,704	12,665,704
As at 31.12.2015		99,214,833	41,873,829	38,504,179	11,664,440	191,257,281
Conversion of ICPS to share capital and share premium	21 - 23	29,311,379	(41,873,829)	12,562,450	-	-
Dividend on ICPS	35	-	-	-	(1,777,734)	(1,777,734)
Dividend to the owners of the Company	35	-	-	-	(5,502,994)	(5,502,994)
Total comprehensive income for the year		-	-	-	(120,636)	(120,636)
As at 31.12.2016		128,526,212	-	51,066,629	4,263,076	183,855,917

See accompanying notes to the 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 FLOW FROM OPERATING ACTIVITIES				
Cash collection from customer/receivables	12,063,589	17,127,439	-	369,539
Cash received from other income	56,919	84,018	-	56,782
Cash received from disposal of investment properties	-	40,664,347	-	40,664,347
Cash paid to employees	(4,059,569)	(3,118,266)	(2,408,573)	(1,683,374)
Cash paid for other expenses	(3,851,680)	(2,875,322)	(2,726,564)	(1,992,821)
Cash paid to trade payables	(2,929,347)	(549,906)	-	-
Cash paid to other payables	(5,099,444)	(3,751,147)	(2,728,948)	(1,454,796)
Cash paid to related companies	(4,463,237)	(9,758,339)	(3,843,052)	(3,511,867)
Cash received from holding corporation	3,580,546	635,186	1,600,546	-
Cash received from related companies	-	-	2,739,900	2,576,736
Cash paid to subsidiary companies	-	-	(1,921,526)	-
Deposit received from customer	-	2,835,000	-	-
Repayment from subsidiary companies	-	-	-	1,286,144
Repayment to holding corporation	(6,195,983)	(20,645,512)	-	(18,274,960)
Cash paid for tax	(1,394,402)	(3,757,318)	(337,104)	(187,164)
Net cash (used in)/generated from operating activities	(12,292,608)	16,890,180	(9,625,321)	17,848,566
CASH FLOW FROM INVESTING ACTIVITIES				
Interest income received	217,336	34,372	137,483	-
Dividend received	24,808	33,077	-	-
Purchase of property, plant and equipment	(116,345)	(324,792)	(21,675)	(154,665)
Proceed from disposal of property, plant and equipment	-	16,300	-	-
Cash paid for renewable energy development	-	(2,089,697)	-	-
Development cost	(1,893,494)	(2,689,538)	-	-
Net cash (used in)/generated from investing activities	(1,767,695)	(5,020,278)	115,808	(154,665)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOW FROM FINANCING ACTIVITIES				
Dividend paid on ICPS	(1,777,734)	(515,678)	(1,777,734)	(515,678)
Dividend paid on ordinary shares	(5,502,994)	-	(5,502,994)	-
Issuance of share capital	-	245,000	-	-
Repayment of borrowings	(313,210)	(150,000)	(163,210)	-
Repayment of hire purchase	(33,372)	(36,174)	(24,704)	(27,506)
Interest paid	(277,464)	(99,684)	(171,121)	-
Net cash used in financing activities	<u>(7,904,774)</u>	<u>(556,536)</u>	<u>(7,639,763)</u>	<u>(543,184)</u>
Net (decrease)/increase in cash and cash equivalents	(21,965,077)	11,313,366	(17,149,276)	17,150,717
Cash and cash equivalents at beginning of the year	<u>24,911,400</u>	<u>13,598,034</u>	<u>17,600,335</u>	<u>449,618</u>
Cash and cash equivalents at end of the year	<u>2,946,323</u>	<u>24,911,400</u>	<u>451,059</u>	<u>17,600,335</u>
Represented by:				
Cash and bank balances	3,889,442	24,789,885	451,059	17,600,335
Fixed deposit with licensed bank	529,379	528,392	-	-
Bank overdraft	<u>(1,472,498)</u>	<u>(406,877)</u>	<u>-</u>	<u>-</u>
	<u>2,946,323</u>	<u>24,911,400</u>	<u>451,059</u>	<u>17,600,335</u>

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

The Company is a public limited liability company, domiciled and incorporated in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business is located at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 5. There have been no significant changes in the nature of the activities during the financial year.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the functional and presentation currency of the Group and of the Company.

The financial statements of the Company were authorised for issue by the Board of Directors on 03 April 2017.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The financial statements have been prepared under the historical cost convention, except as disclosed in the significant accounting policies below.

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

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3(bb) to the financial statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous year except as discussed below:

a) Effects of adopting new/amendments MFRSs

At the beginning of the financial year, the Group and the Company adopted the following Amended to MFRSs and Annual Improvements which mandatory for the financial periods beginning on or after 01 January 2016:

Amendments to MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101 Presentation of Financial Statements – Disclosure Initiative
Amendments to MFRS 127 Separate Financial Statements: Equity Method in Separate Financial Statements
Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception
Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group and of the Company.

b) Standards issued but not yet effective

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

Effective for financial periods beginning on or after 01 January 2017

Amendments to MFRS 107 Disclosure Initiative
Amendments to MFRS112 Recognition of Deferred Tax Assets for Unrealised Losses

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

b) Standards issued but not yet effective...(Cont'd.)

Effective for financial periods beginning on or after 01 January 2018

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15 Revenue from Contracts with Customers
Amendments to MFRS 140 Transfer of Investment Property
MFRS 16 Leases

Amendments to MFRS 10 and MFRS 128 Sale of Contribution of Assets between an Investor and its Associates or Joint Venture*

* The effective date of these Standards have been deferred, and yet to be announced by MASB.

These pronouncements are not expected to have any effect to the financial statements of the Group and the Company upon their initial application, except as described below:

MFRS 9 Financial Instruments

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

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied. Either a full or modified retrospective application is required for annual periods beginning on or after 01 January 2018 with early adoption permitted. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the stipulated effective date. MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all subsidiaries. Subsidiaries are entities controlled by the Company. The Group controls an entity when it 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries are accounted for in the Company's separate financial statements at cost. If an investment in a subsidiary is classified as held for sale, that investment is accounted for in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The results of a subsidiary are included in the consolidated financial statements from the acquisition date until the date on which the Company ceases to control the subsidiary. Any difference between the fair value of the consideration received from the loss of control of a subsidiary and the carrying amount as at the date when control is lost, including the cumulative amount of any translation difference that relate to the subsidiary formerly recognised in other comprehensive income, is reclassified to consolidated profit or loss as a gain or loss. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to owners of the parent. Non-controlling interests in the profit or loss of the Group are also separately disclosed.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributable to the owners of the parent.

All intragroup balances, transactions, income and expenses are eliminated in full.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

d) Business combinations

Business combinations are accounted for by applying the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the Group allocates the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria in MFRS 3 Business Combinations at their fair values, except for non-current assets and disposal groups that are classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

e) Jointly controlled entity

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investment in jointly controlled entity is accounted for in the consolidated financial statements using the equity method of accounting.

In the Company's separate financial statements, investment in jointly controlled entity is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(r).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

f) Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. After recognition as an asset, items of property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line basis so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:

Long term leasehold land and buildings	Over lease term
Shophouses	50 years
Renovation	5 to 10 years
Plant and machinery, furniture, fittings and office equipment	5 to 10 years
Motor vehicles	5 years
Solar panel	20 years

Depreciation of an asset begins when it is ready for its intended use.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is included in profit or loss. Neither the sale proceeds nor any gain on derecognition is classified as revenue.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

g) Goodwill

Goodwill arising on the acquisition of a subsidiary or a proportionately consolidated jointly-controlled entity, being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated at the acquisition date to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. An impairment loss is recognised for a cash-generating unit when the recoverable amount of the unit is less than the carrying amount of the unit. Any impairment loss recognised is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then, to the other assets of the unit within the scope of MFRS 136 Impairment of Assets pro rata on the basis of the carrying amount of each applicable asset in the unit. Any impairment loss recognised for goodwill is not reversed.

Goodwill arising on the acquisition of investments in associates or equity accounted jointly-controlled entities is included within the carrying amount of the investments and is assessed for impairment as part of the investment.

