MB
WORLD GROUP
金鳳集團

ANNUAL REPORT 2016

DEFINING THE FUTURE

Artist's Impression only

DEFINING THE FUTURE

In line with **MB World Group's** rebranding efforts and the redefinition of our business direction, this cover design puts in frame our new strategic focus on the property development segment.

This Annual Report cover features for the first time **MB World Group's** new golden logo, and uses an image of our Sri Penawar township development during sunrise to herald a new future – **The Dawn of a New Golden Age for MB World Group.**

VISION

MB World Group is dedicated to provide quality developments. We are greatly inspired to look beyond the horizon and constantly seek to venture into various fields to improve the quality of life.

MISSION

Guided by our strong core values, we will constantly strive to implement the necessary initiatives to achieve our vision. And with it, we will deliver excellence throughout every business to meet and exceed expectations.

CORE VALUES

BEST PRACTICE: We strive to innovate and deliver top quality solutions and services to exceed our clients' expectations, balancing competencies to achieve optimal results.

UNITY: We believe that success weighs on teamwork; hence our team is always ready to provide the highest level of service and support in times of need.

INTEGRITY: We adhere to professional and ethical conducts to deliver the best quality for the best possible cost to our clients.

LEARNING: We encourage learning, development and growth through our clients' success and meeting the lifestyle needs of the growing community.

DIVERSITY: We believe in treating people equally and respect differences hence we reward and provide opportunities based on results and competencies.

CONTENTS

Pinnacle Tower - Dusk View

MB World Group Berhad (previously known as Emas Kiara Industries Berhad) is a public listed company on Main Market of Bursa Malaysia Securities Berhad.

The beginnings of MB World Group Berhad ("MB World Group") started in 1995 when it was granted the pioneer status by the Malaysian Government to construct its first geo-textile manufacturing plant.

Today, MB World Group has diversified its business into property developments spearheaded by its subsidiaries MB Max Sdn. Bhd. and Cocoa Valley Development Sdn. Bhd., a strategic move that builds on the expertise of the Group in property-related and construction business. Although new objectives are set, MB World Group will continue to strive for excellence to improve the quality of life of all.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Ikmal Hijaz Bin Hashim
Independent Non-Executive Chairman

Mr. Chong Jiun Shyang
Independent Non-Executive Director

Mr. Pang Siew Heng
Independent Non-Executive Director

Mr. Ng Liang Khiang
Non Independent Executive Director

Ms. Wong Yean Ni
Non Independent Executive Director

Mr. Simon Sim Yow Yung
Non Independent Executive Director

Ms. Cindi Sim
Non Independent Executive Director

AUDIT COMMITTEE

Mr. Chong Jiun Shyang
(Chairman)

Dato' Ikmal Hijaz Bin Hashim
(Member)

Mr. Pang Siew Heng
(Member)

SENIOR INDEPENDENT DIRECTOR

Mr. Pang Siew Heng

NOMINATION AND REMUNERATION COMMITTEE

Mr. Pang Siew Heng
(Chairman)

Dato' Ikmal Hijaz Bin Hashim
(Member)

Mr. Chong Jiun Shyang
(Member)

SECRETARIES

Mr. Lee Wee Hee
(MAICSA 0773340)

Ms. Pow Juliet
(MAICSA 7020821)

PRINCIPAL PLACE OF BUSINESS

Unit 5-01, Level 5, Plaza DNP,
59, Jalan Dato Abdullah Tahir,
80250 Johor Bahru,
Johor Darul Takzim
Tel : (60)7 330 5979
Fax : (60)7 330 5971

REGISTERED OFFICE

Suite 5.11 & 5.12, 5th Floor,
Menara TJB,
No.9, Jalan Syed Mohd. Mufti,
80000 Johor Bahru,
Johor Darul Takzim
Tel : (60)7 224 2823
Fax : (60)7 223 0229

