



MAA GROUP BERHAD

(471403-A)



ANNUAL REPORT

2016

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FINANCIAL HIGHLIGHTS

FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

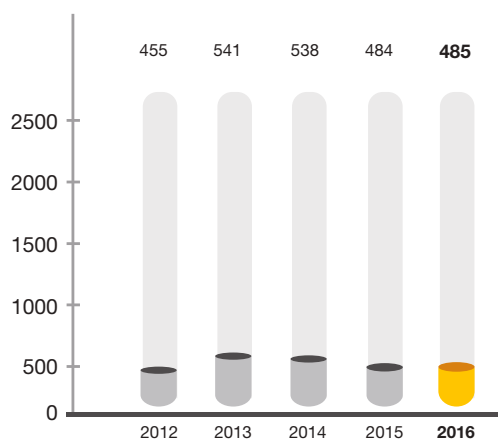
Year Ended 31 December	2016	2015	2014	2013	2012
Statements of Profit or Loss (RM' million)					
Total Revenue	485⁽¹⁾	484	538	541	455
Profit Before Taxation	268⁽¹⁾	33	19	9	39
Statements of Financial Position (RM' million)					
Total Assets	564	1,451	1,560	1,359	1,243
Total Borrowings	-	-	-	5	4
Shareholders' Equity	552	410	424	431	427
Financial Ratios					
Return on Capital Employed	48.5%	8.0%	4.5%	2.1%	9.0%
Return on Total Assets	47.4%	2.3%	1.2%	0.7%	3.1%
Earnings per Share (sen)	92.6	8.3	5.5	1.6	14.0
Net Asset per Share (RM)	2.0	1.4	1.4	1.4	1.4

⁽¹⁾ Included six (6) months results of MAA Takaful Berhad (now known as Zurich Takaful Malaysia Berhad) before completion of the disposal to Zurich Insurance Company Ltd on 30 June 2016.

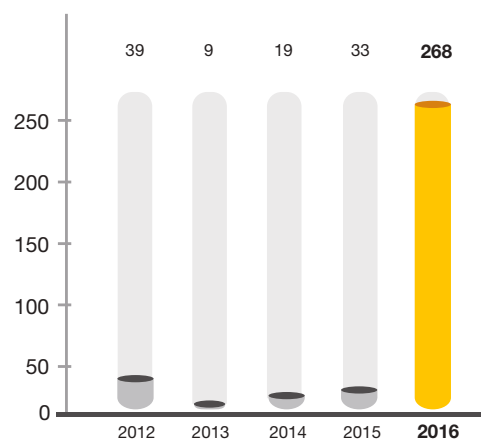
FINANCIAL HIGHLIGHTS

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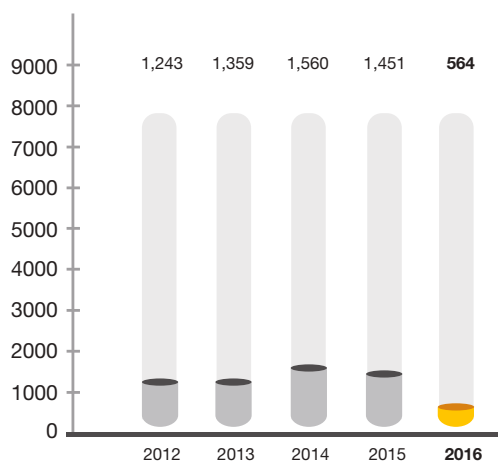
Total Revenue (RM mil)



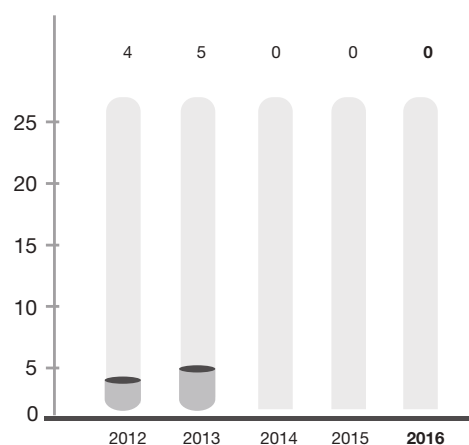
Profit Before Taxation (RM mil)



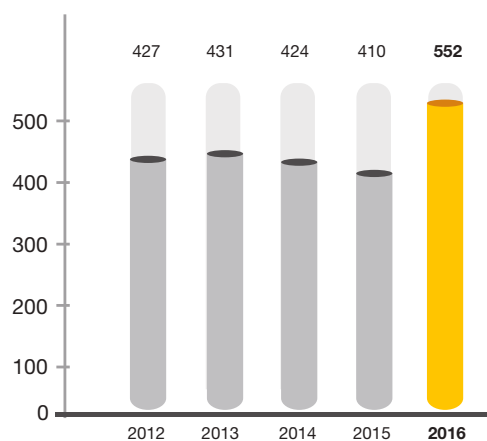
Total Assets (RM mil)



Total Borrowing (RM mil)



Shareholders' Equity (RM mil)



BOARD OF DIRECTORS

1. **Tunku Dato' Yaacob Khyra**
Executive Chairman

2. **Yeo Took Keat**
Executive Director
Group Chief Operating Officer

3. **Tan Sri Ahmad Bin Mohd Don**
Independent Non-Executive Director
Member of Risk Management Committee
Member of Audit Committee
Member of Nomination and Remuneration Committee

4. **Dato' Narendrakumar Jasani A/L Chunilal Rugnath**
Independent Non-Executive Director
Chairman of Risk Management Committee
Member of Audit Committee
Member of Nomination and Remuneration Committee



5. **Datuk Muhamad Umar Swift**
Chief Executive Officer / Group Managing Director

7. **Tunku Yahaya @ Yahya Bin Tunku Tan Sri Abdullah**
Non-Independent Executive Director

6. **Tan Sri Datuk Seri Razman Md Hashim**
Senior Independent Non-Executive Director
Chairman of Nomination and Remuneration Committee
Member of Audit Committee
Member of Risk Management Committee

8. **Onn Kien Hoe**
Independent Non-Executive Director
Chairman of Audit Committee
Member of Risk Management Committee
Member of Nomination and Remuneration Committee



BOARD OF DIRECTORS' PROFILE



Tunku Dato' Yaacob Khyra has been a Director since its inception in November 1998. He was appointed as the Group Managing Director/Chief Executive Officer in 1999. Subsequently, he was re-designated as Executive Chairman of the Company on 28 August 2008. He currently holds the position of Executive Chairman of Mycron Steel Berhad ("MSB") and Melewar Industrial Group Berhad ("MIG").

Tunku Dato' Yaacob graduated with a Bachelor of Science (Hons) Degree in Economics and Accounting from City University, London. An accountant by training, he is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Malaysian Institute of Accountants.

Tunku Dato' Yaacob started his career as an Auditor with Price Waterhouse in London from 1982 to 1985 and subsequently, employed by the same firm in Kuala Lumpur from 1986 to 1987. Tunku Dato' Yaacob joined Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad) in 1987 until October 2006.

Currently, Tunku Dato' Yaacob is a Board Member of MIG, MSB, Melewar Group Berhad, Khyra Legacy Berhad, Ithmaar Holding B.S.C., IB Capital B.S.C. (Closed) and several private limited companies. His shareholdings in the Company is disclosed on page 207 of the Annual Report.

Tunku Dato' Yaacob is the Chairman of the Board of Trustees for MAA-Medicare Charitable Foundation and The Budimas Charitable Foundation. He also sits on the Board of Altech Chemicals Limited as Non-Executive Director.

Tunku Dato' Yaacob does not have any personal interest in any business arrangements involving the Company.

Tunku Dato' Yaacob does not have any conflict of interest with the Company and he has had no convictions for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

TUNKU DATO' YAACOB KHYRA

*Aged 56, Malaysian, Male
Executive Chairman*

BOARD OF DIRECTORS' PROFILE

(continued)

Datuk Muhamad Umar Swift was appointed as Chief Executive Officer ("CEO")/Group Managing Director of MAA Group Berhad on 7 September 2006.

Datuk Umar started his career with Price Waterhouse as a Chartered Accountant in January 1986. He has more than 22 years' experience in the areas of banking and financial services. He began his career in the banking industry in November 1992 as Manager, Corporate Finance in Bank of Singapore (Australia) Limited.

He then went on to hold numerous positions within the bank before joining Gas Malaysia Sdn Bhd in January 1996 as General Manager, Corporate Finance. A year later, he was promoted to CEO of Gas Malaysia in 1997. Datuk Umar left Gas Malaysia in January 2002 to become a Practice Leader for the Utilities Business of Deloitte Consulting in Malaysia.

In April 2004, he joined Maybank as Executive Vice President – Head, Enterprise Financial Services Group. In May 2006, Datuk Umar left Maybank and joined the Company as Deputy CEO.

Datuk Umar was appointed as Acting CEO of Malaysian Assurance Alliance Berhad ("MAA") (now known as Zurich Insurance Malaysia Berhad) in August 2007 and appointed as CEO of MAA in August 2008. He ceased to be the CEO of MAA when MAA was sold to Zurich Insurance Company Ltd ("ZIC") on 30 September 2011, and remained as CEO/Group Managing Director of MAA Group Berhad.

Datuk Umar was also appointed as Non-Independent Non-Executive Director of MAA Takaful Berhad ("MAAT") (now known as Zurich Takaful Malaysia Berhad) in May 2007. He ceased to be the Director of MAAT when MAAT was sold to ZIC on 30 June 2016.

Datuk Umar graduated with a Bachelor of Economics from Monash University, Clayton, Australia in December 1985 and is an Associate of the Institute of Chartered Accountants in Australia, a member of CPA Australia, a Fellow of the Taxation Institute of Australia, as well as a Fellow of the Financial Services Institute of Australasia in Australia. He is also a Chartered Accountant with the Malaysian Institute of Accountants and a Registered Financial Planner.

Currently, Datuk Umar is a Board Member of Columbus Capital Pty Limited and MAA International Group Ltd (formerly known as MAA International Assurance Ltd). He also sits on the Board of several private limited companies in the group.

Datuk Umar is also a Member of the Board of Trustees for MAA-Medicare Charitable Foundation, the Board of Trustees for The Budimas Charitable Foundation as well as a Member of the Anaho Foundation.

Datuk Umar does not have any personal interest in any business arrangements involving the Company.

Datuk Umar does not have any family relationship with any Director and/or major shareholders of the Company. He also does not have any shareholding in the Company and he has had no convictions for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DATUK MUHAMAD UMAR SWIFT
Aged 52, Permanent Resident, Male
Chief Executive Officer/
Group Managing Director



BOARD OF DIRECTORS' PROFILE

(continued)



Mr Yeo Took Keat was appointed to the Board on 24 February 2005.

Mr Yeo has vast experience in accounting and finance having served in various capacities with insurance companies and audit firms upon completing his studies in 1980. He joined Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad) in 1986 and has held several positions, the last of which was as Senior Vice President – Finance & Administration before his transfer to MAA Group Berhad in May 2002 as the Group Chief Operating Officer.

Mr Yeo is a Fellow of The Association of Chartered Certified Accountants, United Kingdom and a Member of the Malaysian Institute of Accountants.

Mr Yeo currently sits on the Boards of MAA Bancwell Trustee Berhad, MAA Credit Berhad and MAA International Group Ltd (formerly known as MAA International Assurance Ltd). He also serves on the Boards of several private limited companies in the group.

Mr Yeo is also a Member of the Board of Trustees for MAA-Medicare Charitable Foundation.

Mr Yeo does not have any personal interest in any business arrangements involving the Company.

Mr Yeo does not have any family relationship with any Director and/or major shareholders of the Company and he has had no convictions for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. His shareholdings in the Company is disclosed on page 207 of the Annual Report.

YEO TOOK KEAT
Aged 59, Malaysian, Male
Executive Director
Group Chief Operating Officer

BOARD OF DIRECTORS' PROFILE

(continued)

Tan Sri Datuk Seri Razman Md Hashim was appointed to the Board on 1 July 2006.

Tan Sri Datuk Seri Razman completed his early secondary education in Australia and on completion, studied Accounting and Banking where he became a member of the Australian Institute of Bankers.

Upon his return to Malaysia, Tan Sri Datuk Seri Razman joined Standard Chartered Bank Malaysia Berhad ("SCB") as an Officer Trainee in 1964. Throughout his 34 years of banking experience in SCB, he served with the bank's offices in London, Europe, Hong Kong and Singapore. In 1994, he was appointed as the Executive Director/Deputy Chief Executive of SCB until his retirement in June 1999.

In the same month in 1999, Tan Sri Datuk Seri Razman was appointed as Chairman of MBf Finance Berhad by Bank Negara Malaysia ("BNM") until January 2002 when the finance company was sold to Arab-Malaysian Group. In May 2002 he was appointed as an Independent Non-Executive Director of Affin Bank Berhad by BNM until his retirement in May 2009. He was appointed as Independent Non-Executive Director of Malaysian Assurance Alliance Berhad ("MAA") (now known as Zurich Insurance Malaysia Berhad) on 1 July 2006 until 30 September 2011 when MAA was sold to Zurich Insurance Company Ltd.

Tan Sri Datuk Seri Razman is currently the Executive Deputy Chairman of the Sunway Group of Companies and his current directorships in other public companies include SILK Holdings Berhad, Berjaya Land Berhad, Sunway Berhad, Zurich Takaful Malaysia Berhad (formerly known as MAA Takaful Berhad) and Mycron Steel Berhad.

Tan Sri Datuk Seri Razman is also a Director of ASLI Foundation and Jeffrey Cheah Foundation as well as the Alternate Director in Perdana Leadership Foundation.

Tan Sri Datuk Seri Razman does not have any personal interest in any business arrangements involving the Company.

Tan Sri Datuk Seri Razman does not have any family relationship with any Director and/or major shareholders of the Company and he has had no convictions for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. His shareholdings in the Company is disclosed on page 207 of the Annual Report.

TAN SRI DATUK SERI RAZMAN MD HASHIM

Aged 77, Malaysian, Male

*Senior Independent Non-Executive Director
Chairman of Nomination and Remuneration Committee
Member of Audit Committee
Member of Risk Management Committee*



BOARD OF DIRECTORS' PROFILE

(continued)



Tan Sri Ahmad bin Mohd Don was appointed to the Board on 13 October 2006.

Tan Sri Ahmad is a Summa cum Laude graduate in Economics and Business from the Aberystwyth University, United Kingdom. He is also a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Malaysian Institute of Certified Public Accountants.

Tan Sri Ahmad has extensive experience in finance and banking, having worked in various capacities with Pemas Securities Sdn Bhd, Permodalan Nasional Berhad and Malayan Banking Berhad. He served as the Group Managing Director and Chief Executive Officer of Malayan Banking Berhad from 1991 to 1994. Tan Sri Ahmad was the Governor of Bank Negara Malaysia from May 1994 to August 1998. He currently serves on the Boards of United Malacca Berhad, Hap Seng Plantations Holdings Berhad, South-East Pahang Oil Palm Berhad and Alliance Bank Malaysia Berhad. Tan Sri Ahmad is currently the Independent Non-Executive Chairman of Zurich Takaful Malaysia Berhad (formerly known as MAA Takaful Berhad) and Zurich Insurance Malaysia Berhad.

Tan Sri Ahmad does not have any personal interest in any business arrangements involving the Company.

Tan Sri Ahmad does not have any family relationship with any Director and/or major shareholders of the Company and he has had no convictions for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. His shareholdings in the Company is disclosed on page 207 of the Annual Report.

TAN SRI AHMAD BIN MOHD DON

Aged 69, Malaysian, Male

Independent Non-Executive Director

Member of Risk Management Committee

Member of Audit Committee

Member of Nomination and Remuneration Committee

BOARD OF DIRECTORS' PROFILE

(continued)

Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah was appointed to the Board on 10 January 2007. He was re-designated as Non-Independent Executive Director of the Company on 1 December 2011 by virtue of his appointment as Head of E-Commerce (Vice President) of MAA Corporation Sdn Bhd, the wholly-owned subsidiary of MAA Group Berhad.

Tunku Yahaya is the brother to Tunku Dato' Yaacob Khyra, the Executive Chairman of the Company. Therefore, he is deemed a substantial shareholder by virtue of his relationship with Tunku Dato' Yaacob Khyra who is the founder and ultimate beneficial owner of Khyra Legacy Berhad, the ultimate substantial shareholder of the Company. His shareholdings in the Company is disclosed on page 207 of the Annual Report.

Tunku Yahaya graduated in 1983 with a Bachelor of Science (Hons) Degree in Economics and Accountancy from City University, London. Upon completion, he joined Peat Marwick Mitchell & Co. in London that same year. In 1986, he obtained his Master of Science in Economics from Birkbeck College, University of London.

Upon returning to Malaysia in 1986, he joined the advertising company, MZC-Saatchi & Saatchi. In 1988, he joined the management of the refurbished Central Market (KL) as Executive Director. In 1994, he was appointed to put into operation and manage the television station, Metro Vision as Managing Director. In 1997, he started the music recording label, Melewar Parallax Sdn Bhd.

He currently sits on the Boards of Melewar Industrial Group Berhad, Mithril Berhad, Melewar Group Berhad, The Melewar Corporation Berhad, Khyra Legacy Berhad, MAA Credit Berhad, MAA Bancwell Trustee Berhad, Jat Acres Berhad and several private limited companies.

Tunku Yahaya does not have any personal interest in any business arrangements involving the Company.

Tunku Yahaya does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**TUNKU YAHAYA @ YAHYA BIN
TUNKU TAN SRI ABDULLAH**
Aged 55, Malaysian, Male
Non-Independent Executive Director



BOARD OF DIRECTORS' PROFILE

(continued)



Dato' Narendrakumar Jasani A/L Chunilal Rugnath was appointed to the Board on 5 September 2012 as an Independent Non-Executive Director. He is the Chairman of the Risk Management Committee and a Member of Audit Committee and Nomination and Remuneration Committee of the Company.

Dato' Jasani is currently the Managing Partner of SJ Grant Thornton, a firm of public accountants. He qualified as a Chartered Accountant in England in 1974. He gained experience with Grant Thornton in the United Kingdom and locally with Ernst & Young. Whilst with the two firms, he was involved in rendering professional services for large financial institutions and a number of other international and public listed companies.

Dato' Jasani has been involved in all aspects of professional practice including auditing, consulting and investigative assignments, corporate restructuring, privatization and tax planning exercises. Dato' Jasani contributes towards the professional development of the accounting standards and practice via his involvement and Chairman of the Public Practice Committee, Member of the Small & Medium Practice, Insolvency Practice and Valuation Committees of the Malaysian Institute of Accountants (MIA). He is also a Council Member of MIA. Dato' Jasani was also the Founding Chairman of the Chartered Accountants in England and Wales (ICAEW) Malaysian Chapter for four (4) years and now serves as the Adviser. For initiating the Malaysian ICAEW Chapter and then the successful student training, he was awarded the Life Time Achievement Award by ICAEW.

Dato' Jasani has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Dato' Jasani does not have any personal interest in any business arrangements involving the Company.

Additionally, he does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DATO' NARENDRAKUMAR JASANI A/L CHUNILAL RUGNATH

Aged 67, Malaysian, Male

Independent Non-Executive Director

Chairman of Risk Management Committee

Member of Audit Committee

Member of Nomination and Remuneration Committee

BOARD OF DIRECTORS' PROFILE

(continued)

Mr Onn Kien Hoe was appointed as an Independent Non-Executive Director and Chairman of the Audit Committee of the Company on 5 September 2012. Mr Onn is also a Member of Risk Management Committee and Nomination and Remuneration Committee of the Company. He currently sits on the Boards of Nova MSC Berhad, Reliance Pacific Berhad, Zurich Takaful Malaysia Berhad (formerly known as MAA Takaful Berhad), MAA International Group Ltd (formerly known as MAA International Assurance Ltd) and several private limited companies.

Mr Onn completed his professional qualification with the Association of Chartered Certified Accountants (U.K.) in 1988 and has been in the accounting profession since then. He is also a Member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Mr Onn is a partner with Crowe Horwath, an internationally affiliated accounting firm which is the 5th largest in Malaysia. His role includes acting as the Co-Head of the Corporate Advisory Division of Crowe Horwath. Mr Onn has served as an examiner for the Malaysian Institute of Certified Public Accountants and as a Member of the Interpretation Committee of the Malaysian Accounting Standards Board.

Mr Onn has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Mr Onn does not have any personal interest in any business arrangements involving the Company.

Mr Onn does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

ONN KIEN HOE

Aged 52, Malaysian, Male

Independent Non-Executive Director

Chairman of Audit Committee

Member of Risk Management Committee

Member of Nomination and Remuneration Committee



KEY SENIOR MANAGEMENT PROFILE

TUNKU DATO' YAACOB KHYRA

Aged 56, Malaysian, Male
Executive Chairman

Tunku Dato' Yaacob Khyra has been a Director of the Company since its inception in November 1998. He was appointed as the Chief Executive Officer/Group Managing Director ("CEO/Group MD") of the Company in 1999. Subsequently, he was re-designated as Executive Chairman of the Company on 28 August 2008. His personal profile is listed in the Board of Directors' Profile on page 6 of this Annual Report.