If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

On disposal of a subsidiary or a proportionately consolidated jointly-controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

h) Investment properties

Investment properties of the Group and of the Company principally comprising office and industrials buildings are held for long-term rental yields and are not substantially occupied by the Company. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment loss.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

i) Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

Investment in associates are accounted for in the Company's separate financial statements at cost. If an associate is classified as held for sale, the investment is accounted for in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Investment in associates are accounted for in the Group's consolidated financial statements using the equity method until the date the Group ceases to have significant influence over the associates or the investment is classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, investment in associates are initially recognised at cost and thereafter, the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the investees after the date of acquisition. Losses of associates in excess of the Group's interest in the associates, include any long-term interests that form part of the Group's net investment in the associates, are not recognised.

Profits or losses on transactions entered into between the Group and associates are eliminated to the extent of the Group's interest in the associates.

On acquisition of an investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is included in the carrying amount of the investment. If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is included as income in the determination of the Group's share of the associates' profit or loss in the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

j) Inventories

i) Developed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing properties to completion.

ii) Other inventories

Consumables and spare parts are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

k) Leases

Lease of property, plant and equipment is recognised as finance lease if it transfers substantially to the Group and the Company all the risk and rewards incidental to the ownership.

Leases, where the Group or the Company does not assume substantially all the risk and rewards of ownership are classified as operating leases and, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

l) Development expenditure

Agricultural

Direct and indirect payments for projects under development are stated at cost in the financial statements. Such expenditures are capitalised until the project is enable to generate income. The policy of the recognition and measurement of impairment losses are in accordance with Note 3(r) to the financial statements.

Renewable energy development

Direct and indirect expenditure payments for solar energy projects under development are stated at cost in the financial statements. Such expenditures is capitalised until the project is enable to generate income. The policy of the recognition and measurement of impairment losses are in accordance with Note 3(r) to the financial statements.

The amount of development costs recognised as asset are amortised and recognised as an expense on a systematic basis so as to reflect the pattern in which the related economic benefits are recognised.

m) Amount due from contract customer

Amount due from contract customers on construction contracts is stated at cost plus attributable profits less foreseeable losses and less progress billings. Cost includes all direct construction costs and other related costs. Where progress billings exceed the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net credit balance on all such contracts is shown in payables as amount due to contract customers. Where progress billings less than the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net debit balance on all such contracts is shown as accrued billings under current assets.

n) Land held for property development

Land held for property development consist of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle of 2 to 3 years. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle of 2 to 3 years. Cost associated with the acquisition of land includes price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

o) Property development cost

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the statement of comprehensive income over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the statement of comprehensive income is shown under trade payables.

p) Accounting for hire purchase arrangements

Assets acquired under hire purchase arrangements are being capitalised and the corresponding obligations treated as liabilities in the financial statements.

Finance costs are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire purchase payables.

Assets acquired under hire purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets.

q) Financial assets

Financial assets are recognised in the statements of financial position when the Group and the Company become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting.

On initial recognition, financial assets are measured at fair value, plus transaction costs for financial assets not at 'fair value through profit or loss'.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or a shorter period to the net carrying amount of the financial assets.

After initial recognition, financial assets are classified into one of four categories: financial assets at 'fair value through profit or loss', 'held-to-maturity' investments, loans and receivables and 'available-for-sale' financial assets. The Group and the Company did not have any financial assets other than loans and receivables and 'available-for-sale' financial assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

q) Financial assets...(Cont'd.)

i) Loans and receivables

Loans and receivables are non-derivative financial assets (such as trade receivables, loans assets, unquoted debt instruments and deposits held in banks) with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when loans and receivables are derecognised or impaired.

ii) 'Available-for-sale' financial assets

Investment in quoted equity and debt instruments that are traded in active market and certain unquoted equity instruments (when the fair value can be determined using a valuation technique) are classified as 'available-for-sale' financial assets. 'Available-for-sale' financial assets are measured at fair value.

Gains or losses on 'available-for-sale' financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains or losses, until the 'available-for-sale' financial assets are derecognised. At that time, the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Interest calculated using the effective interest method is recognised in profit or loss. Dividends on 'available-for-sale' equity instruments are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

iii) Reclassifications of financial assets

The Group and the Company do not reclassify derivative out of the 'fair value through profit or loss' category while they are held or in issue. Equally, the Group and the Company do not reclassify other financial assets out of the 'fair value through profit or loss' category if upon initial recognition, those financial assets were designated as at 'fair value through profit or loss'. Other financial assets are not reclassified into the 'fair value through profit or loss' category after initial recognition under another category.

When it is no longer appropriate to classify an investment as 'held-to-maturity' as a result of a change in intention and ability, the investment is reclassified as held for sale and re-measured at fair value. Any difference between the carrying amount and fair value of the investment is recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

q) Financial assets...(Cont'd.)

iv) Impairment of financial assets

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that financial assets held, other than financial assets at 'fair value through profit or loss', are impaired. Financial assets are impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial assets which have an impact on the estimated future cash flows of the financial assets that can be reliably measured.

For investments in equity instruments classified as 'available-for-sale', objective evidence that the financial assets are impaired include the disappearance of an active market for the financial assets because of financial difficulties, or the decline of the market price below the cost.

For other financial assets, objective evidence could include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

Impairment losses, in respect of 'held-to-maturity' investments carried at amortised cost are measured as the differences between the assets' carrying amounts and the present values of their estimated future cash flows discounted at the 'held-to-maturity' investments' original effective interest rate.

For certain categories of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in later periods, the amount of any impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

q) Financial assets...(Cont'd.)

iv) Impairment of financial assets...(Cont'd.)

If there is objective evidence that impairment losses have been incurred on financial assets carried at cost, the amount of any impairment loss is measured as the differences between the carrying amounts of the financial assets and the present value of their estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment losses are not reversed.

For 'available-for-sale' financial assets, if a decline in fair value has been recognised in other comprehensive income and there is objective evidence that the assets are impaired, the cumulative losses that have been recognised are reclassified to profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as 'available-for-sale' financial assets are not reversed through profit or loss.

If the fair value of a debt instrument classified as an 'available-for-sale' financial asset subsequently increases, and the increase can be objectively related to an event occurring after the impairment losses were recognised in profit or loss, the impairment losses are reversed and recognised in profit or loss.

v) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Group and the Company transfer the financial assets and the transfers qualify for derecognition.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

r) Impairment of non-financial assets

At each statements of financial position date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying amounts of the assets with their recoverable amount. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

Impairment losses are recognised as an expense in the statement of comprehensive income immediately, unless the assets are carried at a revalued amount. Any impairment losses of revalued assets are treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same assets. Reversal of impairment losses recognised in prior years are recorded when the impairment losses recognised for the assets no longer exist or have decreased.

s) Financial liabilities and equity instruments

i) Classification of liabilities and equity

On initial recognition, financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangement.

Interests, dividends, losses and gains relating to a financial instrument that is classified as a financial liability is recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit. Transaction costs of an equity instrument are accounted for as a deduction from equity, net of any related income tax benefit.

ii) Equity instruments

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

s) Financial liabilities and equity instruments...(Cont'd.)

iii) Financial liabilities

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

On initial recognition, financial liabilities are measured at fair value, plus transaction costs for financial liabilities not at 'fair value through profit or loss'.

After initial recognition, financial liabilities are either classified as at 'fair value through profit or loss' or amortised cost using the effective interest method.

iv) Other financial liabilities

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

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

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

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

v) Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of financial liabilities derecognised and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

t) Revenue recognition

i) Revenue from construction contracts

Revenue from construction contracts in short term is recognised in the statement of comprehensive income when the job is done. Revenue from construction contracts in long term is recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

ii) Management service

Revenue from management service is recognised on an accrual basis.

iii) Sale of completed properties

Revenue relating to sale of completed properties is recognised, net of discounts, upon the transfer of significant risk and reward of ownership to the buyer.

iv) Solar energy

Revenue from solar energy is recognised on an accrual basis.

v) Interest income

Interest income is recognised on an accrual basis that reflects the effective yield on the asset.

vi) Merchandise

Sale of merchandise product is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the customers.

vii) Rental income

Rental income is recognised on an accrual basis.

viii) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

u) Employee benefits

i) Short-term employment benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as expense when the employees have rendered services to the Group and the Company.