SHARE REGISTRAR

Shareworks Sdn. Bhd. (229948-U)
No. 2-1, Jalan Hartamas 8,
Sri Hartamas, 50480 Kuala Lumpur,
Wilayah Persekutuan, Malaysia
Tel : (60)3 6201 1120
Fax : (60)3 6201 3121

AUDITORS

Crowe Horwath
(AF : 1018)
E-2-3, Pusat Komersial Bayu Tasek,
Persiaran Southkey 1, Kota Southkey,
80150 Johor Bahru,
Johor Darul Takzim
Tel : (60)7 288 6627
Fax : (6)1700 81 3460

PRINCIPAL BANKERS

Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Code : 7189
Stock Name : MBWORLD

WEBSITE

www.mbworld.com.my

CORPORATE STRUCTURE

MB World Group Berhad
(Formerly known as Emas Kiara Industries Berhad)
(485144-H)
("MB World Group")

100%
Emas Kiara Properties Sdn. Bhd.
(222368-V)

- **100%**
  MB Max Sdn. Bhd.
  (1049190-A)
  Development: PINNACLE TOWER

100%
Cocoa Valley Development Sdn. Bhd.
(1178919-P)
Development: SRI PENAWAR @ DESARU

100%
Emas Kiara Marketing & Engineering Sdn. Bhd.
(Formerly known as Noblecorp Lands (Pahang) Sdn. Bhd.)
(35172-T)

100%
MB World Builders Sdn. Bhd.
(1203704-D)

100%
MB World Trading Sdn. Bhd.
(1203703-V)

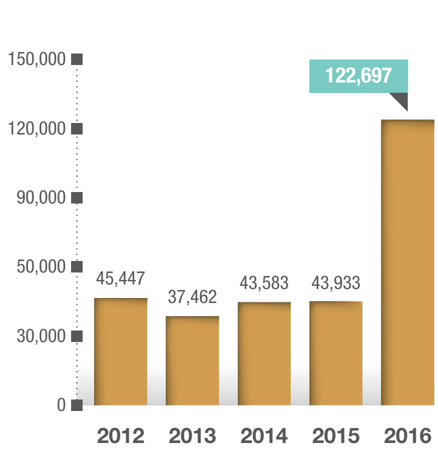
100%
Noblecorp Capital Sdn. Bhd.
(221690-V)

100%
Noblecorp Sdn. Bhd.
(953731-H)