DATUK MUHAMAD UMAR SWIFT

Aged 52, Permanent Resident, Male
Chief Executive Officer/Group Managing Director ("CEO/Group MD")

Datuk Muhamad Umar Swift was appointed as CEO/Group MD of the Company on 7 September 2006. His personal profile is listed in the Board of Directors' Profile on page 7 of this Annual Report.

YEO TOOK KEAT

Aged 59, Malaysian, Male
Executive Director/Group Chief Operating Officer

Mr Yeo Took Keat was appointed to the Board of Directors of the Company on 24 February 2005. He joined Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad) in 1986 and has held several positions, the last of which was as Senior Vice President – Finance & Administration before his transfer to the Company in May 2002 as the Group Chief Operating Officer. His personal profile is listed in the Board of Directors' Profile on page 8 of this Annual Report.

TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH

Aged 55, Malaysian, Male
Non-Independent Executive Director

Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah was appointed to the Board of Directors of the Company on 10 January 2007. He was re-designated as Non-Independent Executive Director of the Company on 1 December 2011 by virtue of his appointment as Head of E-Commerce (Vice President) of MAA Corporation Sdn Bhd, the wholly-owned subsidiary of the Company. His personal profile is listed in the Board of Directors' Profile on page 11 of this Annual Report.

DANIEL C. GO

Aged 55, Filipino, Male
President/Chief Executive Officer ("CEO")

Mr Go is the President/CEO of MAA General Assurance Philippines, Inc. ("MAAGAP") since the commencement of the company's operation in 2001. He is one of the founder and pioneer of MAAGAP.

Mr Go has more than 33 years of work experience in the field of Non-Life Insurance. His career in insurance started in the middle of 1982 when he joined Prudential Guarantee and Assurance Inc. (PGAI) as a Claims Clerk for motor car. He rose from the ranks and became Assistant Vice President – Claims for All Lines, then was further promoted to become Vice President for Marketing until 2001.

Mr Go studied Bachelor of Science in Commerce, Major in Management at the University of the East.

Mr Go has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Mr Go does not have any personal interest in any business arrangements involving the Company.

Mr Go does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT PROFILE

(continued)

ANDREW MARK CHEPUL

Aged 46, Australian, Male
Executive Director

Mr Andrew Mark Chapul was appointed to the Board of Directors of Columbus Capital Pty Limited (“CCA”) on 6 October 2006 as Executive Director. He is a Director of the company’s subsidiaries and a Director of Consortia Group Holdings and several other private proprietary limited companies.

Mr Chapul holds a Bachelor of Business Degree in Accounting from Deakin University, Melbourne and Post Graduate in Applied Finance from Fincia, Melbourne.

Mr Chapul started his career in the Trustee industry in 1991 with State Trustees as General Manager Corporate Trust until 1997. He joined Firstmac, in 1997 as Treasurer.

Mr Chapul is deemed to be interested in the Company by virtue of him being a co-founder of CCA.

Mr Chapul does not have any personal interest in any business arrangements involving the Company.

Mr Chapul does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

LIM YONG HUEY

Aged 53, Malaysian, Female
Senior Vice President - Group Finance

Ms Lim started her career as an auditor having served various capacities in audit firms the last being with PricewaterhouseCoopers (PwC) Malaysia before she left the audit profession to join the commercial working as a Finance Manager in a public-listed company.

In August 2000, she joined MAA Group Berhad (“the Company”) as Executive Manager - Group Finance and progressed within the Company to the position of Senior Vice President - Group Finance in January 2011. As the Senior Vice President - Group Finance, she oversees the overall finance functions, which include financial reporting, finance operations, budgeting, treasury, taxation, payroll and office administration.

She is a Fellow member of the Association Chartered Certified Accountants (“ACCA”), United Kingdom.

Ms Lim does not hold any directorship in other public or listed companies, and does not have any family relationship with any Director and/or major shareholders of the Company. She also does not have any personal interest in any business arrangements involving the Company.

Ms Lim does not have any conflict of interest with the Company, and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT PROFILE

(continued)

JANICE NG CHOI THENG

Aged 42, Malaysian, Female

Assistant Vice President - Group Legal

Ms Janice Ng joined the Company on 1 November 2007. In 2011, she was promoted to Senior Manager to manage and oversee the Group Legal Affairs & Compliance Department of the Company. She was subsequently promoted to her current position in 2014.

Ms Janice Ng completed her Bachelor of Laws LL.B. (Upper Second Class Honours) from University of East London, United Kingdom in 1996 and is called to the Malaysian Bar.

Ms Janice Ng has more than 18 years legal experience, and she has held positions as legal counsel in various corporations in the banking, technology and financial services sector before joining the Company. She started her legal career with Southern Bank Berhad in 1997, and thereafter continued as a corporate lawyer with an MSC status IT company specialising in business to business (B2B), business to consumer (B2C) software solutions and online platforms in 2001. Prior to joining the Company, she was also with Citibank Berhad as a Legal Manager handling legal and compliance portfolio for PDO loans recovery in the Consumer Banking division.

Ms Janice Ng does not hold any directorship in other public or listed companies, and does not have any family relationship with any Director and/or major shareholders of the Company.

Ms Janice Ng does not have any personal interest in any business arrangements involving the Company.

Ms Janice Ng does not have any conflict of interest with the Company, and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

ANGELINE LIM SUAN SEE

Aged 51, Malaysian, Female

Senior Manager - Group Human Resource, Training and Communications

Ms Angeline Lim joined the Company on 2 May 2000 as Manager, Communications. In 2002, she was promoted to Executive Manager. In 2005, she was promoted to Senior Manager to oversee Group Communications. She was subsequently promoted to her current position to oversee the Group's Human Resources, Training and Communications.

Ms Angeline Lim completed her Diploma in Public Relations, Advertising and Marketing from the London Chamber of Commerce in 1992. Subsequently in 2010, she completed her MBA from the University of Southern Queensland.

Ms Angeline Lim has a combined 32 years' working experience in the aviation, service and insurance industry. Prior to joining the Company, she was with Malaysia Airlines, the Shangri La Hotel, Hotel Istana, Palace of the Golden Horses and Malaysian Assurance Alliance Berhad.

Ms Angeline Lim does not hold any directorship in other public or listed companies, and does not have any family relationship with any Director and/or major shareholders of the Company.

Ms Angeline Lim does not have any personal interest in any business arrangements involving the Company.

Ms Angeline Lim does not have any conflict of interest with the Company, and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT PROFILE

(continued)

VIJAYA KUMAR

Aged 62, Malaysian, Male

Senior Manager - Strategic Planning

Mr Vijaya Kumar has held the planning portfolio since August 2009. He has served in both the public and private sectors. He began his tenure in the former with a six (6) years stint with the Ministry of Health commencing in 1978 followed by another six (6) years in the Economics Division of the Federal Treasury. He joined Maybank in 1990 and held a number of positions during his 17 years there culminating in the appointment as the Head of the Program Management Department in the CEO's Office.

Mr Vijaya holds a Post Graduate Diploma in Business Administration (Management) awarded by the University of Massey, New Zealand.

Mr Vijaya has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company. He also does not have any personal interest in any business arrangements involving the Company.

Mr Vijaya does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory authorities during the financial year.

ZALYFFAH BINTI JIMAN

Aged 43, Malaysian, Female

Senior Manager - Group Compliance & Custodian

Ms Zalyffah has been with the Company since November 2001. She was the Internal Auditor for the Company and was re-designated to Senior Manager of Group Compliance & Custodian in 2015.

She holds a Bachelor's Degree in Accounting (Hons) from Universiti Utara Malaysia and is a member of the Malaysian Institute of Accountants and Institute of Internal Auditors Malaysia.

To date, she has accumulated 19 years of professional experience in audit with various public-listed companies involved in financial service, insurance and stock broking.

Ms Zalyffah has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Ms Zalyffah does not have any personal interest in any business arrangements involving the Company.

Ms Zalyffah does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DAVID CHANDRA MOHAN

Aged 30, Malaysian, Male

Executive Manager - Group Audit & Risk

Mr David joined the Company in January 2014 and presently heads the Group's Audit & Risk Department.

Prior to joining the Company, Mr David was an auditor from PricewaterhouseCoopers (PwC) Malaysia since 2010 and held the same role in Christopher Heng & Co. for a year before joining PwC.

Mr David holds a Bachelor's Degree in Accounting (Hons) from Universiti Utara Malaysia and is a Certified Internal Controls Auditor. He is also a member of the Malaysian Institute of Accountants.

Mr David has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Mr David does not have any personal interest in any business arrangements involving the Company.

Mr David does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any, and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tunku Dato' Yaacob Khyra (*Chairman*)
Datuk Muhamad Umar Swift
Mr Yeo Took Keat
Tan Sri Datuk Seri Razman Md Hashim
Tan Sri Ahmad bin Mohd Don
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
Dato' Narendrakumar Jasani A/L Chunilal Rugnath
Mr Onn Kien Hoe

AUDIT COMMITTEE

Mr Onn Kien Hoe (*Chairman*)
Tan Sri Ahmad bin Mohd Don
Dato' Narendrakumar Jasani A/L Chunilal Rugnath
Tan Sri Datuk Seri Razman Md Hashim

RISK MANAGEMENT COMMITTEE

Dato' Narendrakumar Jasani A/L Chunilal Rugnath (*Chairman*)
Tan Sri Ahmad bin Mohd Don
Tan Sri Datuk Seri Razman Md Hashim
Mr Onn Kien Hoe

NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Datuk Seri Razman Md Hashim (*Chairman*)
Dato' Narendrakumar Jasani A/L Chunilal Rugnath
Tan Sri Ahmad bin Mohd Don
Mr Onn Kien Hoe

SECRETARIES

Mr Yeo Took Keat (MIA No. 3308)
Ms Lily Yin Kam May (MAICSA No. 0878038)

AUDITORS

Messrs PricewaterhouseCoopers
Chartered Accountants

PRINCIPAL PLACE OF BUSINESS

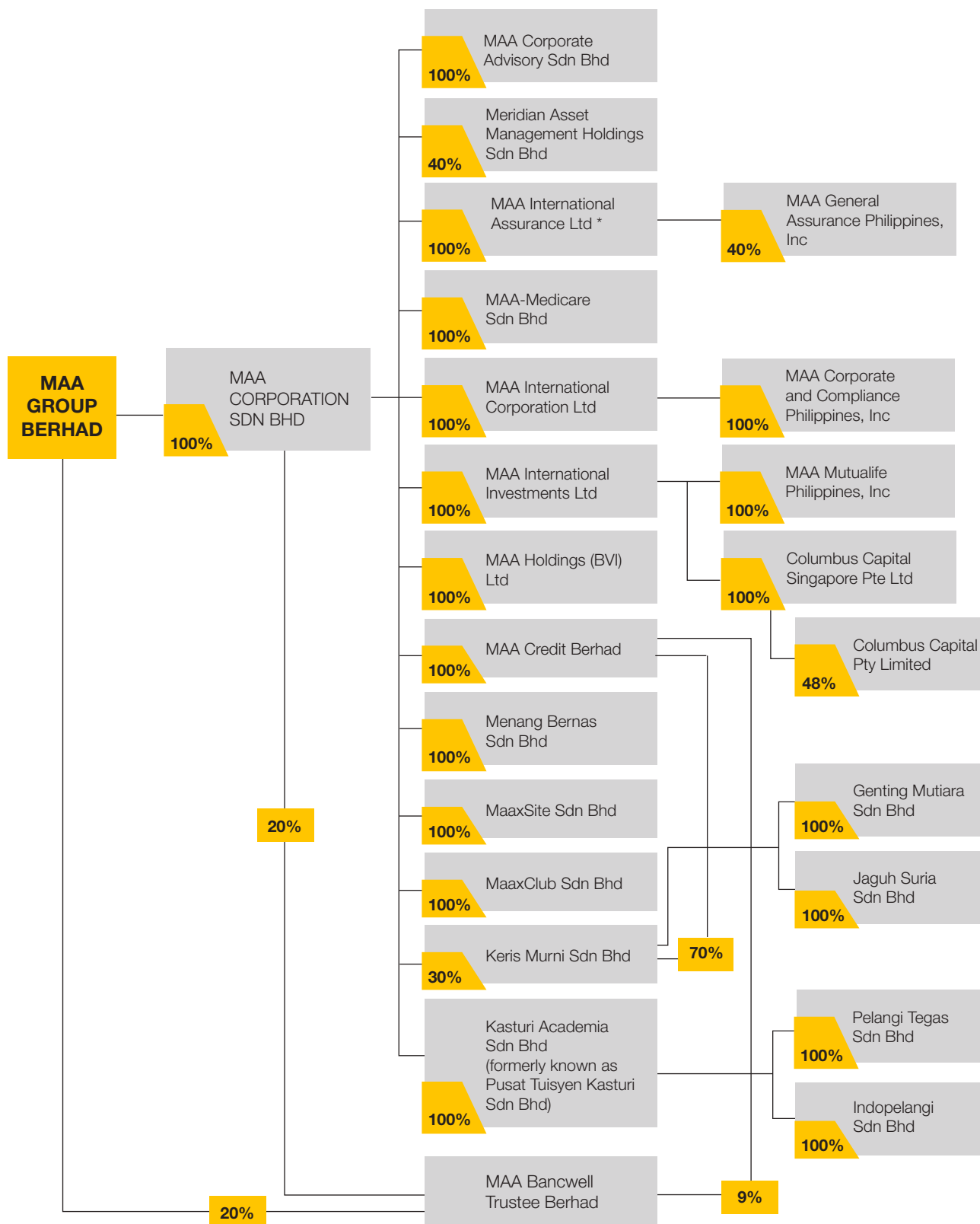
13th Floor, No. 566, Jalan Ipoh
51200 Kuala Lumpur
Tel : 03 6256 8000
Fax : 03 6251 0373

REGISTERED OFFICE

Suite 12.03, 12th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur
Tel : 03 6252 8880
Fax : 03 6252 8080

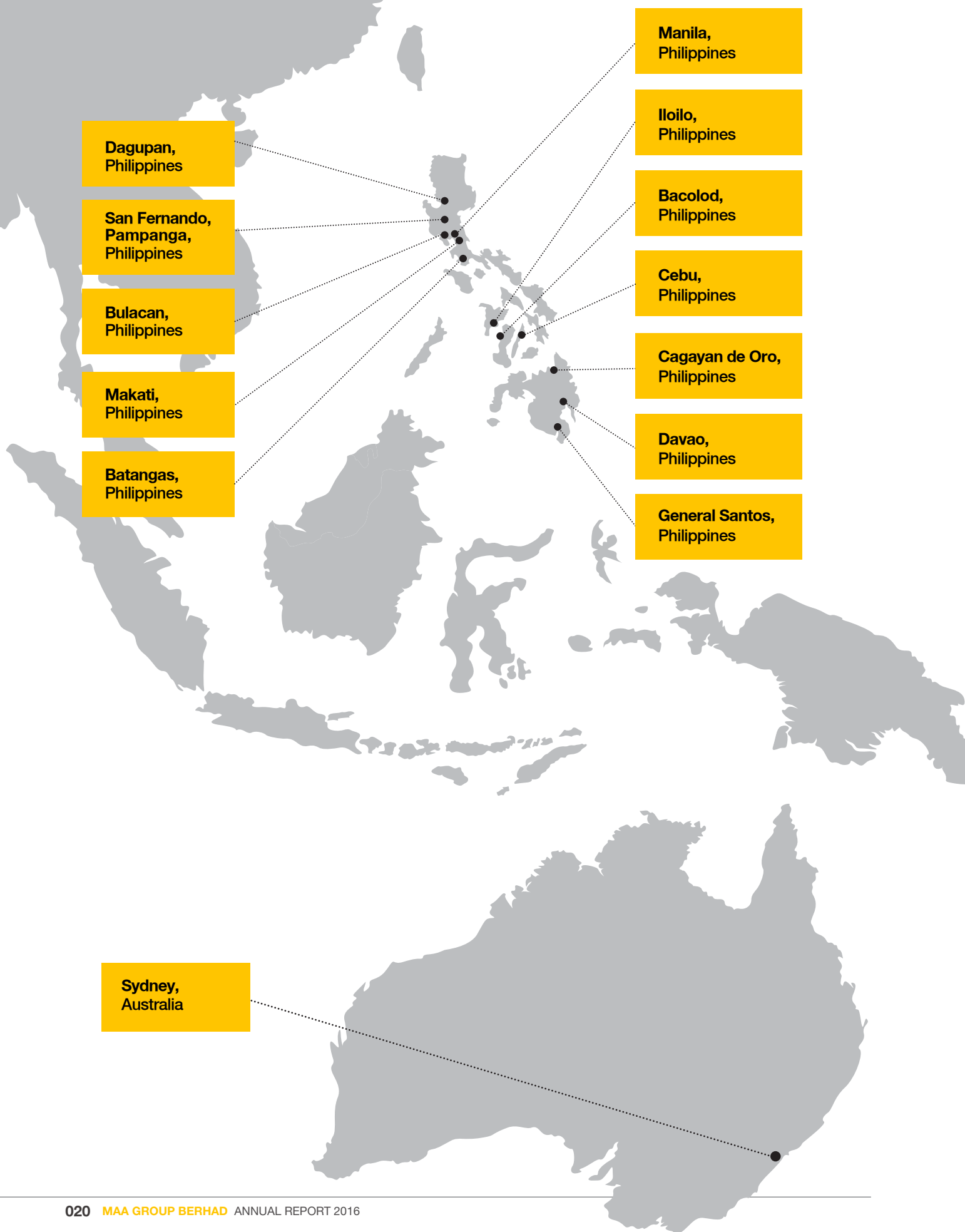
SHARE REGISTRAR

TRACE MANAGEMENT SERVICES SDN BHD
Suite 12.03, 12th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur
Tel : 03 6252 8880
Fax : 03 6252 8080



* Changed name to MAA International Group Ltd on 9 March 2017

OVERSEAS OPERATIONS



NOTICE OF NINETEENTH ANNUAL GENERAL MEETING



MAA GROUP BERHAD

(471403-A)
Incorporated in Malaysia

NOTICE IS HEREBY GIVEN that the 19TH ANNUAL GENERAL MEETING of the Company will be held at Crystal Function Room, 4th Floor, Mutiara Complex, 3 ½ Miles, Jalan Ipoh, 51200 Kuala Lumpur on Thursday, 25 May 2017 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

Resolution

- | | |
|--|---|
| (1) To receive the Audited Financial Statements for the year ended 31 December 2016 together with the Reports of the Directors and the Auditors thereon.
<i>[Please refer to Explanatory Note A]</i> | 1 |
| (2) To approve the payment of Directors' fees amounting to RM326,400 for the period from 1 July 2017 to 30 June 2018 to be payable quarterly in arrears to the Non-Executive Directors of the Company and its subsidiary.
<i>[Please refer to Explanatory Note B]</i> | 2 |
| (3) To approve an amount of up to RM350,000 as benefits payable to the Non-Executive Directors of the Company and its subsidiary for the period from 1 June 2017 until the conclusion of the next Annual General Meeting ("AGM") of the Company.
<i>[Please refer to Explanatory Note C]</i> | 3 |
| (4) To re-elect the following Directors who are retiring in accordance with Article 113(1) of the Company's Articles of Association and who, being eligible, offer themselves for re-election: | |
| (i) Datuk Muhamad Umar Swift | 4 |
| (ii) Tan Sri Ahmad bin Mohd Don | 5 |
| (iii) Mr Onn Kien Hoe | 6 |
| (5) To re-appoint Tan Sri Datuk Seri Razman Md Hashim as Independent Non-Executive Director of the Company.
<i>[Please refer to Explanatory Note D]</i> | 7 |
| (6) To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. | 8 |

AS SPECIAL BUSINESS

- (7) To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:-

(a) Continuing in Office as Independent Non-Executive Directors

- | | |
|---|----|
| (i) "THAT subject to the passing of the Ordinary Resolution 6, approval be and is hereby given to Tan Sri Datuk Seri Razman Md Hashim, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company."
<i>[Please refer to Explanatory Note E]</i> | 9 |
| (ii) "THAT subject to the passing of the Ordinary Resolution 4, approval be and is hereby given to Tan Sri Ahmad bin Mohd Don, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company."
<i>[Please refer to Explanatory Note E]</i> | 10 |

(b) Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")

"THAT the mandate granted by the shareholders of the Company on 20 June 2016 pursuant to Paragraph 10.09 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), authorising the Company and its subsidiaries ("the MAAG Group") to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the MAAG Group's day-to-day operations as set out in Section 3.3, Table 3.3(A) of Part A of the Circular to Shareholders dated 28 April 2017 ("the Circular") with the related parties mentioned therein, be and is hereby renewed, AND THAT mandate be and is hereby granted by the shareholders of the Company to apply to the new recurrent related party transactions of a revenue or trading nature as set out in Section 3.3, Table 3.3(B) of the Circular with the related parties mentioned therein, provided that:-

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

(continued)

Resolution

- (a) 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 on terms not to the detriment of the minority shareholders of the Company; and
- (b) the transactions are made at arm's length and on normal commercial terms.