The expected cost of accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences are measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

The expected cost of profit-sharing and bonus payments are recognised when the Group and the Company have a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Group and the Company have no realistic alternative but to make the payments.

ii) Defined contribution plan

Contributions payable to the defined contribution plan are recognised as expense when the employees have rendered services to the Group and the Company.

iii) Termination benefits

Termination benefits are recognised as a liability and an expense when the Group and the Company are demonstrably committed to either terminate the employment of the employees before the normal retirement date, or provide termination benefits as a result of an offer made for voluntary redundancy. The Group and the Company are demonstrably committed to a termination when the Group and the Company have a detailed formal plan for the termination and are without realistic possibility of withdrawal.

Termination benefits in relation to the offer made to encourage voluntary redundancy are measured based on the number of employees expected to accept the offer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the assets when the Group and the Company incur the expenditure for the assets, incur borrowing costs and undertake activities that are necessary to prepare the assets for the intended use or sale.

Capitalisation of borrowing costs is suspended during extended periods in which active development is suspended and ceased when substantially all the activities necessary to prepare the qualifying assets for the intended use or sale are complete.

Other borrowing costs are recognised as expense in profit or loss when they are incurred.

w) Cash and cash equivalents

The Group and the Company adopts the direct method in the preparation of statements of cash flows.

Cash and cash equivalents in statements of cash flows comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

x) Earnings per share

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

Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company (net dividend of ICPS) by the weightage average number of ordinary shares outstanding during the period, adjusted for own share held.

y) Income tax

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax and deferred tax are charged or credited directly to other comprehensive income or equity if the tax relates to items that are credited or charged directly to other comprehensive income or equity.

Current tax for current and prior periods is recognised as a liability to the extent unpaid. If the amount already paid in respect of the current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

y) Income tax...(Cont'd.)

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be paid or recovered, using the tax rates that have been enacted or substantially enacted by the end of the reporting period.

Current tax assets and liabilities are offset only when the Group and the Company have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax liabilities and assets are not recognised if the temporary differences arise from initial recognition of goodwill and the initial recognition of assets or liabilities that is not a business combination and at the time of the transaction, affected neither accounting profit nor taxable profit.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group and the Company expect to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

The carrying amounts of the deferred tax assets are reviewed at the end of each reporting period, and they are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit or part of the deferred tax assets to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are offset when the Group and the Company have a legally enforceable right to set off current tax assets and liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

z) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the board of directors that makes strategic decisions.

Segment reporting is presented for enhanced assessment of the Group's and the Company's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, results, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, results, assets and liabilities are determined after elimination of intragroup balances and intragroup transactions as part of the consolidation process.

aa) Contingent liabilities

The Group does not recognise contingent liabilities, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arise from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

bb) Significant accounting estimates and judgment

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses and disclosure made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

i. Income taxes

There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is involved especially in determining tax base allowances and deductibility of certain expense in determining the Company-wide provision for income taxes. The Group and the Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the financial year in which such determination is made.

ii. Useful lives and residual value of property, plant and equipment

Property, plant and equipment are depreciated on straight-line basis over their estimated useful lives after deducting its residual value. The management exercises their judgment in estimating the useful lives and the residual value of the depreciable assets. The group assesses annually the residual value and the useful lives of the property, plant and equipment and if the expectation in the period in which such estimate has been charged.

iii. Revenue from construction contracts

Revenue from construction contracts in short term is recognised in the statement of comprehensive income when the job is done. Revenue from construction contracts in long term is recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

bb) Significant accounting estimates and judgment...(Cont'd.)

iii. Revenue from construction contracts...(Cont'd.)

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

iv. Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flow 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 carrying amount of the Group's goodwill as at 31 December 2016 was RM9,636,260.

v. Impairment of receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

cc) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified receivables fails to make payment when due.

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

As at reporting date, no values are placed on corporate guarantees provided by the Group to secure the bank loans and other banking facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees is minimal.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

4. PROPERTY, PLANT AND EQUIPMENT

GROUP	Long term leasehold land and buildings RM	Leasehold land RM	Plant machinery, fixture and office equipment RM	Motor vehicles RM	Shop houses RM	Renovation RM	Solar Panel RM	Total RM
Net carrying amount as at								
01.01.2016	4,204,351	85,710	805,940	453,033	39,307	96,335	-	5,684,676
Additions	-	-	63,098	178,500	-	57,007	18,244,990	18,543,595
Written off	-	-	(11,792)	-	-	-	-	(11,792)
Disposal	(25,812)	-	-	-	-	-	-	(25,812)
Depreciation	(76,213)	(1,098)	(281,227)	(192,048)	(1,268)	(9,491)	(912,249)	(1,473,594)
Net carrying amount as at 31.12.2016	4,102,326	84,612	576,019	439,485	38,039	143,851	17,332,741	22,717,073
As at 31.12.2016								
At cost	5,499,025	108,664	2,433,692	1,557,621	63,399	179,609	18,244,990	28,087,000
Accumulated depreciation	(1,396,699)	(24,052)	(1,857,673)	(1,118,136)	(25,360)	(35,758)	(912,249)	(5,369,927)
Net carrying amount	4,102,326	84,612	576,019	439,485	38,039	143,851	17,332,741	22,717,073

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

4. PROPERTY, PLANT AND EQUIPMENT...(Cont'd.)

GROUP

	Long term leasehold land and buildings RM	Leasehold land RM	Plant machinery, fixture and office equipment RM	Motor vehicles RM	Shop houses RM	Renovation RM	Total RM
Net carrying amount as at 01.01.2015	4,280,634	86,808	735,178	459,366	40,575	62,913	5,665,474
Additions	-	-	441,300	171,081	-	35,460	647,841
Written off	-	-	(81,131)	-	-	-	(81,131)
Disposal	-	-	-	(6,051)	-	-	(6,051)
Depreciation	(76,283)	(1,098)	(289,407)	(171,363)	(1,268)	(2,038)	(541,457)
Net carrying amount as at 31.12.2015	4,204,351	85,710	805,940	453,033	39,307	96,335	5,684,676
As at 31.12.2015							
At cost	5,540,993	108,664	2,388,598	1,379,121	63,399	122,602	9,603,377
Accumulated depreciation	(1,336,642)	(22,954)	(1,582,658)	(926,088)	(24,092)	(26,267)	(3,918,701)
Net carrying amount	4,204,351	85,710	805,940	453,033	39,307	96,335	5,684,676

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

4. PROPERTY, PLANT AND EQUIPMENT...(Cont'd.)

COMPANY

	Office equipment RM	Motor vehicles RM	Total RM
Net carrying amount as at 01.01.2016	269,164	1	269,165
Addition	21,675	-	21,675
Written off	(11,792)	-	(11,792)
Depreciation	(71,846)	-	(71,846)
Net carrying amount	207,201	1	207,202
As at 31.12.2016			
At cost	373,055	177,200	550,255
Accumulated depreciation	(165,854)	(177,199)	(343,053)
Net carrying amount	207,201	1	207,202
Net carrying amount as at 01.01.2015	39,876	2,954	42,830
Addition	290,941	-	290,941
Depreciation	(61,653)	(2,953)	(64,606)
Net carrying amount	269,164	1	269,165
As at 31.12.2015			
At cost	369,384	177,200	546,584
Accumulated depreciation	(100,220)	(177,199)	(277,419)
Net carrying amount	269,164	1	269,165

Certain motor vehicles of the Group with net carrying amount of RM24,559 (2015: RM36,839) were acquired under hire purchase arrangements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

5. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	2016 RM	2015 RM
Investment in subsidiaries	149,218,603	149,218,603
Less: Accumulated impairment losses	(721,260)	(721,260)
Carrying amounts	<u>148,497,343</u>	<u>148,497,343</u>

Details of the Company's subsidiaries as at 31 December 2016 are as follows:

Name of Subsidiaries	Shareholding (%)		Principal Activities
	2016	2015	
Syarikat Majuperak Berhad	100	100	Property development
Majuperak Energy Resources Sdn. Bhd.	100	100	Property development
Majuperak Development Berhad	100	100	Management services
Majuperak Property Management Sdn. Bhd.	100	100	Property management
Majuperak Land Sdn. Bhd.	100	100	Dormant
Majuperak Bio Resources Sdn. Bhd.	100	100	Contract management
Held through Syarikat Majuperak Berhad:			
Majuperak Properties Sdn. Bhd.	100	100	Property development
Majuperak Bina Sdn. Bhd.	100	100	Property development
Bihun Jaya (Perak) Sdn. Bhd.	62	62	Property management
Held through Majuperak Development Berhad:			
Majuperak Utilities Management Sdn. Bhd.	100	100	Dormant
Tenaga Danawa Sdn. Bhd.	100	100	Property development
Jua Juara Sdn. Bhd.	100	100	Property development