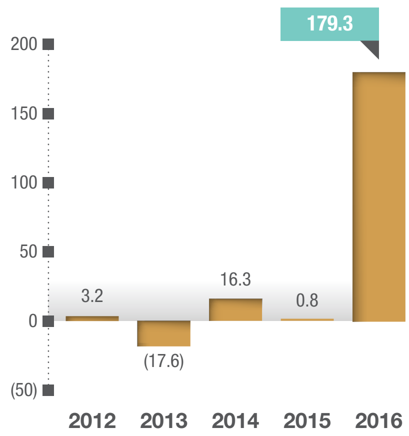
5 YEARS FINANCIAL HIGHLIGHTS

	2012	2013	2014	2015	2016
FINANCIAL PERFORMANCE					
Revenue (RM)	45,446,923	37,461,856	43,583,384	43,931,971	122,697,018
(Loss) / Profit Before Tax (RM)	(6,430,393)	(8,379,620)	1,710,939	(319,705)	24,456,163
Finance Costs (RM)	(187,849)	(1,013,973)	(430,507)	(272,884)	(622,151)
(Loss) / Profit After Tax (RM)	(6,103,933)	(9,185,317)	(3,802,277)	5,253,292	15,789,621
Equity Attributable to Owners of the Company (RM)	83,042,793	75,451,688	72,111,933	78,273,835	94,178,078
Total Assets (RM)	117,169,899	107,024,308	101,914,541	150,511,568	129,893,810
Borrowings (RM)	6,714,773	6,387,598	6,400,106	6,928,185	4,615,161
Return on Equity (%)	(7.4)	(12.2)	(5.3)	6.7	16.8
(Loss) / Earnings Per Share (Sen)	(6.74)	(10.03)	(4.35)	5.77	17.23
Net Assets Per Share (Sen)	0.93	0.85	0.80	0.85	1.03
Gearing Ratio (Times)	0.08	0.08	0.09	0.09	0.05
Operating Revenue Growth (%)	3.2	(17.6)	16.3	0.8	179.3
SHARE PERFORMANCE					
Year High (Sen)	0.60	0.50	0.77	0.92	1.45
Year Low (Sen)	0.36	0.34	0.35	0.61	0.83
Year Close as at 31 December (Sen)	0.40	0.38	0.68	0.88	1.02
Number of Ordinary Shares	89,244,800	89,244,800	90,252,400	91,859,900	91,859,900
Market Capitalisation as at 31 December (RM)	35,697,920	33,913,024	61,371,632	80,836,712	93,697,098

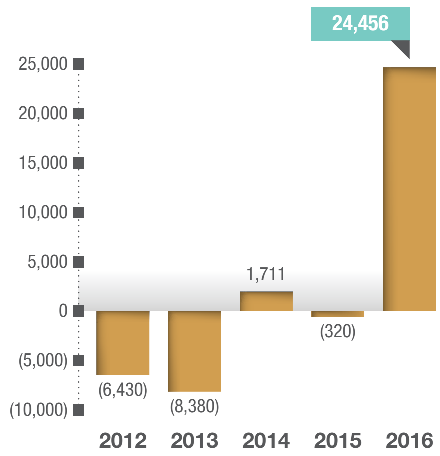
REVENUE
(RM'000)



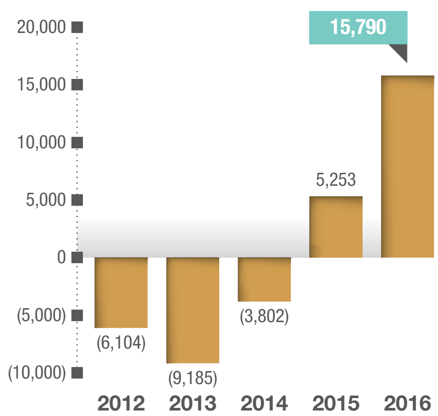
OPERATING REVENUE GROWTH
(%)



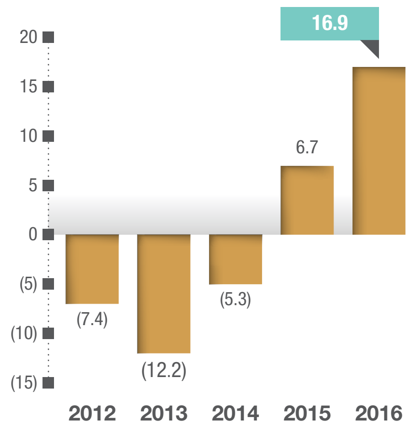
(LOSS) / PROFIT BEFORE TAX
(RM'000)



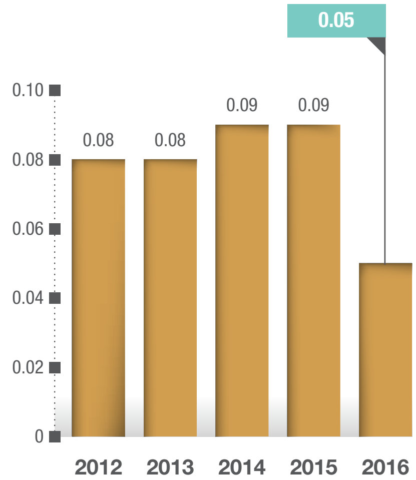
(LOSS) / PROFIT AFTER TAX
(RM'000)