AND THAT, authority conferred by such renewed and granted mandate shall continue to be in force (unless revoked or varied by the Company in general meeting), until

- (a) the conclusion of the next AGM of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at that meeting or Extraordinary General Meeting whereby the authority is renewed; or
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is earliest.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

(c) Proposed Renewal of Share Buy-Back Authority

11

"THAT subject to compliance with Section 127 of the Act, the Listing Requirements of Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority, the Company be and is hereby unconditionally and generally authorised to purchase and hold such amount of shares in the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time-to-time through the Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company and that an amount not exceeding the Company's total audited retained profits of RM152,251,000 as at 31 December 2016 would be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

AND THAT such authority shall commence immediately upon passing of this Ordinary Resolution and will expire at the conclusion of the next AGM of the Company unless earlier revoked or varied by Ordinary Resolution of shareholders of the Company in a general meeting or upon the expiration of the period within which the next AGM is required by law to be held whichever is earlier but not so as to prejudice the completion of purchase(s) made by the Company before the aforesaid expiry date.

AND THAT the Directors be and are hereby authorised to take all steps necessary to implement, finalise and to give full effect to the Proposed Renewal of Share Buy-Back Authority and further THAT authority be and is hereby given to the Directors to decide in their absolute discretion to either retain the shares so purchased as treasury shares or cancel them or both."

(d) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act

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"THAT, subject always to the Act, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company at any time until the conclusion of the next AGM, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued."

BY ORDER OF THE BOARD

YEO TOOK KEAT (MIA NO. 3308)
LILY YIN KAM MAY (MAICSA NO. 0878038)
Company Secretaries

Kuala Lumpur
28 April 2017

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

(continued)

NOTES:

1. Applicable to shares held through a nominee account.
2. A member entitled to attend, speak and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be presented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 12.03, 12th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
7. Any alteration in the form of proxy must be initialled.
8. Form of Proxy sent through facsimile transmission shall not be accepted.
9. For the purpose of determining a member who shall be entitled to attend this 19th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 79(a), 79(b) and 79(c) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 19 May 2017. Only a depositor whose name appears on the Record of Depositors as at 19 May 2017 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.
10. Explanatory Notes to Ordinary Business:

(A) Audited Financial Statements

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act, does not require a formal approval of the shareholders and hence, is not put forward for voting.

(B) Payment of Non-Executive Directors' Fees (Resolution 1)

The Board had on 13 April 2017 approved the Nomination and Remuneration Committee's ("NRC") recommendation for the Directors' fees for 2017 to be revised and adjusted based on various factors including the Board remuneration framework of comparable public listed companies in Malaysia as well as the probable increase in the number of Independent Non-Executive Directors of the Company in the near future to meet the Malaysian Code on Corporate Governance 2012 Guidelines ("MCCG 2012"). The proposed increase in Directors' fees for 2017 is set out in the table as follows:

	Directors' Fees as approved at 18 th AGM held on 20 June 2016	Proposed increase in Directors' Fees for 2017 (Approval to be sought at 19 th AGM)
Non-Executive Directors	RM180,000 per annum	RM326,400 per annum

The payment of the Directors' Fees for the period from 1 July 2017 to 30 June 2018 will only be made if the Proposed Resolution 1 has been passed at this 19th AGM pursuant to Section 230(1)(b) of the Act and Articles 121(a) & 121(c) of the Company's Articles of Association.

(C) Benefits Payable to Non-Executive Directors (Resolution 2)

The benefits comprises the meeting allowances, benefits in kind and other emoluments payable to the Non-Executive Directors of the Company and its subsidiary, namely MAA International Group Ltd ("MAAIG") (formerly known as MAA International Assurance Ltd).

In determining the estimated total amount of remuneration (excluding directors' fees) for the Non-Executive Directors of the Company and its subsidiary, MAAIG, the Board considered various factors including the number of scheduled meetings for the Board, Board Committees and Board of subsidiary as well as the number of Non-Executive Directors involved in these meetings. Payment of the directors' remuneration (excluding directors' fees) will be made by the Company and its subsidiary as and when incurred if the Proposed Resolution 2 has been passed at this 19th AGM. The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the directors' remuneration (excluding directors' fees) as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiary throughout the relevant period.

(D) To re-appoint Tan Sri Datuk Seri Razman Md Hashim as Independent Non-Executive Director of the Company (Resolution 6)

The Proposed Resolution 6 is to re-appoint Tan Sri Datuk Seri Razman Md Hashim who is over 70 years of age and was re-appointed at the Eighteenth AGM of the Company held on 20 June 2016 pursuant to Section 129(6) of the Companies Act, 1965 (which was then in force) to hold office until the conclusion of the next AGM to be held in 2017. The said Section 129(6) is now superseded by the Act which does not require a director over 70 years of age to be re-appointed at the AGM. The Proposed Resolution 6 once passed will confirm the appointment of Tan Sri Datuk Seri Razman Md Hashim without any further requirement for him to seek re-appointment in future except that he shall still be subject to the Article 113(1) of the Company's Articles of Association requiring one-third of the directors to retire from office in every subsequent year.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

(continued)

11. Explanatory Notes to Special Business:

(E) Continuing in Office as Independent Non-Executive Directors (Resolutions 8 and 9)

At the last AGM in 2016, the shareholders of the Company had approved the continuation in office of both Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don as Independent Non-Executive Directors of the Company until the conclusion of this AGM.

In line with the recommendation 3.3 of the MCCG 2012, the Proposed Resolutions 8 and 9, if passed, will enable both Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Directors of the Company to fulfil the requirements of Paragraph 3.04 of the Listing Requirements of Bursa Securities.

Both NRC and the Board have assessed the independence of Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and recommended them to continue to act as Independent Non-Executive Directors of the Company until the conclusion of the next AGM based on the following justifications:

Tan Sri Datuk Seri Razman Md Hashim

- (1) He had fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements of Bursa Securities, and thus he would be able to function as check and balance and bring an element of objectivity to the Board.
- (2) He has vast experience in the accounting and audit industry enabling him to provide the Board with a diverse set of experience, expertise and independent judgement.
- (3) He is independent in character and judgement, independent of management and free from any relationship or circumstances which are likely to affect or could affect his judgement or making of decisions in the best interest of the Company.
- (4) He had devoted sufficient time and attention to his professional obligations for an informed and balanced decision making.
- (5) He has demonstrated his ability to participate constructively and with integrity in all decisions in the best interest of the overall business of the Company.

Tan Sri Ahmad bin Mohd Don

- (1) He had fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements of Bursa Securities, and thus he would be able to function as check and balance and bring an element of objectivity to the Board.
- (2) He has vast experience in the accounting and audit industry enabling him to provide the Board with a diverse set of experience, expertise and independent judgement.
- (3) He had consistently challenged management in an effective and constructive manner and provided an independent voice on the Board.
- (4) He had devoted sufficient time and attention to his professional obligations for an informed and balanced decision making.
- (5) He has been able to contribute effectively and lead in rigorous debate on important issues besides providing sound advice and has made suggestions for improvements on the issues or matters brought to the attention of the Board.

The profiles of the above mentioned Directors are set out in the Directors' Profile on pages 9 and 10 of the Annual Report. The details of their shareholdings in the Company are set out in the Directors' Shareholdings which appears on page 207 of the Annual Report.

(F) Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") (Resolution 10)

The Proposed Resolution 10, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

(G) Proposed Renewal of Share Buy-Back Authority (Resolution 11)

The Proposed Resolution 11, if passed, would empower the Directors to exercise the power of the Company to purchase its own shares ("the Proposal") by utilising its financial resources not immediately required. The Proposal may have a positive impact on the market price of the Company's shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

(continued)

(H) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act (Resolution 12)

The Ordinary Resolution proposed under Resolution 12 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act. This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

The Proposed Resolution 12, if passed, will give authority to the Directors of the Company, from the date of the above AGM, to issue and allot shares in the Company up to an amount not exceeding in total ten percent (10%) of the total number of issued shares of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 18th AGM held on 20 June 2016 and which will lapse at the conclusion of the 19th AGM to be held on 25 May 2017.

12. Poll Voting

All the Resolutions mentioned above will be put to vote by Poll.

The detailed information on Special Business of Agenda 7 except for Ordinary Resolutions 8, 9 and 12 as mentioned above is set out in the Circular to Shareholders of the Company dated 28 April 2017 which is despatched together with the Company's 2016 Annual Report.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"). (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Securities, the details of the Directors who are seeking for re-election or re-appointment in Agenda 4 and 5 of the Notice of the 19th AGM of the Company are set out in the Directors' Profile on pages 7, 9, 10 and 13 of this Annual Report. Their securities holdings in the Company are set out in the Directors' Shareholdings which appears on page 207 of this Annual Report.

The detailed information relating to general mandate for issue of securities pursuant to Paragraph 6.03(3) of the Listing Requirements of Bursa Securities are set out under Note H of the Notice of the 19th AGM of the Company.

PERUTUSAN PENGERUSI



TUNKU DATO' YAACOB KHYRA
Pengerusi Eksekutif

Pemegang Saham Yang Dihargai, Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan Kumpulan bagi tahun berakhir 31 Disember 2016.

PERSEKITARAN OPERASI

Perkembangan ekonomi global pada suku ke-3 2016 masih kekal, dengan pertumbuhan hanya 2.6% dicatatkan, terutamanya disebabkan pelarasan struktur di kebanyakan negara besar, bencana alam yang berulang, peristiwa geopolitik seperti Brexit, ketidakpastian yang memuncak akibat pilihan raya Presiden Amerika Syarikat ("AS"), kejatuhan nilai mata wang Asia dan kemungkinan berlaku perubahan dasar di AS. Dalam suasana ini, Malaysia mencatatkan pertumbuhan ekonomi lebih rendah sebanyak 4.3% pada suku ke-3 2016 (S3 2015: 4.7%), yang disokong terutamanya oleh aktiviti sektor swasta tempatan, tetapi dikekang oleh kemerosotan perbelanjaan awam, penyusutan sektor pertanian dan kenaikan harga makanan dan minuman tidak beralkohol akibat penarikan balik subsidi tertentu oleh kerajaan Malaysia.

Pada tahun yang dilaporkan, Kumpulan memberi tumpuan kepada usahanya untuk menyempurnakan beberapa usul korporat dan pada masa yang sama memantau prestasi kewangan perniagaan Kumpulan yang masih beroperasi.

PERKEMBANGAN TERKINI CADANGAN KORPORAT

Kumpulan dengan sukacitanya membentangkan perkembangan terkini cadangan korporat penting yang dilaksanakan pada tahun yang dilaporkan:

- a) Pada 30 Jun 2016, Syarikat telah menyempurnakan pelupusan anak syarikat yang dimilikinya sebanyak 75%, iaitu MAA Takaful Berhad ("MAA Takaful"), yang kini dikenali sebagai Zurich Takaful Malaysia Berhad, kepada Zurich Insurance Company Ltd ("Zurich") dengan pertimbangan tunai muktamad sebanyak RM364.4 juta. Daripada jumlah tersebut, Kumpulan sudah menerima RM270.6 juta manakala baki RM93.75 juta akan dibayar oleh Zurich pada ulang tahun ketiga tarikh pelupusan disempurnakan menurut terma dan syarat perjanjian jual beli.
- b) Pada 31 Mac 2016, Kumpulan telah menyempurnakan pelupusan anak syarikat yang 100% dimiliki olehnya iaitu MAA Cards Sdn Bhd, kepada eProtea Sdn Bhd (kini dikenali sebagai Finexus Sdn Bhd) dengan pertimbangan tunai muktamad sebanyak RM6.0 juta.
- c) Pada 6 Disember 2016, anak syarikat Kumpulan, MAA International Assurance Ltd ("MAAIA") telah mengirimi wang berjumlah PHP 300 juta (lebih kurang RM27.3 juta) untuk melanggan sebanyak 300,000 saham baru tambahan dengan nilai par PHP 1,000 setiap satu dalam MAA General Assurance Philippines, Inc. ("MAAGAP"), sebuah syarikat insurans am berlesen yang beroperasi di Republik Filipina (dirujuk sebagai "Cadangan Langganan").

Cadangan Langganan ini adalah tertakluk kepada kelulusan pihak berkuasa yang berkaitan di Filipina. Apabila Cadangan Langganan ini disempurnakan, kepentingan ekuiti MAAIA dalam MAAGAP akan meningkat daripada 40% sekarang kepada 70%, seterusnya menjadikan MAAGAP sebuah anak syarikat Kumpulan.

- d) Berhubung dengan status PN17 Syarikat, pada 20 Disember 2016, Syarikat telah memohon lanjutan tempoh bagi mengemukakan rancangan penyusunan semula untuk kelulusan Bursa Malaysia Securities Berhad ("Bursa Securities"). Permohonan untuk lanjutan tempoh ini tertakluk kepada pertimbangan Bursa Securities. Pada 16 Februari 2017, Bursa Securities telah meluluskan tempoh lanjutan sehingga 30 Jun 2017.

TINJAUAN KEPUTUSAN

Pada 2016, Kumpulan mencatatkan Untung Sebelum Cukai ("USC") lebih tinggi sebanyak RM267.6 juta (2015: USC RM32.6 juta), yang sebahagian besarnya diraih menerusi keuntungan RM280.4 juta daripada pelupusan perniagaan takaful, iaitu MAA Takaful, dan juga sumbangan keuntungan lebih tinggi daripada syarikat-syarikat sekutu Kumpulan, dengan jumlah bahagian keuntungan selepas cukai sebanyak RM4.7 juta (2015: RM3.8 juta).

Maklumat perniagaan, operasi dan prestasi kewangan Kumpulan pada tahun yang dilaporkan dibincangkan secara berasingan dalam Penyata Perbincangan dan Analisis Pengurusan dalam halaman yang dilampirkan.

DIVIDEN

Sebagai imbuhan kepada pemegang saham atas sokongan mereka, Syarikat telah membayar dividen interim sebanyak 41 sen (2015: 6 sen) sesaham biasa di bawah sistem dividen satu peringkat pada tahun yang dilaporkan, termasuk dividen khas interim 35 sen sesaham biasa yang tertakluk kepada penyempurnaan pelupusan MAA Takaful.

TANGGUNGJAWAB SOSIAL KORPORAT

Seperti tahun-tahun lepas, Kumpulan menunaikan tanggungjawab sosial korporatnya menerusi *MAA Medicare Charitable Foundation* dan turut memberikan sokongan kepada *The Budimas Charitable Foundation*.

PROSPEK

Menjelang tahun 2017, suasana tidak menentu yang berpotensi menjejaskan pertumbuhan ekonomi global, termasuk isu yang dikaitkan dengan Brexit, dasar kewangan di negara-negara besar, dasar perlindungan industri tempatan di AS dan kemungkinan dilanda kemelesetan ekonomi lebih teruk di Republik Rakyat China.

Pada tahun 2017, ekonomi Malaysia juga menghadapi cabaran dan risiko lebih besar akibat persekitaran global dan tempatan yang tidak menentu, khususnya kesan sejak penghujung 2014, termasuk kejatuhan harga komoditi, kemerosotan nilai ringgit yang berpanjangan, pelaksanaan cukai barangan dan perkhidmatan, pelarasan harga tempatan dan pertumbuhan ekonomi Republik Rakyat China yang kurang pesat.

Walaupun berdepan dengan kemelut persekitaran ekonomi yang mencabar ini, Kumpulan akan menumpukan usahanya pada 2017 untuk menyempurnakan dan mengemukakan rancangan penyusunan semula PN17 menerusi pengambilalihan perniagaan baru kepada Bursa Securities untuk kelulusan. Mengenai pengambilalihan ini, Kumpulan akan teliti dalam mengenal pasti dan menilai perniagaan baru untuk diambil alih bagi mencapai objektif menjana keuntungan lestari bersama-sama supaya Kumpulan dapat melangkah maju ke masa hadapan.

PENGIKTIRAFAN DAN PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan ribuan terima kasih kepada pasukan Pengurusan dan juga kakitangan atas komitmen, dedikasi dan sumbangan mereka kepada Kumpulan.

Saya juga ingin mengambil kesempatan ini untuk merakamkan penghargaan kami kepada rakan niaga, pelanggan dan pemegang saham kami yang dihargai atas sokongan, keyakinan dan kepercayaan yang diberikan terhadap kami.

Akhir kata, saya ingin mengucapkan terima kasih kepada rakan seperjuangan saya dalam Lembaga Pengarah kerana kepimpinan dan sumbangan mereka kepada Kumpulan.

Tunku Dato' Yaacob Khyra
Pengerusi Eksekutif

CHAIRMAN'S MESSAGE



TUNKU DATO' YAACOB KHYRA
Executive Chairman

Dear Shareholders, On behalf of the Board of Directors, I am pleased to present the Annual Report of the Group for the year ended 31 December 2016.

OPERATING ENVIRONMENT

The global economic growth remained soft with a growth of 2.6% in Q3 2016, mainly due to structural adjustments experienced in major countries, recurring natural disasters, geopolitical events such as Brexit, heightened uncertainty related to the US presidential election, the turmoil in Asian currencies and potential policy changes in the US. On this backdrop, the Malaysian economy registered a lower growth of 4.3% in Q3 2016 (Q3 2015: 4.7%) supported mainly by domestic private sector activities, albeit cut in public spending, contraction in agriculture sector and higher prices for food and non-alcoholic beverages due to withdrawal of certain subsidies by the Malaysian government.

In the year under review, the Group focused its efforts to completing several corporate proposals and at the same time monitoring the financial performance of the identified remaining operating businesses of the Group.

UPDATES ON CORPORATE PROPOSALS

The Group is pleased to provide the following updates for significant corporate proposals carried out during the year:

- a) On 30 June 2016, the Company had completed the disposal of its 75% owned subsidiary, MAA Takaful Berhad ("MAA Takaful") (now known as Zurich Takaful Malaysia Berhad) to Zurich Insurance Company Ltd ("Zurich") for a final cash consideration of RM364.4 million, of which the Group had received RM270.6 million with the balance RM93.75 million to be paid by Zurich on the third anniversary of the disposal completion date in accordance with the terms and conditions of the sale and purchase agreement.
- b) On 31 March 2016, the Group had completed the disposal of its 100% owned subsidiary, MAA Cards Sdn Bhd to eProtea Sdn Bhd (now known as Finexus Sdn Bhd) for a final cash consideration of RM6.0 million.
- c) On 6 December 2016, the Company's subsidiary, MAA International Assurance Ltd ("MAAIA") remitted a sum of PHP 300 million (approximately RM27.3 million) to subscribe for additional 300,000 new shares with par value PHP 1,000 each of MAA General Assurance Philippines, Inc. ("MAAGAP"), a licensed general insurance company operating in the Republic of the Philippines (referred to as "Proposed Subscription").

The Proposed Subscription is subject to the approval of regulatory authority in the Philippines. Upon the completion of the Proposed Subscription, MAAIA's equity interest in MAAGAP will increase from the present 40% to 70%, thereby making MAAGAP a subsidiary of the Group.
- d) On the PN17 status of the Company, it has on 20 December 2016 submitted an application to Bursa Malaysia Securities Berhad ("Bursa Securities") for further extension of time to submit a regularisation plan for approval. The application for extension of time is subject to Bursa Securities' consideration. On 16 February 2017, Bursa Securities has approved the extension of time until 30 June 2017.

OVERVIEW OF RESULTS

In 2016, the Group recorded a higher Profit Before Taxation ("PBT") of RM267.6 million (2015: PBT RM32.6 million) mainly attributed by a gain of RM280.4 million from the disposal of the takaful business namely MAA Takaful and also higher profit contributions from the Group's associated companies with total share of profit after taxation of RM4.7 million (2015: RM3.8 million).

Details of the Group's business, operations and financial performance during the year are discussed separately in the Management Discussion and Analysis Statement in the attached pages.

DIVIDENDS

To remunerate the shareholders for their support, the Company has paid interim dividends of 41 sen (2015: 6 sen) per ordinary share under the single-tier dividend system during the year, including an interim special dividend of 35 sen per ordinary share which was conditional upon the completion of the disposal of MAA Takaful.

CORPORATE SOCIAL RESPONSIBILITY

Continuing from previous years, the Group discharges its corporate social responsibilities through MAA Medicare Charitable Foundation and also its support for The Budimas Charitable Foundation.

PROSPECTS

Moving into 2017, there remain uncertainties impacting growth in the global economy such as those associated with Brexit, monetary policies in the major economies, protectionist policy in the US and potential sharper economy slowdown in the People's Republic of China.

Similarly in 2017, the Malaysian economy will also face greater challenges and risks amid uncertainty from both the global and domestic fronts in particular the effects since end 2014 from the contraction in commodity prices, prolonged ringgit depreciation, goods and services tax implementation, domestic price adjustments and moderation in the economic growth of the People's Republic of China.

Amidst this challenging economic environment, the Group will focus its efforts in 2017 to completing and submitting the PN17 regularisation plan with acquisition of new business to Bursa Securities for approval. On this note, the Group will be cautious in its identification and evaluation of new business for acquisition to meet the objectives of generating sustainable profitability together with the other existing continuing operations as the Group moves ahead to the future.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to thank the Management team and Staff for their commitment, dedication and contributions to the Group.

I would also like to take this opportunity to extend our appreciation to our valued business associates, valued customers and the shareholders for the continued invaluable support, confidence and trust they have placed in us.