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

5. INVESTMENT IN SUBSIDIARY COMPANIES...(Cont'd.)

Name of Subsidiaries	Shareholding (%)		Principal Activities
	2016	2015	
Held through Majuperak Energy Resources Sdn. Bhd.:			
Majuperak Kinta Hydro Sdn. Bhd.	100	100	Dormant
Held through Majuperak Land Sdn. Bhd.:			
Majuperak Realty Sdn. Bhd.	51	51	Dormant
Held through Majuperak Properties Sdn. Bhd.:			
Nexus Jade Sdn. Bhd.	51	51	Merchandise sourcing

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

	Bihun Jaya (Perak) Sdn. Bhd. RM	Majuperak Realty Sdn. Bhd. RM	Nexus Jade Sdn. Bhd. RM	Total RM
<u>31 December 2016</u>				
NCI percentage of ownership interest and voting interest	38%	49%	49%	
Carrying amount of NCI	<u>518,194</u>	<u>139,285</u>	<u>340,600</u>	<u>998,079</u>
<u>31 December 2015</u>				
NCI percentage of ownership interest and voting interest	38%	49%	49%	
Carrying amount of NCI	<u>530,840</u>	<u>140,897</u>	<u>137,320</u>	<u>809,057</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

5. INVESTMENT IN SUBSIDIARY COMPANIES...(Cont'd.)

Summarised financial information on subsidiaries with material NCI:

i. Summarised statement of comprehensive income

	Bihun Jaya (Perak) Sdn. Bhd.		Majuperak Realty Sdn. Bhd.		Nexus Jade Sdn. Bhd.	
	2016	2015	2016	2015	2016	2015
	RM	RM	RM	RM	RM	RM
Revenue	-	-	-	-	6,167,594	193,826
Cost of sales	-	-	-	-	(4,936,755)	(132,929)
	-	-	-	-	1,230,839	60,897
(Loss)/Profit before taxation	(33,279)	(39,700)	(3,289)	(5,260)	485,319	(219,755)
Taxation	-	-	-	-	(70,462)	-
(Loss)/Profit for the year	(33,279)	(39,700)	(3,289)	(5,260)	414,857	(219,755)
Total comprehensive (loss)/income for the year	(33,279)	(39,700)	(3,289)	(5,260)	414,857	(219,755)
Total comprehensive (loss)/income allocated to NCI	(12,646)	(15,086)	(1,612)	(2,578)	203,280	(107,680)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

5. INVESTMENT IN SUBSIDIARY COMPANIES...(Cont'd.)

ii. Summarised statement of financial position

	Bihun Jaya (Perak) Sdn. Bhd.		Majuperak Realty Sdn. Bhd.		Nexus Jade Sdn. Bhd.	
	2016	2015	2016	2015	2016	2015
	RM	RM	RM	RM	RM	RM
Current						
Assets	8,551	8,551	447,944	447,944	6,073,095	317,748
Liabilities	(127,969)	(114,998)	(165,688)	(162,399)	(5,610,715)	(201,500)
Total current net (liabilities)/assets	(119,418)	(106,447)	282,256	285,545	462,380	116,248
Non-current						
Assets	622,952	643,260	-	-	232,722	163,997
Total non-current net assets	622,952	643,260	-	-	232,722	163,997
Net assets	503,534	536,813	282,256	285,545	695,102	280,245

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

5. INVESTMENT IN SUBSIDIARY COMPANIES...(Cont'd.)

iii. Summarised statement of cash flows

	Bihun Jaya (Perak) Sdn. Bhd.		Majuperak Realty Sdn. Bhd.		Nexus Jade Sdn. Bhd.	
	2016 RM	2015 RM	2016 RM	2015 RM	2016 RM	2015 RM
Net cash (used in)/generated from operating activities	-	-	-	(11)	944,821	(103,887)
Net cash used in investing activities	-	-	-	-	(94,670)	(167,181)
Net cash generated from financing activities	-	-	-	-	-	500,000
Net (decrease)/ increase in cash and cash equivalents	-	-	-	(11)	850,151	228,932
Cash and cash equivalents at beginning of the year	8,551	8,551	295,946	295,957	228,932	-
Cash and cash equivalents at end of the year	8,551	8,551	295,946	295,946	1,079,083	228,932

Amount due from subsidiary companies are unsecured, interest free and repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

6. INVESTMENT IN ASSOCIATE COMPANIES

	GROUP	
	2016 RM	2015 RM
Unquoted shares at cost	97,965	12,250
Allowance for diminution in value	(97,965)	(12,250)
	<u>-</u>	<u>-</u>

Details of the associated companies, which is incorporated in Malaysia as follows:

Name of company	Shareholding (%)		Principal activities
	2016	2015	
Held through Syarikat Majuperak Berhad:			
Konsodium Bihun Jaya Sdn. Bhd.*	30	30	Dormant
Held through Majuperak Properties Sdn. Bhd.:			
Brewster Village Sdn. Bhd.*	30	-	Event management

* These financial statements are not audited by AljeffriDean.

The Group's share of revenue and net loss of associates are as follows:

	2016 RM
Revenue	88,332
Net loss for the year	<u>(132,795)</u>

The Group's share of assets and liabilities of associates are as follows:

	2016 RM
Non-current assets	862,914
Current assets	51,237
Current liabilities	<u>(58,242)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

7. INVESTMENT IN JOINTLY CONTROLLED ENTITY

	GROUP	
	2016 RM	2015 RM
Unquoted shares - at cost:	1,000,000	500,000
Share of post - acquisition loss	(1,000,000)	(500,000)
	<u>-</u>	<u>-</u>

The Company's aggregate share of the current assets, non-current assets, current liabilities, income and expenses of the jointly controlled entity are as follows:

	2016 RM	2015 RM
Assets and liabilities		
Current assets	688,505	688,505
Non-current assets	<u>2,429,327</u>	<u>2,429,327</u>
Total assets	<u>3,117,832</u>	<u>3,117,832</u>
Current liabilities	<u>(2,283,905)</u>	<u>(2,283,905)</u>
Results		
Revenue	-	-
Expenses	<u>-</u>	<u>(1,130,685)</u>

Details of the jointly controlled entity, which is incorporated in Malaysia as follows:

Name of company	Shareholding (%)		Principal activities
	2016	2015	
Held through Majuperak Bio Resources Sdn. Bhd.:			
Majuperak Go Green Sdn. Bhd.	50	50	Bamboo based products

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

8. OTHER INVESTMENTS

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Available-for-sale financial assets				
Quoted shares	1,527,762	1,512,279	-	-
Unquoted shares	10,918,918	7,954,633	200,000	200,000
	<u>12,446,680</u>	<u>9,466,912</u>	<u>200,000</u>	<u>200,000</u>

9. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Balance as at beginning of the year	5,715,576	9,987,254	156,478	4,345,386
Depreciation	(86,423)	(126,361)	(3,653)	(43,591)
Disposal	-	(4,145,317)	-	(4,145,317)
Balance as at end of the year	<u>5,629,153</u>	<u>5,715,576</u>	<u>152,825</u>	<u>156,478</u>
At cost/Valuation	7,283,025	7,283,025	182,620	182,620
Accumulated depreciation	<u>(1,653,872)</u>	<u>(1,567,449)</u>	<u>(29,795)</u>	<u>(26,142)</u>
Net carrying amount	<u>5,629,153</u>	<u>5,715,576</u>	<u>152,825</u>	<u>156,478</u>
Fair value	<u>7,900,000</u>	<u>7,900,000</u>	<u>300,000</u>	<u>300,000</u>
Representing item at:				
Cost	3,638,025	3,638,025	182,620	182,620
Valuation - 1991	<u>3,645,000</u>	<u>3,645,000</u>	<u>-</u>	<u>-</u>
	<u>7,283,025</u>	<u>7,283,025</u>	<u>182,620</u>	<u>182,620</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

10. LAND HELD FOR PROPERTY DEVELOPMENT

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
At cost:				
Balance as at beginning of the year	167,937,946	167,247,924	140,855	140,855
Addition	634,808	1,672,022	-	-
	<u>168,572,754</u>	<u>168,919,946</u>	<u>140,855</u>	<u>140,855</u>
Cost charged to statements of comprehensive income	(1,399,814)	(982,000)	-	-
Transfer to development expenditure	(26,770)	-	-	-
Transfer to related company	<u>(350,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at end of the year	<u>166,796,170</u>	<u>167,937,946</u>	<u>140,855</u>	<u>140,855</u>
Representing item at:				
Cost	33,680,799	34,822,575	140,855	140,855
Revaluation – 2002	<u>133,115,371</u>	<u>133,115,371</u>	<u>-</u>	<u>-</u>
	<u>166,796,170</u>	<u>167,937,946</u>	<u>140,855</u>	<u>140,855</u>

Certain land held for property development of the Group amounting to RM4,656,737 (2015: RM4,656,737) are held in trust and have been registered under the name of the holding corporation. The Group however, has been granted beneficial interest to the land pursuant to a transfer of assets and liabilities agreement and its supplementary agreement which had been mutually agreed between the Group and the holding corporation dated 28 December 2001 and 15 April 2002, respectively.