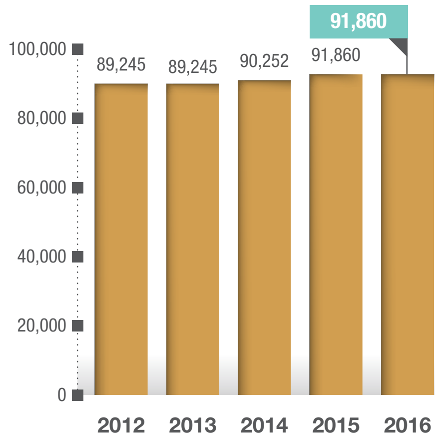
RETURN ON EQUITY
(%)



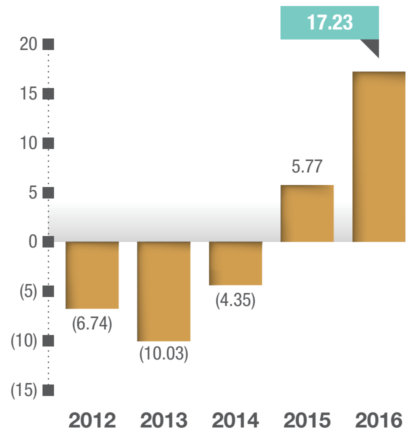
GEARING RATIO
(Times)



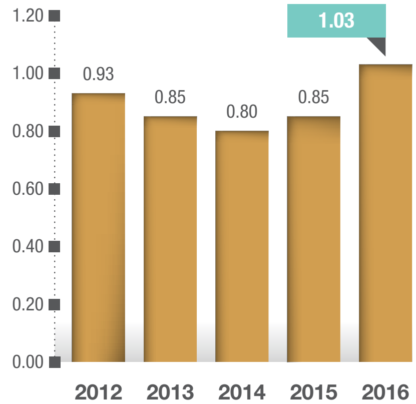
NO. ORDINARY SHARES
('000)



(LOSS) / EARNING PER SHARE
(Sen)



NET ASSETS PER SHARE
(Sen)



MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

For the Financial Year Ended 31 December 2016 ("FY2016"), MB World Group Berhad ("the Group") was able to maintain and exceed its sales targets due largely to its strong brand presence in the market, expertise of the Management team in property development as well as a solid relationship with the contractors, business partners and financial institutions and unique value propositions in each of its projects.

The Group's key challenges and risks in the past year included the unexpected economic downturn amidst low crude oil prices, the further depreciation of the Malaysian Ringgit against other foreign currencies, sudden spike and unfavourable raw material price movements, shortage and rising costs of foreign labour, unexpected delays in project execution and the softening of the local property market.

The country's economic growth was revised downwards by Bank Negara Malaysia to between 4.0% and 4.5% in 2016, compared to 5.0% in 2015. In a surprise move, BNM also cut its Overnight Policy Rate ("OPR") to 3.0% on 13 July 2016, in what was largely seen as a pre-emptive strike to spur domestic demand in light of "increasing signs of moderating growth momentum in the major economies".

FINANCIAL PERFORMANCE

Despite challenging market conditions, the Group registered a total revenue of RM122.7 million for FY2016, an increase of 179% from RM43.9 million recorded in the Financial Year Ended 2015 ("FY2015") . The Group's property development division was the biggest contributor in FY2016, contributing RM96.6 million in revenue. This represents approximately 79% of the Group's revenue.

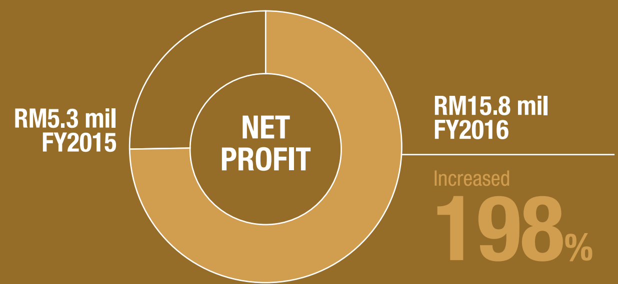
The Group's Profit Before Tax ("PBT") for FY2016 increased to RM24.5 million from a loss before taxation of RM0.3 million for FY2015 mainly due to the higher sales contribution arising from the property development division.