Finally, I would like to thank my fellow Board members for their stewardship and contributions to the Group.

Tunku Dato' Yaacob Khyra
Executive Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

OVERVIEW OF THE GROUP'S BUSINESS OPERATIONS

MAAG is listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") with market capitalisation and total assets under management of RM242.1 million and RM564.1 million respectively as at end December 2016.

Over the years through internal corporate restructuring exercises, the Group had disposed its conventional life insurance and general insurance, unit trust, asset management, property management services, information technology and security services businesses. At the same time, it had also ceased the offshore life and general reinsurance and investment-linked businesses in Labuan subsequent to the commutation of both life and general reinsurance treaties in 2011 and maturity of the last investment-linked bond fund in 2014 respectively.

In June 2016, the Group ceased its takaful business upon the disposal of the 75% owned takaful subsidiary, MAA Takaful Berhad ("MAA Takaful") (now known as Zurich Takaful Malaysia Berhad). The Group has now successfully exited the local financial services sector regulated by Bank Negara Malaysia ("BNM") with the completion of the sale of MAA Takaful.

Currently the remaining significant business segments of the Group are investment holdings via MAAG and subsidiaries, education services via subsidiary Kasturi Academia Sdn Bhd (formerly known as Pusat Tuisyen Kasturi Sdn Bhd), general insurance business via associated company MAA General Assurance Philippines, Inc. ("MAAGAP") in the Philippines and retail mortgage lending business via associated company Columbus Capital Pty Limited ("CCA") in Australia. Other non-core business activities of the Group comprise of hire purchase, leasing and other credit facilities, property management and consultancy services.

GROUP'S STRATEGIC DIRECTION

In 2016, MAAG has accomplished and made significant progress in the following corporate and business strategies:

- There are various restrictions and requirements under the Islamic Financial Services Act, 2013 ("IFSA") in particular the required approval by BNM for financial holding company status, implementation of risk based capital ("RBC") and the requirement for major shareholders of takaful company to maintain a minimum capital for its operations calculated based on the RBC requirements for its takaful subsidiary in addition to the capital already reserved at the takaful subsidiary level. Taking all these into consideration and couple with the fact that the Group is standalone without banking business nor strategic partnership with banks, the Board of MAAG had recommended for the proposed disposal of MAA Takaful as an opportunity to unlock the value of investment in MAA Takaful.

In June 2016, MAAG has completed the disposal of MAA Takaful to Zurich Insurance Company Ltd ("Zurich") for a total sale consideration of RM364.4 million (net of price adjustment) with a disposal gain of RM280.4 million for the Group.

- Going forward the Group's plans include focusing on the development of its general insurance business in the Philippines held by MAAGAP and the retail mortgage lending business in Australia held by CCA. As at 31 December 2016, the Group held 40.0% and 48.0% equity interest in MAAGAP and CCA respectively. The objectives are twofold i.e. to accelerate the future growth of these businesses and improve profitability of the Group to partly address MAAG's PN17 status.

About MAAGAP, the company has been steadily growing its business. It ranked a credible 12th in terms of gross premium written and 13th in terms of total assets in 2015 among a total of 67 general insurance players in the Philippines. In 2016, MAAGAP has continued with growth momentum for its general insurance business with a commendable 20.1% increase in gross premium to RM137.1 million (2015: RM114.2 million).

With the objective to take control of this asset with good growth prospect, the Group in December 2016 via subsidiary MAA International Assurance Ltd ("MAAIA") had remitted a sum of PHP300 million (approximately RM27.3 million) to subscribe for additional 300,000 new shares with par value of PHP1,000 per share in MAAGAP ("Proposed Subscription"). The Proposed Subscription is subject to the approval of the regulatory authority in the Philippines. Upon the completion of the Proposed Subscription, MAAIA's equity interest in MAAGAP will increase from the present 40% to 70% thereby making it a subsidiary of the company and Group.

As for CCA, the company has grown its loan portfolio by 28.6% to RM5.8 billion (AUD1.8 billion) as at end December 2016 (2015: RM4.4 billion (AUD1.4 billion)) while improving profitability by increasing loan portfolio size, manage cost base and diversify fee base income. CCA will continue with these action plans to maintain the growth momentum of the company coupled with diversification of business channels to roll out personalised loan solution products. Nevertheless presently the Group has no plan to subscribe for additional equity interest in CCA but will continue to observe and monitor the overall performance of the company including the long-term sustainable profit generating capability.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

- MAAG has been continuing its efforts to explore other investment opportunities to address PN17 status of the Company. MAAG has assessed and evaluated companies engaged in manufacturing, oil and gas, education, assisted reproductive technologies etc. Further announcement on the development will be made in due course.

Bursa Securities has granted an extension of time of up to 30 June 2017 for the Company to submit a regularisation plan to address the PN17 status of the Company.

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE AND CONDITION

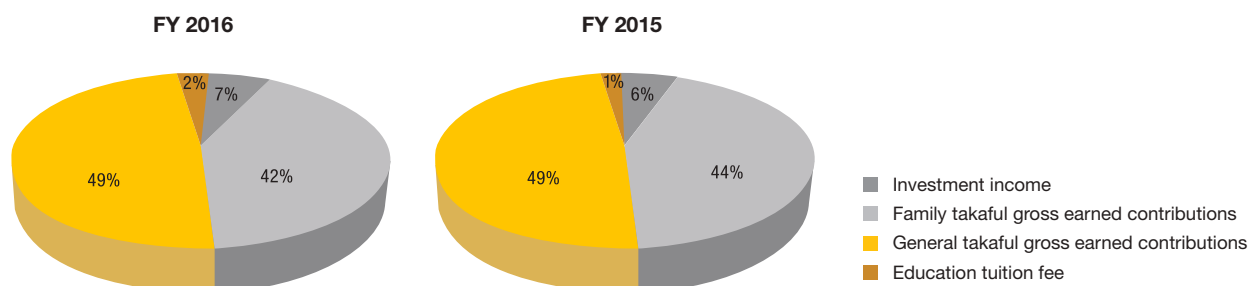
Key financial performance

(Amount in RM'000)	GROUP	
	FY2016	FY2015
Total Operating Revenue	297,438	566,058
Profit Before Taxation	267,554	32,626
Total Assets	564,132	1,450,937
Earnings Per Share (sen)	92.6	8.3
Dividend Rate (sen)	41.0	6.0
Net Assets Per Share (RM)	2.0	1.4

The following analysis of financial performance should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016. In the ensuing sections the Discontinued Operations represent subsidiaries disposed during the financial year under review, namely MAA Takaful and MAA Cards Sdn Bhd ("MAA Cards").

Review of Statements of Profit or Loss of the Group

In 2016, Total Operating Revenue was lower by 47.5% at RM297.4 million (2015: RM566.1 million), with Continuing Operations recorded a higher Operating Revenue of RM18.1 million (2015: RM16.7 million) while Discontinued Operations recorded a lower Operating Revenue of RM279.3 million (2015: RM549.4 million) arose from the disposal of takaful business held via MAA Takaful on 30 June 2016.



The Group recorded a higher Profit Before Taxation ("PBT") of RM267.6 million (2015: PBT RM32.6 million), with Continuing Operations recorded a Loss Before Taxation ("LBT") of RM19.3 million (2015: PBT RM30.8 million) whereas Discontinued Operations recorded a PBT of RM286.9 million (2015: PBT RM1.8 million).

The LBT recorded by Continuing Operations was due mainly to disposal costs of MAA Takaful totalling RM2.5 million, a present value adjustment of RM5.8 million made on the balance consideration of RM93.75 million ("Retained Consideration") from the disposal of MAA Takaful receivable on the third anniversary of the sale completion date, an allowance of RM1.7 million for impairment loss on other receivables based on the force sale value of securities held and management expenses of RM35.5 million (2015: RM38.2 million), partially offset by higher profit contributions from the Group's associated companies with total share of profit after taxation of RM4.7 million (2015: RM3.8 million) and also higher investment income of RM11.2 million (2015: RM9.6 million).

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

Staff costs (including Executive Directors) of the Continuing Operations increased by 11.9% to RM19.8 million in 2016 (2015: RM17.7 million) where total salaries, bonus and defined contribution retirement benefits rose by 10.0% due to non-recurring bonus associated with the successful completion of the disposal of MAA Takaful and staff retrenchment payment arising from corporate restructuring.

The higher PBT for 2016 recorded by Discontinued Operations was mainly attributed by a gain of RM280.4 million from the disposal of MAA Takaful.

In 2016, the Group recorded Other Comprehensive Income (net of taxation) of RM13.8 million (2015: loss of RM13.5 million), driven mainly by unrealised foreign currency translation gain of RM10.3 million from subsidiaries with functional currency denominated in foreign currency and also net fair value gain of RM6.0 million from available-for-sale financial assets. The Group finances its foreign investments and operations by means of composition of Ringgit Malaysia and foreign denominated currencies; the Group does not hedge its foreign currency risk and monitors its exposure to transactional foreign currency fluctuation risk on an on-going basis.

The Group's significant reportable operating business segments are investment holding, education services, general insurance and retail mortgage lending. The performance of each significant operating business segments are attached in pages 36 to 41 of the Management Discussion and Analysis.

In 2016, the Group's Earnings Per Share has increased tenfold to 92.6 sen (2015: 8.3 sen), driven by the higher profit recorded for the financial year.

Review of Statements of Financial Position of the Group

Shown below the Statements of Financial Position:

	Group			
	FY2016		FY2015	
	RM'000	%	RM'000	%
Continuing Operations:				
Property, plant and equipment	3,686	0.7	3,737	0.3
Investment properties	19,824	3.5	19,356	1.3
Intangible assets	494	0.1	189	-
Associates	71,692	12.7	67,954	4.7
Financial assets	38,865	6.9	31,913	2.2
Trade and other receivables	138,864	24.6	35,280	2.4
Tax recoverable	252	-	331	-
Liquid assets - fixed and call deposits and cash at banks	290,455	51.5	182,858	12.6
Total Continuing Operations Assets	564,132	100.0	341,618	23.5
Total Discontinued Operations Assets	-		1,109,319	76.5
Total Assets	564,132	100.0	1,450,937	100.0
Total Continuing Operations Liabilities	12,301	100.0	19,077	1.9
Total Discontinued Operations Liabilities	-		994,019	98.1
Total Liabilities	12,301	100.0	1,013,096	100.0
Net Assets	551,831		437,841	

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

Total Assets

The Group's Total Assets stood at RM564.1 million as at 31 December 2016 solely from the Continuing Operations, compared to 2015 of RM1.5 billion of which Total Assets from the Continuing and Discontinued Operations were RM341.6 million and RM1.1 billion respectively.

For the Continuing Operations the increase of 65.1% in 2016 Total Assets over the previous year was due mainly to growth in the carrying value of Associates, financial assets, other receivables and liquid assets held in fixed and call deposits and cash at banks.

i) Associates

The carrying value of Associates increased by 5.4% to RM71.7 million as at 31 December 2016 (2015: RM68.0 million), driven by the higher share of profit after tax totalling RM4.7 million (2015: RM3.8 million) from both associated companies, namely MAAGAP and CCA. In 2016, MAAGAP and CCA contributed profit after tax of RM3.2 million (2015: RM2.5 million) and RM1.5 million (2015: RM1.3 million) respectively to the Group.

ii) Financial Assets

The Group's Financial Assets comprise financial investments at fair value through profit or loss ("FVTPL") and available-for-sale ("AFS"). As at 31 December 2016, the FVTPL and AFS financial investments accounted for 5.4% (2015: 6.1%) and 94.6% (2015: 93.9%) respectively of the Group's Financial Assets.

The higher AFS financial investments was due mainly to the purchase of a 4.4% interest in Altech Chemicals Ltd ("Altech") for RM3.1 million in August 2016, a strategic investment in a company listed on the Australia Stock Exchange presently progressing in its mining and high purity alumina production development project. Since acquired, the Group has recorded fair value gain of RM2.0 million on Altech in the AFS reserve.

iii) Other Receivables

As at 31 December 2016, the Group's Other Receivables increased by nearly fourfold to RM138.9 million (2015: RM35.3 million) consist mainly of the following:

- Retained Consideration of RM93.75 million from the disposal of MAA Takaful receivable on the third anniversary of the sale completion date falling on 30 June 2018, before an accounting present value adjustment of RM5.8 million.

Under the sale and purchase agreement, the Retained Consideration would be used to settle Zurich's claims for breach of representations and warranties and also third party claims against MAA Takaful during the warranty period. As at 31 December 2016, the Group has not been notified of any claim.

- Proposed subscription of RM27.3 million ("Subscription Sum") made to MAAGAP to subscribe for additional 300 million shares therein which is pending the approval from the regulatory authority in the Philippines.
- An amount of RM20.0 million (2015: RM20 million) ("Extended Sum") due from Pima Pembangunan Sdn Bhd ("Pima") being the amount extended with regards to the Company's obligations to obtain and deliver the individual strata title for Block A of Prima Avenue Klang ("PAK") to Zurich under the conditions precedent in the Settlement Agreement signed with Zurich in 2011 on the disposal of Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad). The Extended Sum is secured by identified unsold retail and office units in Block B, unsold car park parcels and unbuilt Block C located at PAK ("Securities"). In view of Pima has failed to realise the Securities under the agreed sale plan to settle the Extended Sum, the Company taking into consideration the existing soft property market has made a total impairment loss of RM8.7 million (2015: RM7.0 million) on the Extended Sum based on the force sale values of the Securities conducted by independent professional valuers.

iv) Liquid Assets - Fixed and call deposits and cash at banks

The Group's Liquid Assets grew by 58.8% to RM290.5 million (2015: RM182.9 million), mainly contributed by the sale proceed received from the disposal of MAA Takaful during the financial year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

Total Liabilities and Equity

Total Liabilities and Equity of the Continuing and Discontinued Operations totalling RM564.1 million (2015: RM456.9 million) and RM Nil (2015: RM994.0 million) respectively as at 31 December 2016.

For the Continuing Operations, Total Liabilities decreased by 35.6% to RM12.3 million (2015: RM19.1 million) as at 31 December 2016. The higher Total Liabilities in 2015 was attributed by an amount of RM9.3 million being balance proceeds from the disposal of MAAKL Mutual Bhd ("MAAKL") a former 55% subsidiary held by MAA Corporation Sdn Bhd ("MAA Corp"), deposited in escrow account in the name of MAA Corp payable to the other previous 45% shareholders of MAAKL. The said balance proceeds were released from the escrow account in January 2016 under the terms of the sale and purchase agreement and were paid to the other previous 45% shareholders of MAAKL.

On another note, the Equity/Shareholders' funds of the Continuing Operations increased by 26.0% to RM551.8 million (2015: RM437.8 million) contributed by the profit recorded for the financial year, partially offset by total dividend payout of RM117.7 million.

As at 31 December 2016, Net Assets per Share stood at RM2.0 (2015: RM1.4).

GROUP'S FINANCING, LIQUIDITY AND CAPITAL MANAGEMENT

As at 31 December 2016, the Group is in a healthy financial position with zero debt and strong liquidity level.

The Group's capital management objectives are aimed to ensure there is adequate funding for meeting the following at the business segment level:

- business operations and growth
- supervisory authorities' capital requirements if applicable
- preservation of capital for new investment opportunities and rewarding the shareholders.

During the financial year under review, the Group has undertaken the following key capital initiatives:

- For the Share Buy Back exercise carried out to support the price of MAAG shares and preserved the fundamental value of the Company, the Company has utilised its internal funds to purchase a total 18,665,700 ordinary shares from the open market at an average price of RM0.94 per share at a total purchase consideration of RM17.6 million. The Company has held the shares bought back as treasury shares.

On 1 December 2016, the Company has cancelled the whole 19,174,500 treasury shares. Accordingly the Company's issued share capital was diminished by the cancellation of the treasury shares.

- As mentioned in earlier section, MAAIA has injected the Subscription Sum into MAAGAP to subscribe for additional shares therein. Upon obtaining the approval of the regulatory authority in the Philippines for the shares subscription, MAAIA's equity interest in MAAGAP will increase from the present 40% to 70% thereby making it a subsidiary of the company and Group.

Still on MAAGAP, the company has met both the net worth and capital adequacy ratio requirements set by the Philippines supervisory authority for its general insurance business as at 31 December 2016.

On capital expenditure, the property, plant and equipment held by the Group's Continuing Operations stood at RM3.7 million (2015: RM3.7 million) as at 31 December 2016. In 2017, the Group does not expect to incur significant capital expenditure in its existing business segments.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

DIVIDEND POLICY

In 2014, the Board resolved to pay annual dividend at the rate of 6.0 sen per share ("Annual Dividend") to remunerate shareholders for their support, subject always to the availability of cash after the funding requirements for business operations and reserve for new investments have been met.

During the financial year under review, the Company has paid interim dividends total 41.0 sen (2015: 6.0 sen) per ordinary share under the single-tier dividend system. The higher dividend above the Annual Dividend included an interim special dividend of 35.0 sen per ordinary share which was conditional upon the completion of the disposal of MAA Takaful.

For the interest of dividend continuity, the Board would in its best efforts maintain the Annual Dividend. Notwithstanding this, moving into 2017 the Board will continue to re-evaluate the dividend policy of the Company and make the necessary changes in light of the needs to acquire new investments as part of the regularisation plan to address the PN17 status of the Company.

Towards this end, the Board has declared the payment of a first interim dividend of 6.0 sen per share under the single-tier dividend system in respect of the financial year ending 31 December 2017 payable on 31 March 2017.

ANTICIPATED OR KNOWN RISKS

The Group's activities are exposed to variety of risks, including the risk of fraud, strategic and business risks. The Group's overall risk management objective is to ensure that the Group creates value for its shareholders whilst minimizing potential adverse effects on its performance and positions. The Group operates within an established risk management framework and clearly defined policies and guidelines that are approved by the Board.

The risks that most significantly affect the Group as a whole during 2016, the discussion of its impact to the Group's business and performance together with the Group's strategies to mitigate the identified risks forms as part of the Statement of Risk Management and Internal Control of this Annual Report on page 54 to 58.

OUTLOOK FOR 2017

Amidst the challenging economic environment in 2017, the Group will continue its current efforts to explore new investment opportunities to prepare the PN17 regularisation plan for submission to Bursa Securities for approval. In this regards, the Group will look at new businesses that fit the corporate objectives, risk appetites and are within the available financial capacity to acquire. Further announcement of the development in this area will be made by the Group in due course.

Concurrently the Group will also focus on the development of the general insurance business in the Philippines via MAAGAP and the retail mortgage lending and loan securitisation business in Australia via CCA to deliver quality growth and sustained profitability.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

PERFORMANCE BY OPERATING BUSINESS SEGMENTS

BUSINESS SEGMENT – INVESTMENT HOLDINGS

1) Business Operations Review

Investment Holdings comprised of the Company and its subsidiaries, namely MAA Corp, MAAIA, MAA International Investments Ltd, MAA International Corporation Ltd and Columbus Capital Singapore Pte Ltd whose principal activities are investments mainly in shares of subsidiaries and associated companies and investment properties held overseas primarily for capital appreciation.

2) Financial Performance

Key financial performance

(Amount in RM'000)	FY2016	FY2015
Total Operating Revenue	11,366	9,532
Profit Before Taxation	259,451	24,422

Total Operating Revenue comprised mainly of interest income grew 20.0% to RM11.4 million (2015: RM9.5 million), on the back of increase in funds during the financial year for fixed and call deposits with licensed banks earning higher weighted average interest rate at 4.5% (2015: 3.5%) per annum.

In 2016, the Investment Holding segment recorded a PBT of RM259.5 million (2015: RM24.4 million) contributed by gain of RM280.4 million and RM1.0 million respectively from the disposal of MAA Takaful and prepaid card business held via MAA Cards, coupled with a fair value gain of RM2.0 million on overseas investment properties. The PBT in 2015 included a deconsolidation gain of RM48.3 million from ex-subsiary, PT MAA General Assurance ("PT MAAG") which had commenced shareholders voluntary winding up in September 2015.

Nevertheless the 2016 gains were partly offset by disposal cost of MAA Takaful totalling RM2.5 million, allowance for impairment loss on other receivables of RM1.7 million provided based on force sale value of securities conducted by independent professional valuers and lastly management expenses total RM23.5 million (2015: RM29.0 million). The management expenses in 2015 included provision for liquidation expenses of PT MAAG and impairment loss on amount due from PT MAAG totalling RM5.7 million and RM1.6 million respectively.

At end December 2016, Total Assets stood at RM557.2 million (2015: RM335.1 million) where 51.6% comprised of low risk liquid assets in fixed and call deposits, cash and bank balances. Investment in low risk liquid assets minimise exposure to mark-to-market risk and ensure capital is preserved for business operations and growth and new investment opportunities.