11. DEVELOPMENT EXPENDITURE

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Land	315,812	315,812	-	-
Development expenditure	<u>3,418,775</u>	<u>21,226,574</u>	<u>1,527,895</u>	<u>1,527,895</u>
	<u>3,734,587</u>	<u>21,542,386</u>	<u>1,527,895</u>	<u>1,527,895</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

12. GOODWILL ON CONSOLIDATION

GROUP

	2016 RM	2015 RM
Purchased goodwill, at cost	89,479,467	89,479,467
Less: Accumulated impairment losses	(79,843,207)	(79,843,207)
Net carrying amount	<u>9,636,260</u>	<u>9,636,260</u>

13. TRADE RECEIVABLES

GROUP

	2016 RM	2015 RM
Trade receivables	21,669,094	17,970,914
Less: Allowance for doubtful debts	(2,967,997)	(2,243,756)
	<u>18,701,097</u>	<u>15,727,158</u>

Ageing analysis of trade receivables

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

	2016 RM	2015 RM
Neither past due nor impaired	-	-
1 to 30 days past due not impaired	1,564,570	37,363
31 to 60 days past due not impaired	1,983,441	58,314
61 to 90 days past due not impaired	752,219	-
91 to 180 days past due not impaired	871,919	985,251
More than 180 days past due not impaired	<u>13,528,948</u>	<u>14,646,230</u>
	18,701,097	15,727,158
Impaired	<u>2,967,997</u>	<u>2,243,756</u>
	<u>21,669,094</u>	<u>17,970,914</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

13. TRADE RECEIVABLES...(Cont'd.)

Trade receivables that are neither past due nor impaired

Trade receivables that were neither past due nor impaired relate to customers for whom there were no default.

Trade receivables that are past due but not impaired

Trade receivables that were past due but not impaired relate to customers that have good track record with the Company. Based on past experience and no adverse information to date, the directors of the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Movement in allowances accounts:

GROUP

	2016 RM	2015 RM
Beginning of the year	2,243,756	2,159,106
Addition	1,082,528	85,151
Bad debts written off	(358,287)	(501)
End of the year	<u>2,967,997</u>	<u>2,243,756</u>

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables, deposits and prepayment	13,411,324	12,810,718	4,389,727	4,109,035
Less: Allowances for doubtful debts	<u>(543,763)</u>	<u>(543,763)</u>	<u>-</u>	<u>-</u>
	<u>12,867,561</u>	<u>12,266,955</u>	<u>4,389,727</u>	<u>4,109,035</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

15. INVENTORIES

GROUP

	2016 RM	2015 RM
At cost:		
Shop houses	2,040,696	2,079,189
Merchandise	51,295	25,277
Shop office	300,000	-
	<u>2,391,991</u>	<u>2,104,466</u>

5 units of unsold shophouses (2015: 5 units) at cost of RM481,210 (2015: RM481,210) is charged as security for credit facility granted to a subsidiary company.

16. PROPERTY DEVELOPMENT COST

GROUP

	2016 RM	2015 RM
Land	8,583,717	8,583,717
Development expenditure	192,302,713	190,880,627
Accumulated costs charged to statements of comprehensive income	<u>(191,134,637)</u>	<u>(191,094,169)</u>
	<u>9,751,793</u>	<u>8,370,175</u>
Development expenditure incurred during the year	13,984,520	1,422,086
Transfer from trade receivables	361,692	-
Cost charged out to statements of comprehensive income	<u>(863,397)</u>	<u>(40,468)</u>
Balance as at end of the year	<u>23,234,608</u>	<u>9,751,793</u>

Represented by:

Land	8,583,717	8,583,717
Development expenditure	206,648,925	192,302,713
Accumulated costs charged to statements of comprehensive income	<u>(191,998,034)</u>	<u>(191,134,637)</u>
	<u>23,234,608</u>	<u>9,751,793</u>

Development costs that are expected to be completed within the normal operating cycle of 2 to 3 years are classified as current asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

17. CONTRACT WORK-IN-PROGRESS

GROUP

	2016 RM	2015 RM
As at beginning of the year	386,756	772,016
Addition	-	1,496
Less: Impairment loss	(386,756)	(386,756)
	<hr/>	<hr/>
Balance as at end of the year	-	386,756

18. AMOUNT DUE FROM HOLDING CORPORATION

The holding corporation is Perbadanan Kemajuan Negeri Perak, a statutory body established under the Perak State Economic Development Corporation Enactment No. 3, 1967.

The amount due from holding corporation is unsecured, interest free, and repayable on demand.

19. AMOUNT DUE FROM/(TO) RELATED COMPANIES

The amount due from related companies are unsecured and has no fixed terms of repayment. Interest rate is charged at 7.50% (2015: Nil) per annum is on amount owing of RM41,802 (2015: RM Nil) by certain related company. All other amounts are interest free.

The amount due to related companies are unsecured and has no fixed terms of repayment. Interest rate is charged at 7.50% (2015: Nil) per annum is on amount owing of RM4,455,240 (2015: RM Nil) by certain related company. All other amounts are interest free.

20. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Fixed deposit with licensed bank	529,379	528,392	-	-
Cash and bank balances	3,889,442	24,789,885	451,059	17,600,335
	<hr/>	<hr/>	<hr/>	<hr/>
	4,418,821	25,318,277	451,059	17,600,335

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

20. DEPOSIT, CASH AND BANK BALANCES...(Cont'd.)

Included in the Group's cash and bank balances are amounts of RM444,927 (2015: RM550,225) subjected to the Housing Developers (Housing Development Account) (Amendment) Regulations 2002.

21. SHARE CAPITAL

GROUP AND COMPANY

	2016 RM	2015 RM
Authorised:		
Ordinary shares of RM0.50 each	<u>425,000,000</u>	<u>425,000,000</u>
Issued and fully paid:		
Ordinary shares of RM0.50 each		
As at beginning of year	99,214,833	92,156,319
Issue during the year arising from conversion of ICPS	<u>29,311,379</u>	<u>7,058,514</u>
As at end of year	<u>128,526,212</u>	<u>99,214,833</u>

22. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARE ("ICPS")

GROUP AND COMPANY

	2016 RM	2015 RM
Authorised:		
ICPS of RM0.50 each	<u>75,000,000</u>	<u>75,000,000</u>
Issued and fully paid:		
ICPS of RM0.50 each		
As at beginning of year	41,873,829	51,957,421
Conversion of ICPS to share capital	(29,311,379)	(7,058,514)
Conversion of ICPS to share premium	<u>(12,562,450)</u>	<u>(3,025,078)</u>
As at end of year	<u>-</u>	<u>41,873,829</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

22. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARE ("ICPS")...(Cont'd.)