During FY2016, the Group had disposed of its entire equity interest in subsidiaries, Noblecorp Builders Sdn. Bhd., Emas Kiara Electrical Sdn. Bhd. and Kiaratex Exports Pte. Ltd. in order to reduce its financial burdens especially staff cost overhead, which was significantly reduced from RM4.1 million to RM2.9 million for FY2016.

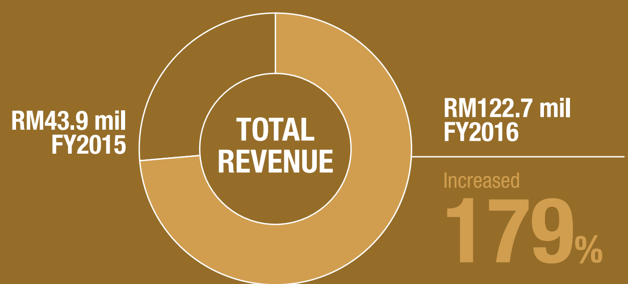
Following the disposal of these subsidiaries, a reduction of RM3.6 million was derived from the Property, Plant and Equipment mostly due to the disposal of an office premise unit in Singapore owned by Kiaratex Exports Pte. Ltd. amounting to RM3.1 million.

For the year under review, the Group's net profit increased to RM15.8 million, compared to a net profit of RM5.3 million the previous year. The significant increase in the Group's net profit was mainly due to the contribution from the recognition of profits arising from the property development division. The significant changes of the income tax expenses increased from RM0.5 million to RM8.6 million as high income tax expenses were mainly derived from taxable profits of the property development division.

The Group's Net Assets per Share was RM1.03 for the year FY2016 as compared to RM0.85 in FY2015, whilst the Earnings per Share increased by 199% to 17.23 sen as compared to 5.77 sen recorded the financial year before, reflecting the sustained growth during the financial year. The Group's financial stability and market confidence was reflected in the share price which grew steadily from about RM0.88 at 31 December 2015 to RM1.02 at 31 December 2016.



Net Profit of the Group



Total Revenue of the Group

The Group did not have any major capital expenditure incurred during the FY2016 other than the proposed acquisition of the entire interest of CV Development from Kim Feng Capital Sdn. Bhd. ("KF Capital") for a purchase consideration of RM76 million is fully satisfied by the issuance of 65,517,241 new ordinary shares of RM0.50 each in MB World Group Berhad at an issue price of RM1.16 per consideration share.

17th Annual General Meeting on 25 May 2016

DIVIDEND

No dividend was declared or paid in respect of FY2016 given that the Group is anticipating the commencement of the development on Taman Sri Penawar, while also pursuing further growth opportunities for the Group.

OPERATING ENVIRONMENT

2016 was a challenging year for the nation as well as for the Group's business. The Malaysian economy's growth (Gross Domestic Product or "GDP") remained challenging and slowed down to 4.2% in FY2016 as compared to 5.0% chalked in the previous year.

This came in the wake of global uncertainties such as Brexit, falling commodity prices particularly that of crude oil, increase in the price of raw materials, and the depreciation of the Malaysian Ringgit. The economic slowdown was further exacerbated by the slowdown in China's economy and other "cooling" measures that were previously mooted by Bank Negara Malaysia (BNM). These events led to a softening of property rental and ownership.

There were also ripple effects from Governmental policies such as the revised terms and rates of the Real Property Gains Tax, control measures on bank lending and withdrawal of funds by foreign investors from emerging markets, due to global risk aversions. As a result, Malaysia's residential property market continued to be lacklustre with slower growth in volume and lower value of transactions recorded.