3) Sustainability and Strategic Direction

Since the disposal of MAA Takaful, the Investment Holding segment has intensified its efforts in the search for new investment opportunities that fits the corporate objectives, risk appetites and is within the available financial capacity of the Company. All these measures are undertaken with the objectives to meet the Board's intention to maintain the listing status of the Company in light of its current PN17 status under the Listing Requirements of Bursa Securities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

BUSINESS SEGMENT – EDUCATION SERVICES

1) Business Operations Review

Education Services held via subsidiary Kasturi Academia Sdn Bhd (“Kasturi”) (formerly known as Pusat Tuisyen Kasturi Sdn Bhd) came into the Group following a debt settlement arrangement between subsidiary MAA Credit Berhad engaged in hire purchase, leasing and other financing activities and its non-performing loan debtor back in October 2012.

Kasturi provides private tuition to students taking the Malaysian National curriculum through its nine (9) centres in the Klang Valley with a pool of 70 full time and part time tutors. Private tuition is a highly competitive business given the wide and numerous players in a crowded market particularly the many non-registered individuals with low operating costs.

2) Financial Performance

Key financial performance

(Amount in RM'000)	FY2016	FY2015
Total Operating Revenue	6,536	6,804
Profit/(Loss) Before Taxation	(55)	691

Total Operating Revenue consists of tuition fee income recorded a 4.4% decrease to RM6.5 million (2015: RM6.8 million) in 2016 arose from reduction in the number of enrolled students.

Education Services segment recorded a LBT of RM55,000 in 2016 (2015: PBT of RM691,000), caused mainly by intense market competition in terms of pricing and student enrolment, increasing tutors, advertisement, tuition centres rental and maintenance costs which have eroded the profit margin.

Total Assets base are not significant for the Education Services segment in view that it is a relatively capital light business. The Education Services segment is also debt free and self-funding with fees collection in cash is able to fund the business operations thus far.

3) Sustainability and Strategic Direction

The immense market competition has taken a toll on the Education Services segment. Moving forward we expect the operating environment to remain highly competitive and challenging given changes in the education landscape in Malaysia with the sprouting of home schools and private schools offering alternative curriculum.

In 2017, we are looking at measures to reduce costs at identified areas, continuing marketing efforts to increase students' enrolment, restructuring of human capital and commence the roll-out of new tuition services for IGCSE curriculum at selected tuition centres to diversify fee base. We hope with these measures, the Education Services segment will either breakeven or able to reduce its loss in 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

BUSINESS SEGMENT – RETAIL MORTGAGE LENDING

1) Business Operations Review

CCA (a 48.0% associated company incorporated and operating in Australia) commenced operations in 2006 and grew considerably during the next 12 months. By the end of 2007, CCA had originated AUD350 million mortgage portfolio and had over AUD600 million funds under management prior to the Global Financial Crisis ("GFC") in 2008.

Through 2008 to 2010, CCA consolidated its asset position and balance sheet. During this period, the company established Columbus Capital Funds Management seeking to diversify areas of business. In 2011 - 2012, CCA perused various portfolio acquisitions and had successfully purchased Origin Mortgage Management Services with the AUD2.3 billion prime mortgage book and the associated white label distribution business from the ANZ Banking Group.

CCA sources its lending funds from domestic and offshore banks and its securitisation program via the capital markets.



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

2) Financial Performance

Key financial performance

(Amount in RM'000)	FY2016	FY2015
Total Operating Revenue	258,133	204,698
Profit Before Taxation	5,639	3,771
Group's share of Profit After Taxation	1,520	1,311

CCA's Operating Revenue consists of loan interest and fee income. For 2016 the Operating Revenue grew to RM258.1 million, a 26.1% increase compared to 2015 contributed by competitive pricing and growth on the loan portfolio. CCA has recorded a commendable double-digit growth in loan origination with a total origination of AUD749.0 million, a rewarding outcome from focusing on major loan portfolio acquisitions.

CCA registered a higher PBT from RM3.8 million in 2015 to RM5.6 million in 2016, driven mainly by the growth in Operating Revenue and improvement in net interest margin at 1.04% attributed by lower finance costs and commission expenses, more than out-weight the 3.3% increase in operating expenses due to the organic growth. On operating expenses, staff costs have remained static due to CCA's outsourcing back-office model. The outsourced processing and back office administrative functions continued to grow year-on-year by 8% enabling CCA to adapt to market and resource capacity demands.

Liquidity management is critical to fund CCA's business operations. On credit management, CCA's loan receivables arrears for +31 days are tracking at 0.96% of the total portfolio, a decrease of 44% compared to previous year and well below the industry trend of 1.15% per Standard & Poor's Performance Index. CCA will continue its effort in active loan receivable arrears management under the company's risk management framework.

On both warehouse and term markets to provide funding for its mortgage program and meeting debt obligations, CCA has in place funders from domestic banks and subordination providers cum issuance of Residential Mortgage-Backed Security ("RMBS") bonds via public and private placements. Securitisation is an integral part of CCA funding strategy to fund business growth and provide stable net interest margin. To-date, CCA's total warehouse capacity exceeds AUD1.2 billion and it has issued eight (8) bond series with over AUD1.8 billion term funding.

Being an associated company, the Group applies equity accounting for its investment in CCA. For the financial year under review, CCA has contributed a higher share of Profit After Taxation total RM1.5 million (2015: RM1.3 million) to the Group.

3) Sustainability and Strategic Direction

The key focus areas for CCA moving forward include amongst others:

- Continue to pursue strategic mortgage asset acquisitions that meet business synergies to boost the funds under management
- Diversify into other consumer asset classes beyond core home loan lending to expand revenue streams by leveraging on the present management and servicing capabilities
- Planned annual RMBS term issuance subject to market conditions to ensure there is sufficient capital to support business growth
- Continue with risk base pricing for competitive product offering to achieve higher yield returns
- On-going enhancement and development of risk management framework in light of the changing regulatory requirements and for better management of risks in the likes of cyber security, capital and credit risks etc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

BUSINESS SEGMENT – GENERAL INSURANCE

1) Business Operations Review

The Group's General Insurance business in the Philippines held via associated company MAAGAP offers a wide range of products to both retail and corporate clients. The product offerings cover fire, motor, marine, personal accident, bond, engineering and general accident. MAAGAP distributes its products mainly via agency network, brokers and banks. MAAGAP has been steadily growing its business over the past few years and ranked a credible 12th in terms of gross premium written in 2016 among a total of 67 general insurance players in the Philippines.

2) Financial Performance

Key financial performance

RM'000	FY2016	FY2015
Gross premiums written	137,094	114,245
Underwriting surplus	21,998	15,669
Investment income	5,590	2,380
Profit Before Taxation	10,371	7,657
Loss ratio in %	46.0%	46.0%
Commission ratio in %	28.0%	30.8%
Group's share of Profit After Taxation	3,208	2,479

In 2016, total Gross Premiums Written grew 20.0% driven mainly by increase in the production of both motor and non-motor classes of business. The motor and non-motor businesses contributed 41.2% (2015: 38.7%) and 58.8% (2015: 61.3%) respectively of the total Gross Premiums Written in 2016. During 2016, the major factors driving the business growth were the bullish Philippine economy, increase in overall car sales and uptrend of infrastructure development and construction projects that occurred throughout the Philippines.

MAAGAP registered a higher PBT of RM10.4 million in 2016, a 35.1% increase over RM7.7 million in 2015. The higher profit was driven mainly by the increase in earned premiums and growth in both underwriting surplus and investment income at 40.4% and 134.9% respectively. These improvements have out-weighted the increase in management expenses by RM2.4 million from RM15.3 million in 2015 to RM17.7 million in 2016, mainly increase in staff costs and EDP expenses. Staff costs rose by 17.1% in 2016 as MAAGAP continued with recruitment drive necessary to support its business growth and also staff retention and development efforts to remain attractive to quality talents with insurance skills and competencies.

Underwriting Surplus stood at RM22.0 million (2015: RM15.7 million), contributed mainly by strong growth in premiums earned and an overall stable combined loss and commission ratios at 74.0% (2015: 76.8%). All motor and non-motor classes of business except general accident had registered underwriting surplus.

In 2016, the loss ratio remained constant at 46.0%, same as 2015. The loss ratio for motor class was higher at 54.9% (2015: 51.5%) during the financial year under review, mainly due to increase in the number of motor car claims in 2016 (9,000+ claims) as against 2015 (6,000+ claims) aggravated by the increase in the cost of spare parts and repair. Nevertheless the loss ratio for non-motor business has improved to 38.3% (2015: 39.9%), driven mainly by fewer occurrences of natural catastrophes and incidence of fire losses. On top of these market factors, regular review of claims by MAAGAP's management has resulted in a number of claims being revised and settled at lower amounts.

The net commission ratio has also recorded an improvement in 2016 at 28.0% compared to 2015 of 31.4%, on the back of the intense market competition in motor car where lower motor car premium rates were offered by the general insurance companies to the end consumers, thereby leading to lower net commission ratio being paid out to the intermediaries.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(continued)

MAAGAP recorded a total Investment Income of RM5.6 million – up 133.3% compared to RM2.4 million in 2015, on the back of higher amount of investible funds from RM119.3 million in 2015 to RM171.2 million in 2016, including the RM27.3 million Subscription Sum received from the Group in December 2016. During 2016, MAAGAP registered a higher investment yield of 4.3% (2015: 2.8%) contributed mainly by increase in gain from the disposal of investments, interest and dividend income on combined basis total RM5.6 million (2015: RM2.4 million), boosted by the investment approach to invest in higher yielding fixed income and dividend investments with acceptable investment grades.

On liquidity and funding resources to support business growth and operations including claims payment to insured, MAAGAP applies assets and liabilities matching in its investment policies, close credit monitoring of receivables and cash requirement projections to ensure there is sufficient liquid assets are held to meet its obligations.

Under the New Insurance Code issued by the Insurance Commission (“IC”) of the Philippines, insurance companies in the Philippines are required to comply with both the Net Worth requirement at increasing levels at each interval of three (3) years until 31 December 2022 and the Risk-Based Capital (“RBC”). As at 31 December 2016, MAAGAP met both the Net Worth and RBC at levels well above the minimum required. The IC has implemented a new RBC framework (“RBC2”) with risk-based approach to solvency effective 1 January 2017. As at 31 December 2016, MAAGAP has conducted a simulation for RBC2, the company also fulfilled RBC2 at level above the minimum required.

Similar to CCA, the Group applies equity accounting for its investment in MAAGAP being an associated company. For the financial year under review, MAAGAP has contributed a higher share of Profit After Taxation total RM3.2 million (2015: RM2.5 million) to the Group.

3) Sustainability and Strategic Direction

Moving into 2017, MAAGAP shall ride with the waves of progress in the Philippines where the country's Gross Domestic Products is projected to grow at 7.1% brought about largely by the steady influx of funds in the country through overseas foreign workers remittances, business process outsourcing earnings and lastly new infrastructure projects driven by the government.

While tapping into the favourable economic conditions, MAAGAP will continue its organic growth momentum by focusing on expanding customer base through new networks and markets from the eleven (11) branches beyond the Metro Manila, recruit quality and productive agency force and establish new distribution channels.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of MAA Group Berhad ("MAAG" or the "Company") is pleased to present this statement on the Company's corporate governance practices and the Company's application of the principles and compliance with the recommendations under the Malaysian Code on Corporate Governance 2012 ("Code") for its financial year ended 31 December 2016.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Company is led by its Board which has the overall responsibility to provide strategic guidance and effective oversight of the Company towards effectively achieving good governance and protection of its shareholders' interest.

1.1 Clear Functions of the Board and Management

To ensure the effective discharge of its function and responsibilities, the Board had established a Board Charter which clearly sets out the relevant matters reserved for the Board's approval, as well as those that are delegated to the Board Committees and Chief Executive Officer.

Key matters reserved for the Board's decision include, inter alia, the following:

- Acquisition and disposal of assets of the Company or of its subsidiaries that are material in nature;
- Investment in new business;
- Divestment/sale of existing business;
- Related-party transactions of a material nature;
- Authority levels for core functions;
- Outsourcing of core business functions; and
- Corporate proposal on fundraising.

The Board Committees are authorised by the Board to undertake the duties and responsibilities in accordance with their respective Terms of Reference. The Chairman of the respective Board Committees reports its recommendation to the Board on matters deliberated in the Board Committee meetings.

1.2 Roles and Responsibilities of the Board

The role of the Board is to effectively represent and promote the interests of the shareholders with a view to adding long-term value to the Company's shares. The Board will also direct and supervise the management in relation to the business and affairs of the Company.

In discharging its stewardship responsibilities, the Board has formally assumed the six (6) specific responsibilities as follows:-

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Senior Management;
- Developing and implementing an investor relations programme or shareholders communication policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has continued in the financial year 2016, to review, assess and oversee the progress of the Group's internal restructuring including:

- assessing the Company's PN17 regularisation plan to increase the Group's equity interest in Columbus Capital Pty Ltd ("CCA") from 47.95% to 55%. The Group is currently monitoring the profitability of the associate company and its long-term structure.
- formulating the regularisation plan to regularise its financial condition for submission to Bursa Malaysia Securities Berhad ("Bursa Securities") as part of the requirement under PN17. An application for an extension of time to comply with Paragraph 8.04(3) and PN17 of the Listing Requirements has been submitted to Bursa Securities on 20 December 2016. Bursa Securities has, vide its letter dated 16 February 2017, granted an extension of time of up to 30 June 2017 to submit a regularisation plan to Bursa Securities.
- review the proposed subscription to increase the Company's subsidiary, MAA International Assurance Ltd. ("MAAIA") equity interest in MAA General Assurance Philippines, Inc. ("MAAGAP"). MAAIA had on 6 December 2016 remitted a sum of PHP300 million to subscribe for additional 300,000 new shares with par value of PHP1,000 per share in MAAGAP. Upon the completion of the proposed subscription, MAAIA's equity interest in MAAGAP will increase from the present 40% to 70% thereby making it a subsidiary of the company and Group.
- review the sale of MAA Takaful Berhad ("MAA Takaful") to Zurich Insurance Company Ltd. ("Zurich"). MAAG had, on 26 April 2016, obtained the approval of the Minister of Finance Malaysia, vide Bank Negara Malaysia ("BNM")'s letter dated 27 April 2016, for the disposal of the Company's 75% equity interest in MAA Takaful, pursuant to Section 101 of the Islamic Financial Services Act, 2013. Share purchase agreement was entered with Zurich on 4 May 2016. On 30 June 2016, the Company completed the disposal of MAA Takaful.

STATEMENT ON CORPORATE GOVERNANCE

(continued)

1.3 Code of Conduct

The Group's Code of Conduct which sets out standards of business and ethical conduct based on general principles including, amongst others, integrity, honesty, fair dealing, confidentiality and diversity which guides all directors and employees in the conduct of their business and that of the Group, in order to enhance the standard of corporate governance and behaviour.

1.4 Strategies Promoting Sustainability

In continuation of the Group's long-term commitment towards promoting sustainability, the Group continues to implement the various initiatives introduced in prior years as disclosed in the previous Annual Reports. The Board is continually mindful of the environmental, social and governance aspects in its decision making for the Group's business and operations. Further details of the sustainability initiatives and activities are set out in the Corporate Social Responsibility statement of this Annual Report.

1.5 Access to Information and Independent Professional Advice

The Board is given unrestricted access to the advice and services of the Company Secretary and the Senior Management staff in the Group, and has full and unlimited access to any information pertaining to the Group. Board papers will be circulated to all Board members five (5) working days before the Board Meeting. This is to ensure the Board receives the information in time to prepare adequately for the Board meeting.

The Directors have direct communication channels with the Internal and External Auditors, and are able to convene meetings with the External Auditors whenever deemed necessary.

The Directors are also allowed under the Company's procedure to obtain independent professional advice concerning the conduct of business and affairs of the Company in order to discharge their duties effectively.

- A Director seeking professional or expert advice concerning the conduct of business and affairs of the company may make such request to the Board during the Board Meeting of the company or refer such request to the company secretary by e-mail for consideration of the Board members.
- Upon receiving such request from any Director, the Company Secretary shall circulate the request to all Board members and the Board shall make a decision on the request accordingly.
- Where a decision has been made by a majority of the Board for professional or expert advice to be obtained, the matter shall be referred to a suitable Professional Advisor at the recommendation of the MAAG Exco/Bizco and approval of the Board.
- The opinion and/or report issued by the Professional Advisor shall be circulated to all members of the Board.
- The cost of the professional or expert advice shall be borne and paid by the respective subsidiaries of the company.

1.6 Qualified and Competent Company Secretary

The Company Secretary advises the Board in relation to the Company's Board policies and procedures and compliance with the relevant regulatory and listing requirements. The Company Secretary ensures that all Board Procedures are followed, and the Company complies with all applicable statutory and regulatory rules.

The Company Secretary undertakes, inter-alia, the following functions:-

- responsible for advising the Directors of their duties and responsibilities and obligations to disclose their interest in securities, prohibition on dealing of securities during the closed period, restriction on disclosure of price sensitive information, disclosure of any conflict of interest and related party transaction as well as disclosure of necessary information as required under the relevant legislations;
- preparing the agenda with the Chairman and Chief Executive Officer and notifying all Directors of Board Meetings;
- attends all Board and Board Committee Meetings and ensures that all meetings are properly convened and proceedings of the Board and Board Committee Meetings and decisions thereof are properly recorded, communicating decision of the Board and Board Committees to the relevant management for necessary action, follow-up on proposals or matters tabled at the Board or Board Committee Meetings;
- providing full access and services to the Board;
- assisting the Board with interpreting legal and regulatory acts related to the Code, Listing Requirements and other related regulations and developments;
- advising the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis;
- handling Company share transactions and other duties as prescribed under the relevant legislations;
- ensuring the appointment of new Directors, re-appointment and resignation of Directors are in accordance with the relevant legislations;
- ensuring execution of assessment for Directors and the Board/Board Committees;
- ensuring availability of information required by new Directors for the proper discharge of their duties;
- assisting the Board and Chairman on the implementation of the Code;
- monitoring compliance with the principles and recommendations of the Code and informing the Board of any breaches; and

STATEMENT ON CORPORATE GOVERNANCE

(continued)

- ensuring high standard of governance by keeping abreast of the latest enhancement in corporate governance and changes in the legal and regulatory framework.

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its duties.

1.7 Board Charter

The Board Charter provides guidance to the Board in the fulfilment of its roles and responsibilities which are in line with the principles of good corporate governance. The Board will continue to review the Board Charter periodically as may be necessary in order to ensure it remains updated should there be changes to the Company's policies, procedures and processes or the relevant legislations and regulations.

2. STRENGTHEN COMPOSITION

The Company is managed through the Board which currently comprises three (3) Executive Directors (including the Chairman), one (1) Non-Independent Executive Director and four (4) Independent Non-Executive Directors. Dedicated Board Committees were also established and are chaired by Independent Non-Executive Directors who exercise skillful leadership with in-depth knowledge of the relevant industry. The three (3) Board Committees appointed by the Board namely:

- Audit Committee;
- Risk Management Committee; and
- Nomination and Remuneration Committee.

In ensuring that the composition of the Board is strengthened, the Board has entrusted the Nomination and Remuneration Committee to implement policies and procedures with respect to selection and nomination of Board and Board Committees.

2.1 Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee ("NRC") as at the date of this Annual Report are as follows:

Chairman : Tan Sri Datuk Seri Razman Md Hashim - Independent Non-Executive Director

Members : Dato' Narendrakumar Jasani A/L Chunilal Rugnath - Independent Non-Executive Director
Tan Sri Ahmad bin Mohd Don - Independent Non-Executive Director
Onn Kien Hoe - Independent Non-Executive Director

The duties and responsibilities of the NRC are to assist the Board in reviewing and recommending the appropriate remuneration policies applicable to Directors, Chief Executive Officer/Group Managing Director (CEO/GMD) and Senior Management and the appointment and evaluation of the performance of Directors.

The principal Terms of Reference of the NRC are as follows:

- To review and determine the mix of skills, experience and other qualities (including core competencies of Non-Executive Directors) on an annual basis;
- To assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director on an annual basis;
- To recommend a framework of remuneration for Directors, CEO/GMD and key senior officers of the Company and its subsidiary companies; and
- To recommend specific remuneration packages for Directors, CEO/GMD and key senior officers of the Company and its subsidiary companies.

The NRC meets at least once a year, with additional meetings convened as and when necessary. The NRC met five (5) times during the financial year 31 December 2016 to review the results of the evaluation performed on the Board and Board Committees as well as to review, assess and recommend to the Board the remuneration package of the CEO/GMD, Executive Directors and Senior Management of the Company and its subsidiary companies.

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

2.2.1 Board Effectiveness Assessment

The NRC is guided by its Terms of Reference and the Procedure for the Appointment and Removal of Directors and Review of the Effectiveness of the Board/Individual Directors, which sets out the various criteria and process for recruitment and annual assessment of directors.

STATEMENT ON CORPORATE GOVERNANCE

(continued)

The NRC shall carry out annual assessment of the effectiveness of the Board as a whole, the various committees and individual directors. In order to assess the effectiveness of the Board, the NRC shall consider the following:-

The matter discussed at the Board meeting should be specific and of major importance to the Company. They shall make recommendation to the Board for adoption of a schedule of matters specifically reserved for the Board's decision. The schedule of matters shall at least include the following matters:-

- acquisition and disposals of asset by the Company or of its subsidiaries that are material in nature;
- related-party transactions of a material nature;
- authority levels for core functions of the Company;
- corporate policies on investment; and
- the outsourcing of core business functions.