The principal terms of ICPS attached to them are as follows:

- | | |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i) Dividend | The ICPS bear a fixed cumulative dividend of 1.0% per annum, payable after and including the third year. The ICPS holders will not be entitled to any rights, bonus issues, allotments and/or any other distributions that may be declared by the Company. |
| ii) Maturity | The maturity date of the ICPS is the ten anniversary date of the issue date of the ICPS. |
| iii) Conversion right | The ICPS holders will have the right to convert the ICPS at conversion price into new Company's ordinary shares and/or including the fifth anniversary of the date of issue the ICPS until maturity. Any nominal value not converted by maturity date will be mandatory converted into new ordinary shares on maturity date. |
| iv) Conversion price | The conversion price of the ICPS into new ordinary shares shall be RM0.70 each. Fractions resulting from conversion, if any, shall be disregarded and the Company shall not be required to pay the ICPS holders the value of such fractions. |
| v) Mode of conversion | Conversion shall be by tendering 10 ICPS for every 7 new ordinary shares of the Company. |
| vi) Listing | The ICPS and new ordinary shares to be issued pursuant to the conversion of the ICPS will be listed on the Bursa Malaysia Securities Berhad. |
| vii) Ranking | The conversion shares shall rank parri passu in all respect with the then existing issued of ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distribution, the entitlement date of which is prior to the date of conversion of the ICPS. |
| viii) Voting right | The ICPS holders shall not be entitled to voting rights except where the rights of ICPS holders are affected or on a resolution for the winding up of the Company. |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

23. SHARE PREMIUM

GROUP AND COMPANY

	2016 RM	2015 RM
As at beginning of the year	38,504,179	35,479,101
Addition during the year	12,562,450	3,025,078
Balance as at end of the year	<u>51,066,629</u>	<u>38,504,179</u>

Share premium arose from the issues of ordinary shares in excess of the par value.

24. INVESTMENT REVALUATION RESERVE

GROUP

	2016 RM	2015 RM
As at beginning of the year	803,679	1,058,746
Effect of adopting the fair value measurement on security available-for-sale	<u>15,484</u>	<u>(255,067)</u>
As at end of the year	<u>819,163</u>	<u>803,679</u>

Investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment are derecognised or impaired.

25. ACCUMULATED PROFITS

The Company is able to distribute dividends out of its entire profits under the single-tier system.

26. NON-CONTROLLING INTEREST

GROUP

This consists of the non-controlling shareholders' proportion of share capital and reserves of subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

27. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other payables	8,788,118	14,103,605	5,204,282	11,016,800
Retention sum	45,526	45,526	-	-
Deposit and accruals	2,949,670	11,089,615	1,014,466	427,250
	<u>11,783,314</u>	<u>25,238,746</u>	<u>6,218,748</u>	<u>11,444,050</u>

28. BANK BORROWINGS

	GROUP		COMPANY		Effective
	2016	2015	2016	2015	profit/
	RM	RM	RM	RM	interest
					rate
<i>Not later than 1 year:</i>					
Secured loan	150,000	150,000	-	-	5.1%
Term loan	909,091	-	909,091	-	10.75%
Bank overdraft	1,472,498	406,877	-	-	4%
	<u>2,531,589</u>	<u>556,877</u>	<u>909,091</u>	<u>-</u>	
<i>Later than 1 year and not later than 5 years:</i>					
Secured loan	750,000	750,000	-	-	5.1%
Term loan	4,545,455	-	4,545,455	-	10.75%
	<u>5,295,455</u>	<u>750,000</u>	<u>4,545,455</u>	<u>-</u>	
<i>Later than 5 years:</i>					
Secured loan	1,450,000	1,600,000	-	-	5.1%
Term loan	1,711,619	-	1,711,619	-	10.75%
	<u>3,161,619</u>	<u>1,600,000</u>	<u>1,711,619</u>	<u>-</u>	
	<u>8,457,074</u>	<u>2,350,000</u>	<u>6,257,074</u>	<u>-</u>	
	<u>10,988,663</u>	<u>2,906,877</u>	<u>7,166,165</u>	<u>-</u>	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

28. BANK BORROWINGS...(Cont'd.)

- i) Secured loan ("Bai-Bithaman Ajil") is secured by a property of the Group. The secured loan profit charged at a rate of 5.1%. The repayment is within 240 months and commenced on September 2012.
- ii) Term loan is relates to Business Financing-I ("Tawarruq") up to RM10,000,000 to finance the refurbishment and renovation cost of Silveritage Galleria Complex. The term loan is secured by way of first legal charge over the leasehold land attached with building. The term loan profit charged at rate of 10.75% and the repayment is within 132 month and commenced on July 2016. This financing has been disbursed based on progressive claim.
- iii) The bank overdraft facility of the Group is secured by a first and second, third and fourth fixed charges amounting to RM1.5 million (2015: RM1.5 million) over certain properties of the Group. The bank overdraft bears interest at a rate of 4% (2015: 4%).

29. HIRE PURCHASE PAYABLES

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Minimum hire purchase payment:				
Not later than 1 year	11,040	38,544	-	27,504
Later than 1 year and not later than 5 years	29,843	43,121	-	2,238
	40,883	81,665	-	29,742
Future finance charges of hire purchase	(8,356)	(15,766)	-	(5,038)
Present value of hire purchase liabilities	32,527	65,899	-	24,704
Present value of hire purchase liabilities:				
Not later than 1 year	8,668	21,446	-	12,778
Later than 1 year and not later than 5 years	23,859	44,453	-	11,926
	32,527	65,899	-	24,704

The effective interest rate per annum of the hire purchase payables at the statement of financial position date is 2.58% (2015: 2.58%).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

30. DEFERRED TAXATION

GROUP

	2016 RM	2015 RM
As at beginning of the year	27,533,689	27,889,010
Reversal of deferred tax liability	-	(274,960)
Charged from statement of comprehensive income (Note 33)	7,651	(80,361)
As at end of the year	<u>27,541,340</u>	<u>27,533,689</u>

The deferred tax, determined before appropriate offsetting as follows:

Deferred tax assets	(205,439)	(205,439)
Deferred tax liabilities	<u>27,746,779</u>	<u>27,739,128</u>
	<u>27,541,340</u>	<u>27,533,689</u>

Deferred taxation are in respect of the following items:

	2016 RM	2015 RM
Unutilised tax losses	(205,439)	(205,439)
Capital allowances excess depreciation	26,240	18,589
Revaluation	<u>27,720,539</u>	<u>27,720,539</u>
	<u>27,541,340</u>	<u>27,533,689</u>

31. PROFIT FROM OPERATION

Profit from operation is arrived at after charging/(crediting):

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Audit fee	115,700	105,300	24,700	19,000
Allowances for doubtful debts	1,080,018	85,151	-	-
Bad debt written off	-	182,797	-	-
Property, plant and equipment written off	<u>11,792</u>	<u>-</u>	<u>11,792</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

31. PROFIT FROM OPERATION...(Cont'd.)

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Remunerations of key personnel management				
- fee	443,000	476,250	375,000	408,250
- other than fee	758,160	670,900	652,160	379,900
Depreciation of property, plant and equipment	1,473,594	541,457	71,846	64,606
Depreciation of investment properties	86,423	126,361	3,653	43,951
Impairment on contract work-in-progress	386,756	386,756	-	-
Penalty	554,472	-	554,472	-
Rental of premises	567,069	566,713	567,069	566,713
Staff cost:				
- Short term benefit	4,654,662	3,857,264	1,455,582	1,274,628
- EPF and pension contribution	742,231	562,392	306,479	212,425
Gain on disposal of property, plant and equipment	-	(10,249)	-	-
Gain on disposal of investment properties, net of tax	-	(18,930,827)	-	(18,930,827)
Interest income	(289,369)	(34,042)	(303,555)	-
Rental income	(149,940)	(206,177)	-	-
Waiver of payables	-	(365)	-	-

Remunerations of key personnel management comprise the following:

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Directors:				
Fee	443,000	476,250	375,000	408,250
Salaries and other emoluments	758,160	538,900	652,160	379,900
Chairman:				
Salaries and other emoluments	132,000	132,000	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

31. PROFIT FROM OPERATION...(Cont'd.)

Range of emoluments of the Company's directors are as follows:

	Number of directors	
	2016	2015
Above RM50,001	1	3
RM30,001 – RM50,000	7	5

32. FINANCE COSTS

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Short term revolving credit interest	-	1,233	-	-
Secured loan interest	103,971	94,599	-	-
Term loan interest	166,140	-	166,140	-
Interest on related companies	336,018	-	333,432	-
Hire purchase interest	7,281	7,011	4,981	4,639
Bank overdraft interest	-	1,480	-	-
	613,410	104,323	504,553	4,639

33. TAXATION

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Provision for the year	260,854	943,096	-	-
Under provision in prior year	83,780	8,810	-	-
Deferred tax expenses relating to the origination and reversal of temporary differences (Note 30)	7,651	(80,361)	-	-
	352,285	871,545	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

33. TAXATION...(Cont'd.)

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	2015	2016	2015
	RM	RM	RM	RM
Profit/(Loss) before taxation	<u>3,226,280</u>	<u>12,320,224</u>	<u>(120,636)</u>	<u>12,665,704</u>
Malaysia statutory tax rate :				
- at 24% (2015: 25%)	774,307	3,080,056	(28,953)	3,166,426
Income not subject to tax	(3,015,394)	(4,819,272)	(1,318,339)	(4,732,707)
Tax effect on expenses not deductible for tax purposes	2,158,427	816,963	1,347,292	193,159
Tax effect on utilisation of unabsorbed capital allowances and tax losses	(481,003)	(187,612)	-	-
Under provision in prior year	83,780	8,810	-	-
Deferred tax assets not recognised during the year	712,168	1,972,600	-	1,373,122
Share of results of a jointly controlled entity	<u>120,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tax expenses for the year	<u>352,285</u>	<u>871,545</u>	<u>-</u>	<u>-</u>

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

	GROUP		GROUP	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unabsorbed capital allowances	754,212	593,864	328,018	103,374
Unutilised tax losses	<u>19,819,935</u>	<u>18,825,499</u>	<u>7,055,964</u>	<u>7,190,608</u>
	<u>20,574,147</u>	<u>19,419,363</u>	<u>7,383,982</u>	<u>7,293,982</u>

The above unabsorbed capital allowances and unutilised tax losses are available indefinitely for offset against future taxable profit subject to the approval with the Inland Revenue Board. Deferred tax assets have not been recognised in respect of this item due to uncertainty of its recoverability.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

34. EARNINGS PER SHARE

a) Basic

The basic earnings per share is calculated by dividing the Group's net profit attributable to shareholders (net dividend of ICPS) by the weighted average number of shares in issue during the year.

	GROUP	
	2016 RM	2015 RM
Net income attributable to shareholders	2,684,973	10,736,546
Weighted average number of ordinary shares in issue	257,052,423	198,429,666
	SEN	SEN
Basic earnings per share	1.04	5.41

b) Diluted

For the diluted earnings per share calculation, the weighted average numbers of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of potential ordinary shares in respect of conversion of ICPS into ordinary shares.

	GROUP	
	2016 RM	2015 RM
Net income attributable to shareholders	2,684,973	11,574,023
Weighted average number of ordinary shares in issue	257,052,423	198,429,666
Effect of dilution ICPS	-	119,639,511
Adjusted weighted average number of ordinary shares in issue and issuable	257,052,423	318,069,177
	SEN	SEN
Diluted earning per share	1.04	3.64

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

35. DIVIDENDS

Since the end of the previous financial year, the Company paid:

- i) a first interim dividend of 1.06 sen per share amounting to RM2,725,803 in respect of the financial year ended 31 December 2016 on 21 June 2016;
- ii) a final dividend of 1.08 sen per share amounting RM2,777,191 in respect of the financial year ended 31 December 2015 on 25 August 2016;
- iii) Outstanding Irredeemable Cumulative Preference Shares ("ICPS") dividend a total of 2% per RM0.50 ICPS in respect of the First Anniversary (Year 2007) and Second Anniversary (Year 2008) amounting RM1,359,306 on 23 December 2016.
- iv) Outstanding Irredeemable Cumulative Preference Shares ("ICPS") dividend of 1% per RM0.50 ICPS in respect of the Tenth-Year Anniversary (Year 2016) amounting RM418,428 on 23 December 2016.

The Board does not recommend the payment of a final dividend in respect of the financial year ended 31 December 2016.

36. SEGMENTAL REPORTING

i) Business segment

31 December 2016

	Property development RM	Property management RM	Merchandise RM	Others RM	Total RM
Revenue	10,335,800	1,790,133	6,167,594	2,806,051	21,099,578
Results					
Segment result	3,913,667	1,057,235	485,319	(2,229,941)	3,226,280
Taxation					(352,285)
Net profit for the year					2,873,995
Non-controlling interest					(189,022)
Net profit for the year attributable to equity holders of the Company					2,684,973

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

36. SEGMENTAL REPORTING...(Cont'd.)

i) Business segment

31 December 2015

	Property development RM	Management services RM	Others RM	Total RM
Revenue	6,097,873	-	585,644	6,683,517
Results				
Segment result	1,623,651	(256,842)	10,953,415	12,320,224
Taxation				(871,545)
Net profit for the year				11,448,679
Non-controlling interest				125,344
Net profit for the year attributable to equity holders of the Company				11,574,023

ii) Geographical segment

The segmental information is not presented by geographical segment as the Group's business activities are predominantly located in Malaysia.

37. CONTINGENT LIABILITIES

	GROUP	
	2016 RM	2015 RM
Unsecured:		
Bank guarantee given to related parties for the purpose of utilities.	55,000	55,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

38. SIGNIFICANT RELATED PARTY TRANSACTION

For the purpose 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 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 or common significant influence.

a) Transaction within the Group

	2016 RM	2015 RM
Repayment of debt to holding corporation	2,736,321	16,600,000
Advanced paid to holding corporation	1,600,000	-
Dividend paid by holding corporation	<u>7,280,728</u>	<u>5,227,200</u>

b) Transaction with key personnel management

Key personnel management are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company. The details analysis of transactions made during the financial year are disclosed in Note 31 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

39. FINANCIAL INSTRUMENTS

Financial Risk Management

a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 to the Financial Statements describe how the classes of financial instruments are measured, and how income and expense, including fair value gains or 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:

GROUP	Loans and Receivables RM	Available- For-Sale RM	Financial Liabilities at Amortised Cost RM	Total RM
At 31 December 2016				
Financial Assets				
Trade receivables	18,701,097	-	-	18,701,097
Other receivables, deposit and prepayments	12,867,561	-	-	12,867,561
Amount due from holding corporation	5,562,188	-	-	5,562,188
Amount due from related companies	11,015,571	-	-	11,015,571
Other investments	-	1,527,762	-	1,527,762
Deposit, cash and cash equivalents	4,418,821	-	-	4,418,821
	<u>52,565,238</u>	<u>1,527,762</u>	<u>-</u>	<u>54,093,000</u>
Financial Liabilities				
Trade payables	-	-	16,240,920	16,240,920
Other payables and accrual	-	-	11,783,314	11,783,314
Amount due to related companies	-	-	13,584,609	13,584,609
Bank borrowings	-	-	10,988,663	10,988,663
Hire purchase payables	-	-	32,527	32,527
	<u>-</u>	<u>-</u>	<u>52,630,033</u>	<u>52,630,033</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

39. FINANCIAL INSTRUMENTS...(Cont'd.)

Financial Risk Management

GROUP	Loans and Receivables RM	Available- For-Sale RM	Financial Liabilities at Amortised Cost RM	Total RM
At 31 December 2015				
Financial Assets				
Trade receivables	15,727,158	-	-	15,727,158
Other receivables, deposit and prepayments	12,266,955	-	-	12,266,955
Amount due from holding corporation	6,975,523	-	-	6,975,523
Amount due from related companies	9,079,220	-	-	9,079,220
Other investments	-	1,512,279	-	1,512,279
Deposit, cash and cash equivalents	25,318,277	-	-	25,318,277
	<u>69,367,133</u>	<u>1,512,279</u>	<u>-</u>	<u>70,879,412</u>
Financial Liabilities				
Trade payables	-	-	9,300,535	9,300,535
Other payables and accrual	-	-	25,238,746	25,238,746
Amount due to related companies	-	-	12,494,280	12,494,280
Bank borrowings	-	-	2,906,877	2,906,877
Hire purchase payables	-	-	65,899	65,899
	<u>-</u>	<u>-</u>	<u>50,006,337</u>	<u>50,006,337</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

39. FINANCIAL INSTRUMENTS...(Cont'd.)

Financial Risk Management

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 operation whilst managing its financial risks, including credit risks, liquidity and cash flow risk and interest rate risk. The Group and the Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transaction.

i) Credit risk

i) Receivables

The Group's exposure to credit risk arises mainly from receivables. Receivables are monitored on an on-going basis via management reporting procedure and action is taken to recover debts when due.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk arising from receivables is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Impairment losses

The allowances account in respect of trade receivables is used to record impairment losses. Unless the Group and the Company is satisfied that recovery of the amount is possible, the amount considered is irrecoverable is written off against the receivables directly.

ii) Inter-company balances

The Company provides unsecured loans and advances to related companies. The Company monitors the results of the related companies regularly.