This schedule of matters shall be updated from time to time to ensure that important matters are brought to the attention of the directors, deliberated and agreed to enhance the effectiveness of the Board.

In addition to the schedule of matters specifically reserved for its decision, the Board should assume the specific responsibilities as highlighted under 1.2 Roles and Responsibilities of the Board.

The effectiveness of the Board falls on the extent to which it fulfils the specific responsibilities.

In making an assessment of the effectiveness of an individual Director, the NRC shall take into account of:-

- the contribution made by that Director to the decision making process;
- his attendance at Board meetings;
- his involvement in various committees or special projects; and
- his mark against the benchmark set by the Board.

2.2.2 Appointment and Re-election

The NRC is guided by the Procedure for the Appointment and Removal of Directors which has been approved by Board. The Board nomination and Selection Process outlines the skill sets, knowledge/experience, mindset and the intrinsic values required of the concerned Director vis-a-vis the need of the Company. The process also provides the relevant point of reference in identifying the most suitable candidates to sit on the Board.

The NRC, in assessing the suitability of an individual and proposing candidate for appointment to the Board, take into accounts:-

- Skills, knowledge, expertise and experience.
- Time commitment, candidate's other commitments and resources for input to the Board.
- The relationship of the candidate with another Director or major shareholder of the Company.
- The candidate must be a fit and proper person. Each Director is required to make quarterly declaration that they are not disqualified under the relevant law and fulfil fit and proper criteria.

For financial year ended 2016, there has been no appointment of new Independent Director to the Board. Whilst the Board is of the view that the current directorship is adequate with the appropriate mix of skills and experience required for the Group, it is mindful of the recommendation 3.5 of the Code, and the NRC continues to assess suitable candidates for recommendation to the Board. The Board has conducted a self-assessment on 13 April 2017 to assess the Board Committees, the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board during the year. The assessment covers inter alia the effectiveness of the Board structure and composition, Board operations and roles and responsibilities of the Board and the Board Committees.

2.2.3 Gender Diversity

The Company sees the participation of women as being fundamental to the achievement of equal opportunity in the workplace and has reviewed and continued to implement its Policy on Diversity and Non Discrimination. The relatively large number of female employees in the Group is proof that the gender diversity approach has long been in practice in the Group.

The Company further believes, by virtue of being the apex body overseeing key issues as strategy execution, management of risks and governance, that Board diversity translates into a more effective Board.

The Board is of the view that membership of the Board should be dependent on each candidate's qualifications, age, skills, experience, core competencies, character, integrity and other qualities regardless of gender.

STATEMENT ON CORPORATE GOVERNANCE

(continued)

2.3 Remuneration Policies

The Board is aware that fair remuneration is critical to attract, retain and motivate Directors. The NRC in discharging its responsibilities in the review of the Directors' remuneration considers various factors including the following:

- Directors' skills and experiences;
- Market rate for Executive Director's salary having regard to the nature of the Company's business;
- Evaluation conducted by the Nomination Committee with respect to the effectiveness and contribution of the Director concerned;
- Non-Executive Directors' time devoted to the Company's affairs; and
- Directors' experience and responsibilities undertaken.

The Remuneration of the Directors for the financial year ended 31 December 2016 is set out below:

	Executive Directors (RM)	Non-Executive Directors (RM)
Fees	22,500	303,750
Salaries	4,027,644	-
Bonus	1,980,212	-
Other Benefits	1,364,522	121,750
Total	7,394,878	425,500

The number of Directors whose total remuneration falls within the bands of RM50,000 is as follows:

Range of Remuneration	Executive Directors	Non-Executive Directors
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	-	3
RM300,001 to RM350,000	1	-
RM1,500,001 to RM1,550,000	1	-
RM2,150,001 to RM2,200,000	1	-
RM3,350,001 to RM3,400,000	1	-

The following successive range of remuneration bands of RM50,000 is not applicable:

Below RM50,000
 RM150,001 to RM300,000
 RM350,001 to RM1,500,000
 RM1,550,001 to RM2,150,000
 RM2,200,001 to RM3,350,000

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Board conducts an annual self-assessment on the effectiveness of the Board and the Board Committees. The self-assessment includes assessment on the independence of the Independent Directors.

The Board values the independent and objective judgement brought by the Independent Directors to the Board, and recognizes that the independence of the Independent Directors is crucial to provide an unbiased and independent view, advice and judgement to take into account the interest, of not only the Group but also of shareholders, employees and communities in which the Company conducts business.

Based on the assessment conducted on 13 April 2017, the Board is satisfied with the level of independence demonstrated by the present Independent Directors and their ability to act in the best interest of the Company.

STATEMENT ON CORPORATE GOVERNANCE

(continued)

3.2 Tenure of Independent Directors

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years in accordance with the Code. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director being re-designated as a Non-Independent Director. In the event the Director is to remain as Independent Director, the Board shall first justify and obtain shareholders' approval.

The Board currently has two (2) directors, Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don, who will have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years.

The NRC has assessed and is satisfied with the ability of Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don to bring independence and objective judgement to Board deliberations, and recommends for them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

- The Group has benefited from these long-serving Independent Non-Executive Directors who possessed detailed knowledge of the Group's business, standard operating procedures, internal controls and risks profile and have proven commitment, experience, competence and wisdom to effectively advise the Management from time to time.
- Tan Sri Datuk Seri Razman and Tan Sri Ahmad Mohd Don are independent in character and judgement, independent of management and free from any relationship or circumstances which are likely to affect or could affect their judgement or making of decisions in the best interest of the Company.
- Tan Sri Datuk Seri Razman and Tan Sri Ahmad Mohd Don had fulfilled the criteria under the definition of Independent Directors as stated in the MMLR of Bursa Securities, and thus they would be able to function as check and balance and bring an element of objectivity to the Board.
- Both of them have vast experience in the accounting and audit industry enabling them to provide the Board with a diverse set of experience, expertise and independent judgement.
- Tan Sri Datuk Seri Razman and Tan Sri Ahmad Mohd Don had devoted sufficient time and attention to their professional obligations for an informed and balanced decision making.
- They had consistently challenged management in an effective and constructive manner and provided an independent voice on the Board.
- Tan Sri Datuk Seri Razman and Tan Sri Ahmad Mohd Don had also exercised their due care and diligence during their tenure as Independent Non-Executive Directors of the Company and had carried out their professional duties in the best interest of the Company and shareholders.

Both Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don have abstained from the assessment deliberation and recommendation in respect of this matter. Throughout their tenure, it has been proven that Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don are able to provide an independent voice on the Board in challenging whilst participating in the Board's decision-making process, and the Group has benefited from their commitment, wisdom and oversight as they have in-depth knowledge of the Group's business and operations and vast experience in the accounting and audit industry.

3.3 Shareholders' Approval for the Re-appointment of Non-Executive Directors

During the Annual General Meeting held on 20 June 2016, shareholders' of MAA had approved Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don to continue to act as an Independent Non-Executive Directors of the Company until the conclusion of the next Annual General Meeting ("AGM") of the Company.

3.4 Positions of the Executive Chairman and the Chief Executive Officer/Group Managing Director

The roles of Tunku Dato' Yaacob Khyra as the Executive Chairman and Datuk Muhammad Umar Swift as the CEO/GMD are distinct and separate, each has a clearly accepted division of responsibilities as specified in the Board Charter to ensure accountability.

The responsibilities of the Executive Chairman include providing leadership to the Board, to chair the shareholders' meeting and to act as the Group's ambassador within the domestic and international market. The Executive Chairman participates in management committee meetings and further works with the CEO/GMD on major strategic issues.

The CEO/GMD is responsible to ensure the execution of strategic goals, implementation of all decisions of the Board and the strategy adopted by the Board and assumes full accountability to the Board for all aspects of the Company's day-to-day operations and overall performance of the Group.

Based on the annual assessment conducted on 13 April 2017 and recommendation made by the NRC, the Board is of the view that Tunku Dato' Yaacob Khyra has been able to perform his role and responsibilities as the Executive Chairman without any impairment of objectivity and always in consideration of the best interests of the shareholders and all stakeholders.

STATEMENT ON CORPORATE GOVERNANCE

(continued)

3.5 Composition of the Board

The Board is a balanced board with a complementary blend of expertise, with professional and business experiences relevant to the Group's business. These can be seen in the Board of Directors' profile section which illustrates the Directors' background and experiences.

The Board comprises of eight (8) members as at the date of this Annual Report, of whom four (4) are Independent Non Executive Directors. The present composition is in compliance with Chapter 15.02 of the Bursa Securities Listing Requirements.

The Board is chaired by an Executive Chairman. Whilst the Company supports the recommendations made under the Code, the Company maintains that the Chairmanship of the Board shall continue to be held by a Non-Independent Executive Director. At the moment, the Board is of the view that the Executive Chairman will remain objective in expressing his views and will allow all Board members the opportunity to participate and express their views in deliberations and decision-making in the Board without fear or favour. In addition, any decisions arrived by the Board are made on consensus. Despite this, the Board will endeavor that the composition of the Independent Directors comprise of more than one-third (1/3) of the Board to ensure balance of power and authority on the Board.

4. FOSTER COMMITMENT

4.1 Time Commitment

The Board is satisfied with the time commitment given by the Directors of the Company in discharging their duties for the financial year ended 31 December 2016.

The Board has met six (6) times during the financial year ended 31 December 2016. The details of the attendance by each of the Directors for the financial year ended 31 December 2016 are as follows:

Members of the Board	Attendance	Percentage
Tunku Dato' Yaacob Khyra (Chairman)	6/6	100%
Datuk Muhamad Umar Swift	6/6	100%
Yeo Took Keat	6/6	100%
Tan Sri Datuk Seri Razman Md Hashim	6/6	100%
Tan Sri Ahmad bin Mohd Don	6/6	100%
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	6/6	100%
Dato' Narendrakumar Jasani A/L Chunilal Rugnath	5/6	80%
Onn Kien Hoe	6/6	100%

An annual meeting calendar is prepared by the Company Secretary and circulated to all Directors before the beginning of every year which sets out the scheduled dates for meetings of the Board and Board Committees, in order to facilitate and foster the Directors' time planning and commitment to the Company.

The NRC is guided by the Company's Procedure for the Appointment and Removal of Director and will take into consideration various criteria in assessing new appointment of directorships to the Company including the number of directorships already held by the candidate and candidate's time availability and other commitments.

4.2 Training

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. The Nomination and Remuneration Committee evaluates the training needs of the Directors and recommends trainings to each Director to enable the Directors to discharge their duties effectively and proficiently, taking into account the individual needs of each of the Directors.

STATEMENT ON CORPORATE GOVERNANCE

(continued)

During the financial year ended 31 December 2016, the Directors have attended and participated in various programmes and forums which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors.

The programmes or forums attended by the Directors include, inter alia, the following:-

Members of the Board	Programmes / Forum
Tunku Dato' Yaacob Khyra	<ul style="list-style-type: none"> Briefing on New Companies Bill 2015. Enterprise Risk Management ("ERM"): Driving Organizational Sustainability, Agility and Resilience.
Datuk Muhamad Umar Swift	<ul style="list-style-type: none"> 18th Malaysia Strategic Outlook Conference 2016. FIDE Forum: Industry Briefing on Directors Register Implementation. Summary of Key Issues to be Discussed for the 3rd BNM – FIDE Forum Annual Dialogue with the Governor of Bank Negara Malaysia: "Economic and Financial Services Sector: Trends and Challenges Moving Forward". Corporate Governance Disclosure – The Interplay between CG, Non-Financial Information and Investment Decisions. FIDE Core Programme – Module A (Bank) Risk Management Practices for the Financial Market in the 21st Century. Briefing on New Companies Bill 2015. FIDE Engagement Session. Bursa Malaysia's Breakfast Series: Future of Auditor Reporting – The Game Changer for Boardroom. 2016 CPA Congress. Advocacy Sessions on Management Discussion & Analysis ("MD&A") for Chief Executive Officers and Chief Financial Officers of Listed Issuers. MIA International Accounts Conference 2016.
Yeo Took Keat	<ul style="list-style-type: none"> Briefing on New Companies Bill 2015. Corporate Governance Disclosure - The Interplay between CG, Non-Financial Information and Investment Decisions. MIA International Accountants Conference 2016. MIA - Companies Act 2016 - Key Insights and Implication for Directors / Shareholders.
Tan Sri Datuk Seri Razman Md Hashim	<ul style="list-style-type: none"> Enterprise Risk Management. The New Companies Bill 2015. Directors' Induction Training & Crash Course on Takaful/Shariah Session. 19th National Housing & Property Summit 2016 (Revitalizing the Housing & Property Industry).
Tan Sri Ahmad bin Mohd Don	<ul style="list-style-type: none"> Directors' Training/Briefing Session on New Companies Bill 2015, New and Revised Auditor Reporting Standards & Enhancements to PIDM Differential Levy Systems Framework for Insurance Companies. FIDE Forum Talk "FinTech": Business Opportunity or Disruptor?"
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	<ul style="list-style-type: none"> Briefing on New Companies Bill 2015. Enterprise Risk Management ("ERM"): Driving Organizational Sustainability, Agility and Resilience.

STATEMENT ON CORPORATE GOVERNANCE

(continued)

Members of the Board	Programmes / Forum
Dato' Narendrakumar Jasani A/L Chunilal Rugnath	<ul style="list-style-type: none"> • LHDN – CTIM Tax Forum. • MIA – Merger, Acquisition & Affiliation Seminar. • LHDN – CTIM National Tax Conference 2016. • MIA – Forum on Key Audit Matters. • MIA Future of Audit. • Grand Thornton – Global Conference. • Grand Thornton – Tax & Business Conference – Budget 2017. • CTIM – 2017 Budget Seminar. • MIA – MATA 20 17 Budget Seminar. • MIA – International Accounts Conference. • CTIM – Tax Planning & Issues for Property Developer & Investor. • CTIM – 2017 Budget Seminar. • Jabatan Audit Negara – “Were the Auditors Sleeping?”
Onn Kien Hoe	<ul style="list-style-type: none"> • An overview of latest development in Malaysian Financial Reporting Standards by Malaysian Institute of Accountants. • National Tax Conference 2016. • Directors' Induction Training & Crush Course on Takaful/Shariah Session. • International Experience Sharing on IFRS Implementation.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Financial Reporting Standards

The Company's annual financial statements and quarterly financial results are reviewed by the Audit Committee in consultation with the external auditors to ensure the reliability of the Company's financial statements in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 1965, before recommending for the Board's approval and submission to Bursa Securities for announcement.

5.2 Relationship with External Auditors

The Audit Committee reviews the appointment, performance and remuneration of the external auditors, before recommending them to the shareholders for re-appointment in the AGM.

The Audit Committee convenes meetings with the external auditors without the presence of the Executive Directors and Management of the Group whenever it deems necessary.

During the financial year ended 2016, the Audit Committee had conducted two (2) meetings on 25 February 2016 and 24 November 2016 respectively with the external auditors without the presence of the internal Auditors and Management to discuss their audit plan, audit findings, financial statements and other matters that require the Board's attention.

During the year, the Audit Committee had assessed Messrs PricewaterhouseCoopers (“PwC”) and is satisfied with the suitability and independence of PwC as external auditors of the Company.

6. RECOGNISE AND MANAGE RISKS

6.1 Sound Framework

The Board through the Risk Management Committee and the Audit Committee, continually reviews the adequacy and effectiveness of the risk management processes and internal controls in place within the various operating units with the aim of strengthening the risk management functions and internal controls across the Company and the Group.

The features of the Company's risk management framework and the internal controls system are as highlighted in the Statement on Risk Management and Internal Control in this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

(continued)

6.2 Internal Audit Function

The Company has outsourced its internal audit function to KPMG Management and Risk Consulting Sdn Bhd beginning 2014, who has the relevant qualifications and is responsible in providing assurance to the Board via its periodical audit reports to the Audit Committee on the effectiveness of the internal controls.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policies and Procedures

The Company has in place a Corporate Disclosure Policies and Procedures which sets out clear procedures on corporate disclosure requirements, its designated corporate disclosure officer and appointed spokespersons for the Company and respective roles and responsibilities of its management and officers to ensure that material information disclosed by the Company is accurate, timely and complete.

7.2 Leverage of Information Technology for Effective Dissemination of Information

Shareholders and investors can access the Company's website at www.maa.my for the latest corporate information of the Group. The Company's website provides all relevant information about the Company including its announcements and annual reports and is accessible by the public. Its corporate governance section includes, amongst others, the Board Charter, Code of Conduct and Whistle Blowing Policy.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Communication with Shareholders

The Company is committed to provide timely and accurate information equally to all shareholders regarding the Company's financial situation, performance, strategies, activities and governance and adopt channels for disseminating information that are fair, timely and cost efficient.

The Board notes the recommendation 8.1 of the Code to take reasonable steps to encourage shareholders participation at the AGM. The Company's AGM is the primary platform for communication with the widest range of shareholders. The Company will use best endeavours to serve the notice of the AGM meeting to shareholders earlier than the minimum notice period of at least twenty one (21) days before the date of the meeting in order to allow the shareholders to make necessary arrangements to attend and participate either in person or by proxy.

The forthcoming AGM will be a good opportunity for proactive engagement and communication between the Board, shareholders and investors.

- Shareholders who are unable to attend are entitled to appoint a proxy i.e to attend, speak and vote on their behalf.
- The MAA Group website (www.maa.my) contains references to and notices about the AGM.
- Members of the Board, Senior Management as well as the external auditor of the Company are present at the AGM to address any question or consent that shareholders may have.
- The Chairman at the commencement of the AGM, informs shareholders of their right to vote by poll. The Company also took note of the recommendation on e-voting and will explore the suitability and feasibility of employing electronic means for poll voting in future.
- Shareholders are welcome to contact the Company at any time throughout the year. The contact information is available on the Company's website (www.maa.my).

8.2 Poll Voting

In line with the recent amendments to the Listing Requirements, the Company will implement e-voting for all the resolutions set out in the Notice of AGM at the AGM. In addition, the Company will appoint at least 1 scrutineer to validate the votes cast at the AGM.

In accordance with Article 91 of the Articles of Association of the Company, the Chairman of the meeting has a right to demand a poll with respect to all resolutions which are put to vote at the AGM as set out in the Notice of AGM. The poll voting process at the general meeting will be conducted in accordance with the provisions of the Articles of Association of the Company.

9. COMPLIANCE WITH CODE

The Board is satisfied that the Company has implemented the principles and recommendations under the Code and believes that all material aspects have been complied with reasonably and in the manner most suited and appropriate for the Company in the best interest of all stakeholders.

OTHER BURSA SECURITIES COMPLIANCE INFORMATION

1. Utilisation of Proceeds Raised from Corporate Proposal

During the financial year ended 31 December 2016, there were no proceeds raised by the Company from any corporate proposal.

2. Audit and Non-Audit Fees

During the financial year ended 31 December 2016, the following audit and non-audit fees were incurred for services rendered by the external auditors or a firm or corporation affiliated to them:

- (a) Audit fees paid or payable by the Group and the Company amounting to RM688,000 and RM275,000 respectively;
- (b) RM150,000 being fee for services in connection with the limited review of MAA Takaful Berhad ("MAA Takaful") (now known as Zurich Takaful Malaysia Berhad);
- (c) RM180,000 being fee for services as reporting accountants in connection with the proposed disposal of MAA Takaful;
- (d) RM390,000 being fee for services in connection with the completion account and agreed upon procedures in relation to the capital adequacy ratios of MAA Takaful;
- (e) RM30,000 being fee for the transfer pricing documentation services;
- (f) RM130,383 being fee for services in connection with tax advice on corporate restructuring; and
- (g) RM6,000 accrued by MAA Takaful, being fee for services rendered in connection with the agreed upon procedures report on returns to Perbadanan Insurans Deposit Malaysia ("PIDM") for the six (6) months ended 30 June 2016 prior to the disposal of the company.

3. Material Contracts

There was no material contracts (not being entered into in the ordinary course of business) entered into by the Group which involved Directors and Shareholders, either still subsisting at the end of the financial year ended 31 December 2016 or entered into since the end of the previous financial year.

OTHER BURSA SECURITIES COMPLIANCE INFORMATION

(continued)

Recurrent Related Party Transactions of a Revenue or Trading Nature

On 20 June 2016, the Company sought approval for a shareholders' mandate for MAAG Group to enter into Recurrent Transactions (as defined in the Circular to Shareholders dated 29 April 2016) in their ordinary course of business with related parties ("Shareholders' Mandate") as defined in Chapter 10 of the Listing Requirements of Bursa Securities.