Exposure to credit risk

At the reporting date, the maximum exposure to credit risk from unsecured loans and advances to related companies is represented by their carrying amounts in the statements of financial position.

Loans and advances are only provided to related companies which are wholly owned by the holding corporation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

39. FINANCIAL INSTRUMENTS...(Cont'd.)

Financial Risk Management

ii) Liquidity and cash flow risk

The Group and the Company actively manage its debts maturity profile, operating cashflows and availability of funding so as to ensure that all repayment and funding needs are met.

The table below summarises the maturity profile of the Group and of the Company's liabilities at the financial year end based on contractual undiscounted repayment obligations.

GROUP

	On demand RM	Not later than 1 year RM	Later than 1 year RM	Total RM
At 31 December 2016				
Trade and other payables	-	28,024,234	-	28,024,234
Amount due to related companies	13,584,609	-	-	13,584,609
Bank borrowings	-	2,531,589	8,457,074	10,988,663
Hire purchase payables	-	8,668	23,859	32,527
	<u>13,584,609</u>	<u>30,564,491</u>	<u>8,480,933</u>	<u>52,630,033</u>
At 31 December 2015				
Trade and other payables	-	34,539,281	-	34,539,281
Amount due to related companies	12,494,280	-	-	12,494,280
Bank borrowings	-	556,877	2,350,000	2,906,877
Hire purchase payables	-	21,446	44,453	65,899
	<u>12,494,280</u>	<u>35,117,604</u>	<u>2,394,453</u>	<u>50,006,337</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

39. FINANCIAL INSTRUMENTS...(Cont'd.)

Financial Risk Management

COMPANY

	On demand RM	Not later than 1 year RM	Later than 1 year RM	Total RM
At 31 December 2016				
Other payables	-	6,218,748	-	6,218,748
Amount due to related companies	4,801,189	-	-	4,801,189
Bank Borrowings	-	909,091	6,257,074	7,166,165
	<u>4,801,189</u>	<u>7,127,839</u>	<u>6,257,074</u>	<u>18,186,102</u>
At 31 December 2015				
Other payables	-	11,444,050	-	11,444,050
Amount due to related companies	3,717,130	-	-	3,717,130
Hire purchase payables	-	12,778	11,926	24,704
	<u>3,717,130</u>	<u>11,456,828</u>	<u>11,926</u>	<u>15,185,884</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

39. FINANCIAL INSTRUMENTS...(Cont'd.)

Financial Risk Management

iii) Interest rate risk

The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group is exposed to interest rate risk arising from its short and long term debts obligations, and its fixed deposits. Fixed deposits interest rate is insignificant and any fluctuations in the rate would have no material impact on the results of the Company.

Interest rate risk sensitivity

An increase in market interest rates by 1% on financial asset and financial liability of the Group which have variable interest rates at the end of the reporting period would decrease the profit before taxation by RM104,918 (2015: RM24,444). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial asset and financial liability of the Group and the Company which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

c) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, receivables, payables, inter company balances and short term borrowings including hire purchase are approximate their fair values due to the relatively short term nature of these financial instruments.

The fair values of investment properties is disclosed in Note 9 to the financial statements.

The fair values of quoted shares is determined directly by reference to its published market bid price at the financial year end.

The fair values of all other financial assets and liabilities of the Group and of the Company as at 31 December 2016 are not materially different from their carrying amounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

39. FINANCIAL INSTRUMENTS...(Cont'd.)

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholder and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debts. Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statements of financial position) less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2016 and 2015 were as follow:

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Amount due to related companies	13,584,609	12,494,280	4,801,189	3,717,130
Bank borrowings	10,988,663	2,906,877	7,166,165	-
Hire purchase payables	32,527	65,899	-	24,704
	<u>24,605,799</u>	<u>15,467,056</u>	<u>11,967,354</u>	<u>3,741,834</u>
Less: cash and cash equivalent	<u>(2,946,323)</u>	<u>(24,911,400)</u>	<u>(451,059)</u>	<u>(17,600,335)</u>
Net debt	21,659,476	(9,444,344)	11,516,295	(13,858,501)
Total equity	<u>218,719,533</u>	<u>223,110,782</u>	<u>183,855,917</u>	<u>191,257,281</u>
Total capital	<u>240,379,009</u>	<u>213,666,438</u>	<u>195,372,212</u>	<u>177,398,780</u>
Gearing ratio	<u>9.00%</u>	<u>NA</u>	<u>5.89%</u>	<u>NA</u>

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

40. FAIR VALUE HIERARCHIES OF FINANCIAL INSTRUMENTS

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 31 December 2016 are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly, (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 RM	Level 2 RM	Total RM
As at 31 December 2016			
Asset			
AFS Financial assets	1,527,762	10,918,918	12,446,680
As at 31 December 2015			
Asset			
AFS Financial assets	1,512,279	7,954,633	9,466,912
Company			
As at 31 December 2016			
Asset			
AFS Financial assets	-	200,000	200,000
As at 31 December 2015			
Asset			
AFS Financial assets	-	200,000	200,000

There were no transfers between Level 1 and Level 2 during the current and previous financial years.

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 3 as at 31 December 2016 and 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

41. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Companies Act 2016

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

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

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

SUPPLEMENTARY INFORMATION

42. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of retained earnings as at the reporting date has been prepared by directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the Guidance Special Matter No. 1 – Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants are as follows:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Realised	37,487,130	42,090,536	4,263,076	11,664,440
Unrealised	(177,680)	(185,331)	-	-
	<u>37,309,450</u>	<u>41,905,205</u>	<u>4,263,076</u>	<u>11,664,440</u>

FORM OF PROXY

MAJUPERAK HOLDINGS BERHAD (585389-X)

(Incorporated In Malaysia)



No. of Shares Held	CDS Account No.	Telephone No.

I/We, _____

NRIC No./Company No. _____ of _____

_____ being a member

of Majuperak Holdings Berhad hereby appoint the following person(s):

Name of Proxy & NRIC No.	No. of Ordinary Shares	%
1. _____		
2. _____		
or failing him/her		
1. _____		
2. _____		

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Fourteenth Annual General Meeting ("AGM") of the Company to be held at Aman Jaya Convention Centre, Casuarina @ Meru Hotel, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan on Friday, 26 May 2017 at 5.00 p.m. and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Business	Ordinary Resolution No.	For	Against
To approve the payment of Directors' Fees	1		
To approve the payment of Directors' Benefit	2		
To re-elect the following Directors: (i) Y.B. Dato' Mohd Khusairi Bin Abdul Talib	3		
(ii) Y.Bhg. Dato' Mohd Azmi Bin Hj Othman	4		
To re-elect Rustam Apandi Bin Jamaludin	5		
To re-elect Y.Bhg. Datuk Mahdi Bin Tan Sri Morad	6		
To re-appoint the following Directors: (i) Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas	7		
(ii) Tuan Haji Mustapha Bin Mohamed	8		
To re-appoint Messrs AljeffriDean as Auditors of the Company and to authorise the Directors to fix their remuneration	9		
Special Business			
Retention of Independent Non-Executive Director	10		
Authority to Allot and Issue Shares in General Pursuant to Section 75 of the Companies Act, 2016	11		
Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for the Recurrent Related Party Transactions of A Revenue or Trading Nature	12		

Please indicate with (✓) or (X) how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

Date: _____

Signature of Shareholder/Common Seal _____

NOTES:

- Only members whose names appear on the Record of Depositors as at 18 May 2017 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.
- A member entitled to attend and vote at the AGM is entitled to appoint a proxy/proxies who may but need not be member/members of the Company to attend and vote in his/her stead.
- A member entitled to attend and vote at the AGM is entitled to appoint a proxy/proxies who may but need not be member/members of the Company to attend and vote in his/her stead.
- A member shall not be entitled to appoint more than two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited with the Company Secretaries at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting. Faxed or emailed copies are not acceptable.
- The registration for the above Meeting will commence on Friday, 26 May 2017 at 3 p.m.

Then fold here

THE COMPANY SECRETARY

MAJUPERAK HOLDINGS BERHAD Co. No. 585389-X

55A Medan Ipoh 1A

Medan Ipoh Bistari

31400 IPOH

Perak

80 sen stamp
(within Malaysia)

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