The aggregate value of Recurrent Transactions conducted during the financial year ended 31 December 2016 are:

Transacting Party	Nature of Transaction	Related Party	Nature of Interest	Value of Transaction (1/1/2016 - 31/12/2016) RM '000
MAAG Group	Corporate secretarial and related services fees paid and payable	Trace Management Services Sdn Bhd ("Trace")	A company in which TY* and TYY* have deemed interest by virtue of their substantial interest in the Melewar Corporation Berhad, the substantial shareholder of Trace.	332
MAA Corporation Sdn Bhd ("MAA Corp")	Office service charge income	Melewar Equities Sdn Bhd ("MESB")	A company in which TY is deemed interested in MESB and MESB is a subsidiary of Khyra**. TY is the founder and ultimate beneficial owner of Khyra. TYY is deemed interested in MESB by virtue of his family relationship with TY based on Section 122A(1)(a) of the Act.	12
		Melewar Industrial Group Berhad ("MIG")	TY and TYY are directors of MIG. TY is deemed interested in MIG by virtue of his indirect substantial interest in MESB, who in turn is the major shareholder of MIG. TYY is deemed interested in MIG by virtue of his family relationship with TY based on Section 122A(1)(a) of the Act.	18
MAA Corp	Office rental income	MESB	A company in which TY is deemed interested in MESB and MESB is a subsidiary of Khyra. TY is the founder and ultimate beneficial owner of Khyra. TYY is deemed interested in MESB by virtue of his family relationship with TY based on Section 122A(1)(a) of the Act.	52
		MIG	TY and TYY are directors of MIG. TY is deemed interested in MIG by virtue of his indirect substantial interest in MESB, who in turn is the major shareholder of MIG. TYY is deemed interested in MIG by virtue of his family relationship with TY based on Section 122A(1)(a) of the Act.	80
MAA Takaful	Office rental income	Trace	A company in which TY and TYY have deemed interest by virtue of their substantial interest in The Melewar Corporation Berhad, the substantial shareholder of Trace.	51

Definition:

* TY is Tunku Dato' Yaacob Khyra

* TYY is Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah

** Khyra is Khyra Legacy Berhad, being the holding company of MESB, Melewar Khyra Sdn Bhd and Melewar Equities (BVI) Ltd who are the substantial shareholders of the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This statement on Risk Management and Internal Control is made pursuant to Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements which obliges the Board of Directors (“Board”) of a listed company to account for the state of its internal control system in the Annual Report.

The Malaysian Code on Corporate Governance 2012 (“Code”) also recommends that the Board should maintain a sound risk management and internal control framework in order to safeguard shareholders’ investments and the Group’s assets.

Pursuant to these requirements, the Board is pleased to present the following statement that is prepared in accordance with the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” issued by Bursa Securities.

BOARD RESPONSIBILITY

The Board reaffirms its overall responsibility for the Group’s system of internal controls, including an assurance of its adequacy, integrity, and its alignment with business objectives. The Board is also of the view that, the risk management framework and internal control system in place are designed and have the capacity to manage the Group’s risks within the accepted risk appetite thresholds. The Board does not claim nor believes that the controls will totally eliminate the risks emanating from the exercise of poor judgement in decision-making, human error, deliberate circumvention of control processes by employees, and unforeseeable circumstances. It can therefore only provide reasonable, rather than absolute assurance against material misstatement, fraud or loss.

Whilst the Board has the ultimate responsibility for the Group’s risk management and internal control systems, it has delegated the immediate oversight and implementation of these internal controls to the management who make regular submissions to the Audit Committee (“AC”) and Risk Management Committee on the status of actions taken to mitigate and/or minimize identified risks.

The risk management and internal control system is subject to the Board’s regular review via the independent Internal Audit function with a view towards appraising and ascertaining the relevancy, adequacy and effectiveness of the controls in place in key operational and business areas as identified in the annual Audit Plan.

From time to time, the Board receives assurances from the Chief Executive Officer/Group Managing Director (“CEO/GMD”) and Group Chief Operating Officer (“GCOO”) on the efficacy of the risk management and internal control system and that it sufficiently safeguards the interests of the Group.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee (“RMC”) was established by the Board to review the effectiveness of the risk management process, to report on key risks and recommend appropriate risk management strategies for the Board’s consideration.

The Committee met four (4) times during the financial year ended December 2016. The attendance record of the members were as follows:

Name Of Committee Members	Total Meetings Attended
Dato’ Narendrakumar Jasani A/L Chunilal Rugnath (Chairman, Independent Non-Executive Director)	3/4
Onn Kien Hoe (Member, Independent Non-Executive Director)	4/4
Tan Sri Ahmad bin Mohd Don (Member, Independent Non-Executive Director)	4/4
Tan Sri Datuk Seri Razman Md Hashim (Member, Independent Non-Executive Director)	4/4

During Committee meetings, the members engaged in active discussions with the Group Audit & Risk Department (“GARD”) on risk management matters affecting the Group and its operations.

The emphasis during the financial year was on the operations in the Philippines and Australia. The members were of the view that, the risk management function in the operating companies in the two locations was in need of further strengthening. This prognosis was based on the fact that, these entities operate in geographically distant and distinctly different economic environments/structures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

The Group's operations in the Philippines ranked higher in terms of the priority given the decision to convert MAA General Assurance Philippines, Inc ("MAAGAP") into a subsidiary. Hence, while the risk champions there continue to be supported by the outsourced risk management service provider, GARD stepped up the frequency of its visits to MAAGAP to ensure agreed risk mitigation measures are implemented as scheduled.

One of the key initiatives that saw fruition in MAAGAP during the financial year was the production of a pioneer special risk analysis on claims to provide a better insight into underwriting risks. This analysis enabled the management to identify areas in need of further improvement apart from facilitating more informed decision making. Henceforth, this report has been designated to become a standard reporting feature.

Some of the rectification measures that were undertaken pursuant to the tabling of the report included strengthening of the Internal Control Procedures ("ICP") and Standard Operating Procedures ("SOP") relating to claims and underwriting. Steps were also taken to improve co-ordination between Underwriters and Claims Department. To assist Underwriters in reviewing their portfolio risks, a statistician was engaged during the financial year and entrusted with the data crunching responsibility associated data analytics. To further reinforce compliance, a new Compliance Officer with a risk management background (the previous incumbent was a lawyer) was also hired during the financial year.

In the case of Columbus Capital Pty Limited ("CCA"), GARD continued with its visits to the Australia based operations to monitor and encourage more management emphasis on the risk management function.

Consequently, one of the risks added into the current risk register during the annual review was cyber security risk which represents an evolving threat to CCA's operations. The company worked with its IT service provider to reinforce system based security protocols against cyber-attacks. This included fortifying/rewriting current software configurations. In addition, training sessions to enhance staff awareness, and obtaining and publicizing updates on industry insights into cyber security issues/trends were the other initiatives pursued in this regard.

Apart from the update of CCA's risk registers, a special review was also conducted on the effectiveness of the management's strategies in mitigating risks associated with interest rate fluctuations. Interest rate risk is an integral part of CCA's business, and the fluctuations have a decisive influence over the company's profitability. Results of this review brought comfort to the RMC of both CCA and the Group that this risk is being managed effectually.

In order to automate the administration of the company's risk registers to enable easier monitoring, management and timely reporting across the various business units, a customized risk management system was developed in-house by CCA. This initiative is aligned to the strategic operational objective of having operational teams take more active ownership and accountability to review and manage their specific risk profiles; whilst management focuses on oversight and assessment.

While both the above mentioned entities have their own risk management governance structure and risk management matters are reported to their respective Boards, these reports are also escalated to GARD which reviews, assesses and comments on the contents before they are tabled at the RMC.

As for Kasturi Academia Sdn Bhd ("Kasturi") (formerly known as Pusat Tuisyen Kasturi Sdn Bhd) and its subsidiaries, given their rather small scale and relatively simple business model, the risk management function of the entity is handled directly and driven by GARD. During the financial year, the internal controls of Kasturi were further strengthened via the issuance of two new ICPs. The ICP relating to capital expenditure was designed with the objective of setting up a proper and systematic process for the evaluation, authorisation and control of all capex while the expense control ICP was meant to ensure all outgoing payments are properly documented, monitored and disbursed on a timely basis. Kasturi also updated/modernized its payment process i.e. from manual cheque based disbursements to an online platform for greater efficiency and an easily accessible audit trail.

GROUP AUDIT AND RISK

The day-to-day responsibility for the risk management function lies primarily with those entrusted with risk management responsibilities in the operating units. GARD, oversees the implementation of the Enterprise Risk Management ("ERM") framework which is based on the ISO 31000 Risk Management Standard. GARD continued to monitor the adequacy of the risk management practices of the Group including the businesses in the Philippines and Australia to ascertain the extent of compliance with ISO 31000.

To ensure greater awareness of managing risks amongst the work-force so that it becomes embedded into the work culture, GARD held discussions with departmental heads and the staff on the importance of this responsibility. Sessions were conducted either in classroom settings or through the dissemination of information on risk management practices through the in-house communication channel. They covered areas such as the importance of risk management in the dynamic business environment, risk accountability, methods/techniques of risk identification and evaluation, as well as risk mitigation strategies. A total of 5 of these sessions were held during the financial year. As with the existing risk management guidelines and policies, these information updates were consequently uploaded into GARD's public folder which resides in the Group's portal so that they remain accessible to all at all times.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

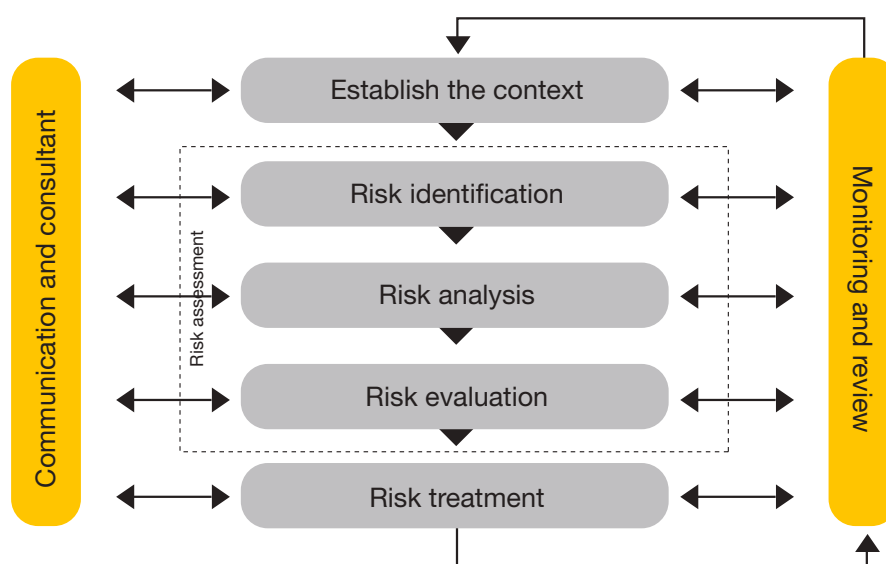
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INTERNAL CONTROL STRUCTURE & RISK MANAGEMENT FRAMEWORK

Management acknowledges its responsibility for the management of risks, for developing, operating and monitoring the system of internal controls and for providing assurance to the Board that it has done so in accordance with the policies approved by the Board.

The internal control system is periodically assessed to determine its adequacy and level of effectiveness. The evaluation is performed by GARD using the controls rating parameter stated in the risk management framework. Further assurance is provided by Internal Audit. The internal auditors collaborate with risk management to ensure areas with higher risks are assessed more frequently and more intensely. Details on the work performed by the Internal audit function can be found in the Audit Committee Report on page 60 to 63 of this Annual Report.

The diagram below encapsulates the Risk Management process described in the ERM Framework which serves to inform and provide guidance to the Directors, senior management, and staff on managing risks in the Group:



The ERM framework sets out:

- the fundamentals and principles of risk management that are to be applied in all situations and throughout all levels of the Group;
- the process for identifying, assessing, responding, monitoring and reporting of risks and controls;
- the roles and responsibilities of each level of management in the Group; and
- the mechanisms, tools and techniques for managing risks in the Group.

The GARD ensures that all elements of the Framework are implemented throughout the Group in a consistent fashion. The process includes the systematic application of procedures and practices to the activities of risk identification, assessment, treatment, monitoring and reporting. A quarterly review of risks is undertaken to ensure that the risk profiles remains relevant. This risk management process is applied to all levels of activity in the Group, with the objective of establishing accountability and ensuring mitigation at the point of risk assumption.

The Group is exposed to various financial risks such as credit, interest rate, foreign currency exchange rates, as well as operational risks. The tolerance level for each class of these risks is expressed through the use of a risk impact and likelihood matrix. Once the risk level is determined, the risk owner is obliged to deal with the relevant risks by adhering to the Group's risk treatment guidance on the actions to be taken and target timeline for implementation of the action plan. The Group will only accept a commercial level of risk that provides reasonable assurance on the long term profitability and survival of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

The top three (3) risks (as identified through the application of the above mentioned process) faced by the Group as a whole during 2016 were as follows:

- a) **The risk of fraud** which could potentially result in major financial losses and reputational damage. This risk classification owes its origin in the main to the Group's involvement in the financial business where trust and acknowledgment on the security of funds is of paramount importance, the large number and diverse range of stakeholders it interacts with on a daily basis and lastly, its listed status.

Reflecting this concern, a fraud was discovered to have been perpetrated in one of the subsidiary companies (which has since been divested). In addressing this matter, the Board played a proactive advisory role and all necessary remedial actions were taken including reporting the matter to the relevant authorities, instituting disciplinary action and the engagement of both external and internal auditors to perform the required investigative/forensic audits.

Based on the findings of the investigations and applying the lessons learnt from this episode, GARD worked with the IT team of MAAGAP to incorporate a more enhanced regime of systems controls. This new system which was implemented during the 4th quarter of 2016, allows for the generation of exception reports to facilitate the early detection of variations from the norm or accepted parameters. Amongst the reports that will be produced are those relating to unusual coverage periods, large claims, high claims frequency history and claims made immediately after/near the inception date of policies.

GARD has also started on the exercise to emplace a web based whistle blowing platform that will cater for the entire Group. This will allow employees of the Group to lodge reports on any misconduct or weaknesses in operating procedures on a "anywhere, anytime" basis with improved security features to address identity concerns.

- b) **Investment risk.** The decision to convert MAAGAP into a subsidiary required the Group to inject a significant amount of capital into the company. In order to protect the invested funds, there is now a greater need for more meticulous supervision and to ensure the internal controls in place are adequate and effective. On account of this priority, GARD together with the Group's Compliance Department has instituted a program/schedule of regular visits to MAAGAP to continually assess and upgrade MAAGAP's capacity and capability to meet the parent Board's expectations on risk management and tolerance.

One outcome of these interactions was the decision to end the outsourcing of the internal audit function and to bring it in-house. In keeping with best practices, the newly established Internal Audit ("IA") Department reports directly to the AC of MAAGAP and is supervised directly by GARD on operational matters.

Consequently, the IA Department has been entrusted to confirm, the relevant originators re-visit all existing ICPs and SOPs of MAAGAP with a view to updating them and to ensure consistency with existing Group practices. The exercise which commenced in the 4th quarter of 2016 also involves the construction of new SOP's and ICP's to fill identified gaps in the compliance framework.

The IA Department has since, tabled its maiden report to the AC of MAAGAP.

- c) **The risks associated with the classification of the Company as a PN17 listed issuer.** Until the Regularisation Plan is approved, this status carries the implied risk of the Company losing its listed status which the Board had resolved to maintain. During the previous year, the Board took the view that it would be more beneficial to exit the financial services sector due to the coming into effect of Financial Services Act 2013 ("FSA") which restricted the Company's search for new businesses to the financial sector. As such, following the sale of MAA Takaful Berhad ("MAA Takaful") (now known as Zurich Takaful Malaysia Berhad), the Company no longer has any involvement in the Malaysian financial sector. This development has freed the Company to evaluate business opportunities in a much wider range of economic sectors both locally and externally. The sale also increased the Company's investible funds and has further enhanced its prospects for venturing or acquiring a new core business(es) that will consequently result in the removal of the PN17 classification. This search is being executed in an aggressive but diligent manner and to-date, a total of 30 propositions have been assessed.

The risk profiles of operating entities are different from that of the Group due to their nature of operations.

OTHER KEY ELEMENTS OF INTERNAL CONTROL AND RISK MANAGEMENT

- A comprehensive and detailed set of "SOPs" and "ICPs" encompassing every key activity in all major facets of operations which are constantly revised to reflect changing circumstances. They are also easily accessed for reference purposes through a system based portal. Currently there are 37 SOPs and 18 ICPs in place at the Company level. There were a total of 2 new SOP's/ICP's introduced during the financial year while a further 2 were revised or discarded.
- A Whistleblower Policy providing the channels to anonymously report wrongdoings by employees and/or other stakeholders whilst ensuring the integrity of the process and information and also protecting the rights of informants. Efforts are afoot to migrate the mechanism to a common online platform that will enable reports to be lodged on a "anywhere, anytime" basis besides providing a greater sense of security to reporting parties. There were no reports lodged under the policy during the financial year under review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

- The CEO/GMD and GCOO meet monthly with Senior Management to discuss and review the financial and business performance of all operating entities, new business initiatives and other corporate issues of the Group including any policy papers to be tabled at the parent Board. These management forums relate to the operations of the Company itself, Kasturi and the overseas operations. There were a combined total of 42 such Executive level meetings held in the course of 2016.
- Annual Budgets of all operating subsidiary and associate companies are prepared by the relevant Business/Operating units and evaluated by Head Office before being tabled for approval at the applicable Boards. The budgets which include both operational and financial parameters and longer term initiatives are monitored on a monthly basis at the Management meetings mentioned above.
- A formal and structured Document Sign-Off Policy where a mandatory minimum of four (4) different Department Heads (apart from the originator) must review, comment and sign off on any proposed changes or introduction of new operational policies before it can be submitted to the CEO/GMD or GCOO for endorsement and adoption.
- An AC comprising entirely of Non-Executive Members of the Board, who are also Independent Directors. The AC is not restricted in any way in the conduct of its duties and has unrestricted access to the internal and external auditors of the Company and to all employees of the Group. The AC and the Board is also entitled to seek such other third party independent professional advice deemed necessary to the discharge of its responsibilities. In 2016, the AC exercised this authority once and appointed an external audit firm to investigate an alleged fraud case in a subsidiary.
- Review of all proposals for material capital investment by the Investment Committee and approval of the same by the Board prior to undertaking the said expenditure.
- Reviews by the AC of all risk management and internal control issues identified by the external and internal auditors. Findings are communicated to the Management and the AC with recommendations for improvements. Follow-up action to ascertain the implementation status of the recommended remedial actions is conducted by GARD and the AC is furnished with the relevant update.
- Adoption and implementation of the annual risk-based internal audit plan after it has been approved by the AC.
- Clearly defined terms of reference, authorities and responsibilities of the various committees which include the Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Investment Committee, Executive Committee and Business Committee.
- A well-defined organisational structure with clear segregation of duties, accountabilities and responsibilities between Senior Management and Department Heads including appropriately formalised and documented financial and non-financial authority limits.
- Distribution of papers at least five (5) days in advance of a scheduled Board or Board Committee meeting so as to allow sufficient time for members to digest the contents and to seek additional information so as to arrive at an informed decision. The Board maintains complete and effective control over the strategies and direction of the Group especially with regard to reserved matters.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board is of the opinion that, there were no significant weaknesses identified during the financial year in the system of risk management and internal control, contingencies or uncertainties that could result in material losses and adversely affect the Group. The Group continue to take the necessary measures to strengthen their internal control structure and the management of risks.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITOR

As required by Paragraph 15.23 of the Bursa Securities Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF ANNUAL AUDITED ACCOUNTS

The Directors are responsible for ensuring that the annual audited financial statements of the Company and the Group are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965, Bank Negara Malaysia Guidelines and the Listing Requirements of Bursa Securities.

The Directors are also responsible for ensuring that the annual audited financial statements of the Company and the Group are prepared with reasonable accuracy from the accounting records of the Company and the Group so as to give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2016.

In preparing the annual audited financial statements, the Directors have:

- (a) applied the appropriate and relevant accounting policies on a consistent basis;
- (b) made judgments and estimates that are reasonable and prudent; and
- (c) prepared the annual audited financial statements on a going concern basis.

AUDIT COMMITTEE REPORT

COMPOSITION AND MEETINGS

The Audit Committee ("AC") comprises of four members, all of whom are Independent Non-Executive Directors. This meets the requirements of paragraph 15.09(1) (a) and (b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements.

The details of members and their respective attendance record at meetings held during the financial year ended 31 December 2016 are as follows:

Name of Committee	No. of Meetings Attended
Onn Kien Hoe (Chairman, Independent Non-Executive Director)	5/5
Tan Sri Datuk Seri Razman Md Hashim (Member, Independent Non-Executive Director)	5/5
Tan Sri Ahmad bin Mohd Don (Member, Independent Non-Executive Director)	5/5
Dato' Narendrakumar Jasani A/L Chunilal Rugnath (Member, Independent Non-Executive Director)	4/5

The Chairman of the AC, Mr Onn Kien Hoe is a member of the Association of Chartered Certified Accountants, The Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. The AC, therefore, meets the requirement of paragraph 15.09 (1) (c) of the Bursa Securities Listing Requirements which stipulates that, at least one (1) member of the AC must be a qualified accountant.

The Committee met according to the schedule of at least once every quarter. The Chief Executive Officer/Group Managing Director ("CEO/GMD") and Group Chief Operating Officer ("GCOO") were invited to all AC meetings to facilitate direct communications as well as to provide clarification on audit issues and the Group's operations. The Group Audit & Risk Department ("GARD") and members of Senior Management were also present at these meetings. The Committee members were provided with the agenda and relevant papers 5 days before each meeting. Minutes of the AC meetings were distributed to the Board for notation and the Chairman of the AC reported on the key issues discussed, to the Board.

TERMS OF REFERENCE

The terms of reference of the AC can be found on the Group's website.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2016, the AC carried out its duties as set out in the terms of reference. The principal activities were as follows:

Financial Reporting and Annual Report

The AC reviewed the following Group financial statements and made recommendations to the Board for approval of the same:

Date of AC Meetings	Quarterly financial results/Financial statements reviewed
25 February 2016	Unaudited fourth quarter financial results for the period ended 31 December 2015
12 April 2016	Audited Financial Statements for the year ended 31 December 2015
25 May 2016	Unaudited first quarter financial results for the period ended 31 March 2016
25 August 2016	Unaudited second quarter financial results for the period ended 30 June 2016
24 November 2016	Unaudited third quarter financial results for the period ended 30 September 2016

AUDIT COMMITTEE REPORT

(continued)

The review of the unaudited quarterly financial results is to ensure the disclosures are in compliance with Malaysian Financial Reporting Standards and applicable disclosure provisions of the Bursa Securities Listing Requirements.

The AC review of the audited financial statements of the Company and the Group for the financial year ended 31 December 2015 encompassed the financial position and performance for the financial year and ensured that it complied with all disclosure and regulatory requirements prior to recommending the statements to the Board for approval.

Significant matters that were highlighted by the external auditors in the financial statements and noteworthy judgements made by the management were also reviewed and discussed during the AC meetings.

Some of the significant matters that were discussed during the financial year were in relation to PN17 status, disposal of MAA Takaful Berhad ("MAA Takaful") (now known as Zurich Takaful Malaysia Berhad) and subscription of new ordinary shares in MAA General Assurance Philippines, Inc. ("MAAGAP"). The issue on PN17 can be found in the Independent Auditor's report on page 74 to 77 of this Annual Report and under the 'Key Audit Matters (KAM)' section of this report.

The matter relating to the disposal of MAA Takaful considered the appropriateness of accounting treatment proposed by management to account for the transaction. Management sought the concurrence from both external auditors and the Board for the calculation of disposal gain arising and the treatment of deferred consideration on disposal of the Company's interest in MAA Takaful. Both parties concurred and no exceptions were noted in this matter.

The Company's subsidiary, MAA International Assurance Ltd ("MAAIA") subscribed for additional 300,000 new ordinary shares in MAAGAP prior to year end. The subscription of which would dilute existing shareholders, which will result MAAGAP to become a 70% owned subsidiary. The Group at year end has continued to account for MAAGAP as an associate despite the subscription to new ordinary shares prior to year end reflecting that said shares have yet to be issued pending necessary regulatory approval in the Philippines. The Board and the external auditor consider the appropriateness of the same, both parties concurred and no exceptions were noted in this matter.

External Audit

- Reviewed the audit scope, audit strategy, audit plan and audit report issued for the financial year;
- Assessed the objectivity and independence of the external auditors for the engagement period although a written assurance was also provided by them on their independence. This was done in April 2016 after the reporting period, together with the assessment on the reappointment of the auditors;
- The AC of MAAG met 5 times during the financial year and had its private sessions with the external auditors twice i.e. on 25 February 2016 and 24 November 2016 to discuss the audit plan, audit findings, financial statements and other matters that required the Board's attention.
- Evaluated the performance and effectiveness of the external auditors and made recommendations to the Board on their appointment and audit fees. The assessment was made based on the criterion specified in the Group's assessment policy for the appointment/reappointment of an external auditor. Amongst the qualifying conditions applied during the said exercise was the level of knowledge the auditors brought to the assignment, capabilities, experience, output quality, their ability to provide constructive observations and recommendations in areas which required improvement and lastly, the effectiveness in planning and conducting the audit exercise.
- Reviewed major audit findings raised and management's response, including the implementation status of previous audit recommendations.

Key Audit Matters (KAM)

The International Standards on Auditing for KAM (ISA701) comes into effect for audit reports and financial statements for financial year ending on or after 31 December 2016. This new standard requires a section to be included in the Independent Auditor's report to highlight those matters that, in the Auditor's professional judgement, were deemed most significant during the course of the audit.

As a preparatory measure to comply with this new standard, the AC proactively engaged in active discussions with the external auditors for a better understanding of the Group's role in providing the required information needs in order to ensure compliance and a smooth transition process. The AC also ensured that mechanisms were put in place especially with regard to mutually agreed timelines so that full co-operation was extended by both the operating associates in the Philippines and Australia (who have a different set of external auditors) to assist PricewaterhouseCoopers ("PwC") in completing this assessment in a timely and effective manner.

Post exercise, the external auditors only identified one (1) significant issue, namely the Company's PN17 status and compliance with the Bursa Securities Listing Requirements.

In addressing the expressed concern over the PN17 status, the external auditors were informed that, notwithstanding the lodgement of the application(s) to Bursa Securities seeking an extension of time for the submission of the regularisation plan, management and the Board have and are continually evaluating business propositions in the quest for a new core business. In this regard, the external auditors were also provided with documentary evidence of the thirty (30) such propositions that had been assessed to-date. This explanation and clarification was accepted by the external auditors.

AUDIT COMMITTEE REPORT

(continued)

The external auditors had also considered the impact of the PN17 status to the Company's financial position and concurred with the management's assessment that there were no adverse implications on the going concern status of the Company and that, the basis of preparation of the financial statements on a going concern basis continues to be appropriate.

Internal Audit

- Reviewed the annual audit plan for adequacy of scope and coverage of the key activities of the Group. Audit areas were discussed together with the audit procedures. Risks affecting the audit areas determined the frequency of audit coverage. The annual audit plan was approved for adoption following this review;
- Reviewed the internal audit reports, audit recommendations and management's responses to the same and actions taken to improve the system of internal controls and procedures. Internal audit reports during the financial year covered both the functions of the Company and its subsidiaries;
- Monitored the implementation of the audit recommendations to ensure all key risks and controls have been addressed;
- Reviewed the Statement on Risk Management and Internal Control to confirm that it is consistent with their understanding of the state of internal controls of the Group and recommended the same to the Board for inclusion in the Annual Report.

GROUP AUDIT & RISK

The AC is supported by GARD which collaborates with the outsourced service providers in discharging the internal audit role for the Company and its principal operating subsidiaries.

The appointed service provider for domestic operations who applies the International Professional Practises Framework assisted the Board, AC and Senior Management by providing an independent and objective assurance/assessment on the adequacy and effectiveness of the internal control system, risk management procedures and governance processes. The audit scope covers operational, financial, compliance and information system controls. The results of the audits were reported to the AC on a quarterly basis to highlight control issues with risk exposures and effectiveness of the existing mitigating measures. Audit follow-ups were instituted by GARD to report on the progress of implementing the audit recommendations to the AC.

The total cost incurred for the outsourced internal audit function for the Malaysian operations of the Group for the financial year ended 31 December 2016 was RM135,000 compared to RM265,000 in 2015. The higher cost in the prior year was attributed to a special audit which was performed on one of the subsidiary companies (which has since been divested).

During the financial year, the internal audit works performed by the external service provider was carried out over 3 cycles covering the following entities:

- MAA Group Berhad;
- MAA Corporation Sdn Bhd;
- Kasturi Academia Sdn Bhd (formerly known as Pusat Tuisyen Kasturi Sdn Bhd); and
- MAA International Assurance Ltd

One of the tests that was performed across the entire domestic operations of the Group during the internal audit was on the adequacy and effectiveness of the application and administration of the Goods and Service Tax ("GST"). All internal controls revolving around the preparation, budget estimations, calculations and accounting treatment of GST were assessed. No issues of concern were noted and the Group's application of GST was concluded to be satisfactory.

Another area that was examined during the internal audit was the finance portfolio. In this assignment, billings and receivables management, financial reporting and accounting, banking, budgetary control and cash management practises were evaluated. All policies and procedures were thoroughly assessed for adequacy and effectiveness. There were two (2) ensuing observations i.e. the need to formalise a strategic business plan and improving budgeting process.

In respect of the budgeting process, management were recommended to improve the timelines in budget development and approval while to also enhance budget monitoring. Actions taken in addressing this observation was the enhancement of the Budget SOP.

With regard to the former, management explained business restrictions imposed under the Financial Services Act 2013 ("FSA"), pre-occupation with the divestment of non-core businesses and funding constraints precluded the Group from making any sizeable acquisitions. In these uncertain and difficult circumstances, it was difficult to propagate a longer term Vision that a strategic plan would need to embody.

AUDIT COMMITTEE REPORT

(continued)

These issues have now been addressed via the sale of MAA Cards Sdn Bhd and MAA Takaful (which also meant the Group had now exited the financial sector) that increased the Company's investible funds and has further enhanced its prospects for venturing or acquiring a new core business(es). Hence, the consideration of the diverse range of investment opportunities alluded to earlier. Once these acquisitions and entry into new business lines see fruition, management is committed to drawing up a plan that would chart the longer term direction of the Group.

An assessment of the internal controls relating to Human Resource was also performed and some of the noted observations were the need to improve/establish policies and procedures on recruitment, resignation, staff training, staff claims, staff misconduct proceedings and staff performance evaluation, to formalise a succession plan and to further improve the performance evaluation process. Group Human Resource has initiated an exercise to comply with the recommendations.

As for MAAGAP, with the Group's strategic decision on converting it into a subsidiary, there arose a greater need to exercise proper supervision and to ensure that the internal controls in place were consistent with Group practises. Towards this end and as a preparatory measure, the Internal Audit ("IA") function was brought in-house in July 2016. The objective was to provide reasonable assurance to both the AC as well as the Group on the two mentioned concerns.

Reporting directly to the AC of MAAGAP and supervised by GARD, the onsite presence of the internal auditors created a heightened awareness of the oversight function at all levels of the organization, facilitated speedier detection of policy/guidelines breaches and more frequent assessment of key operational areas. For example, where under the previous regime, only two (2) branches were audited per year, the provision of dedicated IA resources now allows for each branch to be audited twice per year.

The newly established IA Department tabled its inaugural report to the AC of MAAGAP on 21 July 2016. Some of the issues that were common to most of the branches were in relation to timely submission of monthly branch reports to Head office, absence of asset tagging and compliance to SOPs. These concerns have since been addressed.

An issue that needed more attention was with regard to branch managers approving underwriting amounts in excess of their respective approved limits. Although the incidence and amounts involved was deemed immaterial, however as risk mitigation measure an instruction was issued to all branches to strictly comply with the policies and procedures governing this matter with the caution that future lapses could possibly result in disciplinary action.

As for Columbus Capital Pty Limited ("CCA"), an associated company in Australia, they have outsourced the IA role. During the financial year, the service provider assessed the adequacy of the internal controls of security packets at the custodians' offices. They noted a few minor shortcomings in terms of the need to enhance the management of the physical documents. All rectification measures have been implemented.

Collectively, a total of 7 audit reports were tabled at the Group AC in 2016 in respect of the above-mentioned entities. There were no financial losses sustained by the Group in 2016 arising from identified operational lapses as compared to the previous year which amounted to RM1.1 million.

CORPORATE SOCIAL RESPONSIBILITY

Underlying our commitment to corporate social responsibility is our pledge to enhance our existing policies in the marketplace, our environment, the workplace and in our community.

MARKETPLACE

While we recognise the need for profitable business strategies, our priority is also to ensure that the interests of our stakeholders are protected in a competitive marketplace.

The Company governs with stringent procurement policies, which includes 'Internal Control Programmes' (ICP) that upholds proper corporate governance and processes that supports a competitive bidding environment. And by reinforcing our existing 'Code of Conduct', we promote transparency, accountability and ethical behaviour as the cornerstone of our Corporate Social Responsibility.

ENVIRONMENT

Our day-to-day business operations are not industrial in nature; however, we remain focused at minimising the use of the earth's resources for a better future by adopting best practices in all our operations to reduce overall waste.



WORKPLACE

As in any Company, employees are our greatest asset. The Company views the issues affecting the workplace seriously and we continually strive to create a safe and healthy working environment emphasising in areas such as health, safety, development and recognition that ultimately foster corporate performance and enhance the well-being of our employees.

1. Occupational Safety and Health ("OSH") – Strives to achieve zero mishaps at the workplace by ensuring all activities comply with the standards of the Department of Occupational Safety and Health ("DOSH"). Some of the activities conducted by OSH in 2016 include; a health talk on Ergonomics, 'Bomba' training, basic life support and CPR training and the annual fire drill and emergency evacuation exercise.
2. Staff Training – The Company believes that effective training and development of employees is a critical investment for any organisation to be able to grow. For the year 2016, employees were kept abreast of the latest industry development with trainings worth RM36,141.46.
3. Long Service Awards – Many of our employees are tenured staff. In 2016, a total of 13 employees completed 5 to 10 years of service, and 8 employees completed 15 to 30 years. Mementos, certificates and cash were presented during the award ceremony.
4. Gymnasium and Exercise Classes – A healthy lifestyle supports efficiency and productivity. The Company offers subsidised fitness programmes to all employees to improve employee well-being and health.
5. Diversity and Non Discrimination – A stringent policy on Diversity and Non Discrimination is practised in the Company to promote equality and to prevent any form of discrimination against any employee.

COMMUNITY

The Group have always remained committed and dedicated to the community through its two charitable arms.

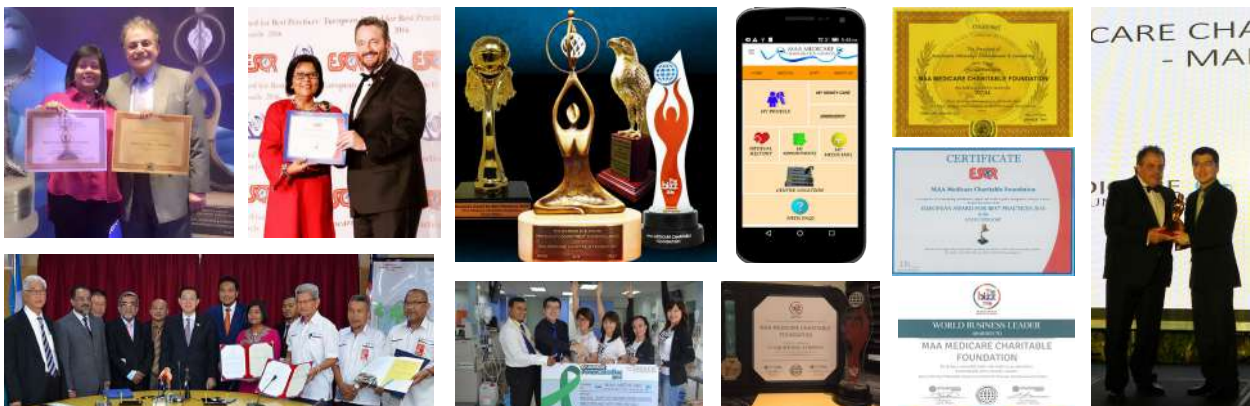
1. MAA Medicare Charitable Foundation (“MAA Medicare”)

MAA Medicare has been actively making a difference through the initiatives of MAA Medicare Kidney Charity Fund established in 1994. Currently, MAA Medicare has 12 centres nationwide caring for more than 800 destitute patients who seek kidney dialysis treatment.

MAA Medicare is not affiliated with any political, religious, governmental or private groups. Hence, it solely depends on the generosity of the public to ensure a steady stream of funds to enable continuous and effective running of the foundation.

Activities conducted throughout the year to raise funds, awareness and public programmes for the benefit of all patients include;

- May 2016 – A memorandum of understanding (MoU) between the State Government of Penang and MAA Medicare was signed, to provide dialysis subsidy at RM30 for each poor patient at its Butterworth centre. In addition, 8 dialysis machines were also donated by them.
- MAA Medicare has launched its own app where anyone can download via Google Play Store and enjoy all medical related history at their fingertips such as setting reminders for their next doctors’ appointments, access to nearest hospital locations and contact numbers, health tips, etc.
- 32nd Annual Congress of Malaysian Society of Nephrology – MAA Medicare was the first NGO to present on “Comparing the Sizes of Venous Cannulation Sites and Local Complications between Buttonhole & Sharp Needles Techniques for Chronic Hemodialysis”.
- For the 3rd time around, Jazzercise Sweat2Smiles raised RM86,792.33 towards the purchase of a dialysis machine and 10 chairs for MAA Medicare Charity Dialysis Centre at Jalan Sungai Besi.
- Tan Sri Lee Lam Thye, Chairman of ECO World Foundation donated a dialysis machine worth RM42,000 to MAA Medicare Charity Dialysis Centre at Jalan Sungai Besi.
- CHKMUS - MAAPPLE Dialysis Centre – MAA Medicare’s first private dialysis centre in Kuching that caters for Government sponsored and cash paying patients.
- MAA Medicare’s Patient Welfare Fund – continues to support poor patients with free transportation services, medication, monthly groceries and additional treatment.
- Kids@Medicare Programme – Approximately 150 poor school going children of MAA Medicare’s patients are assisted with school supplies yearly.
- The Care and Respect the Environment (CARE) programme – MAA Medicare’s effort in encouraging patients and staff in making the environment eco-friendly and energy efficient.
- Blue Ribbon – MAA Medicare rewards employees who develop innovative ideas for the benefit of the centre, patients, donors, partners or supporters.



In 2016 alone, MAA Medicare created waves as the sole Malaysian Foundation recognised by International organisations and governing bodies with four prestigious awards;

- 4th June 2016 (Brussels, Belgium): European Society of Quality Research (ESQR) – won the prestigious Gold Award for Best Practices 2016.
- 25th July 2016 (Rome, Italy): Otherways’ Organisation – honored with the Diamond Eye Award for Quality, Commitment and Excellence.
- 5th October 2016 (Marrakesh, Morocco): The BIZZ 2016 Business Excellence – awarded the World Business Leader Diploma and trophy in recognition as an Inspirational Company by the World Federation of Businesses (WORLDCOB).
- 28th November 2016 (Dubai, UAE): The Majestic Falcon Award for Quality and Excellence 2016 conferred by Otherways’ Organisation.

MAA Medicare Heart Charity Fund is the first cardiac diagnostic and treatment centre in Asia which will be operational by the end of 2017. It aims to save lives by educating people in disease prevention, provide life-saving cardiac diagnosis and various treatments at low, subsidised cost.

CORPORATE SOCIAL RESPONSIBILITY

(continued)



2. The Budimas Charitable Foundation ("Budimas")

A non-governmental, non-profit organisation incorporated in 1998 under the royal patronage of DYMM Seri Paduka Baginda Raja Permaisuri Agong, Budimas has spent over 19 years improving the lives of children, especially the most vulnerable and disadvantaged through programmes such as the Budimas Home Charity Fund ("BHCF"), Budimas Food Charity Fund ("BFCF") and Budimas Education Charity Fund ("BECF").

- BHCF manages Budimas Orion, a shelter that accommodates 75 underprivileged children in Senawang, Negeri Sembilan.
- BHCF also supports over 1,500 orphaned and underprivileged children in 29 charitable homes.
- BFCF provides healthy breakfast to more than 6,200 underprivileged children including refugee children in 95 rural schools across Malaysia.
- BECF constructs and equips children libraries in poor and rural areas, particularly in the Orang Asli communities.

In 2016, Budimas organised a series of fundraising events and activities to help even more children;

- Faber-Castell Inaugural Art Exhibition 'AMPLIFY' – raised RM10,000
- Nettium – raised RM10,000
- 11street Do Good Deal Ramadhan Campaign – raised RM30,000
- Stellavingze International, A Gift of Love for the World – raised RM30,000
- Pfizer Malaysia – raised RM1,500
- Procter & Gamble Malaysia – raised RM50,000
- Kidzania CongreZZ Caring Project CSR Outreach (Kampung Orang Asli, Bukit Kepong) – Budimas worked with Kidzania nearly two months to craft the programme, organise logistics and coordinate a donation drive for the village. This outreach was held on Malaysia Day.
- Hewlett Packard (HP) – raised and donated 4,800 books for Budimas Children's Library
- A total of 4 children's libraries were set up in Orang Asli Settlements in Negeri Sembilan and Selangor
- Celebrated Chinese New Year, Hari Raya Puasa, Deepavali and Christmas with the Budimas children



3. Another of our subsidiary, Kasturi Academia Sdn Bhd (formerly known as Pusat Tuisyen Kasturi Sdn Bhd), in its School Outreach Program, conducted free motivational and study skills workshops for approximately 1,700 students that were held at 15 schools. These workshops were conducted to prepare students between Primary 6 to Form 5 in their major public examinations such as PT3, SPM and STPM.

4. We endeavour to make lasting and meaningful contributions to societies that are close to our hearts. In 2016, we extended RM101,517 to support the following;

- Malaysian Aids Foundation (Marathon Des Sables Fundraising Campaign, Malaysian Business Consortium on HIV and Aids and MAF ArtAID) – RM43,100
- Women's Aid Organisation – RM9,000
- The Budimas Charitable Foundation (Night of a Thousand Blessings) – RM30,000
- The Rotary Club Kuala Lumpur DiRaja Charity Foundation – RM10,000
- Philippine National School for the Blind – RM9,417