Given the competitive and dynamic business environment that the Group operates in, the Management is constantly vigilant and regularly monitors its business environment and adjusts its strategies accordingly.

REVIEW OF OPERATIONS

- ### Property Development

  The Group experienced strong sales for its products amidst a more competitive and sluggish market environment. The property development division contributed the highest revenue for FY2016, largely due to the overwhelming take-up rate for the Pinnacle Tower project.

In FY2016, the Group continuously sought opportunities that enabled it to grow and enhance its reputation within the property development industry. On 15 April 2016, the Group entered into a conditional Share Sale Agreement ("SSA") with KF Capital for the proposed acquisition of the entire equity interest in CV Development, whereby CV Development holds the right to develop approximately 470 acres of land over 7 years, sustaining the Group's long-term prospects as a property developer. CV Development officially became the Group's subsidiary on 18 January 2017.

To date, the Group owns two property development subsidiaries – MB Max Sdn. Bhd. ("MB Max"), developer of Pinnacle Tower, and CV Development, developer of Taman Sri Penawar.

MANAGEMENT DISCUSSION & ANALYSIS

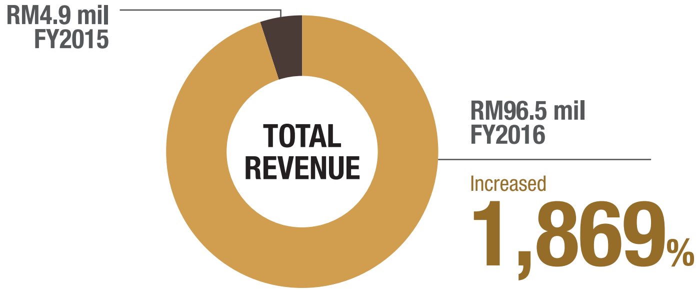
(i) MB Max

The main profit contributor in FY2016, MB Max recorded the highest revenue of RM96.5 million or 79% of the Group's total revenue of RM122.7 million.

On 13 November 2014, MB Land Sdn. Bhd. ("MB Land") and Emas Kiara Properties Sdn. Bhd. had entered into a Profit Guarantee Agreement ("PGA") that MB Land provide a future profit guarantee for the performance of MB Max. The guaranteed profit defined as the audited Profit After Tax ("PAT") of MB Max of RM51.0 million and the aggregated amount of three financial years, from the Financial Year Ended 31 December 2014 ("FY2014") is RM15.0 million, FY2015 is RM16.0 million and Financial Year Ending 2017 ("FY2017") is RM20.0 million.

Based on the Financial Statement of MB Max for FY2015 and FY2016, the total Aggregated PAT is RM31.4 million, and there is no shortfall of the guaranteed profits as at FY2016.

Pinnacle Tower - nestled in the heart of the Johor Bahru City Centre, the 38-storey serviced apartment soars as an icon of architectural wonder. Set against a beautiful cityscape, the 273-unit residential towers offer excellent accessibility to the Singapore Causeway, Customs, Immigration and Quarantine (CIQ) complex, and other popular leisure and entertainment destinations in the city. The development is expected to be completed by the fourth quarter of 2017.



Total Revenue of Property Development Division

The take-up rate for Pinnacle Tower increased from 40% to 75% in FY2016. As at the date of this report, a total of 215 units of 273 units have been sold with a higher work progress of 75%. It was a major contributor to the revenue of the Group's property development division, which outperformed other divisions of the Group in the past year. Pinnacle Tower project is anticipated to be the main contributor to the Group's results for FY2017 as well.

To further strengthen and sustain the MB Max's earnings and goodwill to the Group as the Pinnacle Tower project will be completed during the FY2017, the Group will continue to look out for more landbanks and opportunity that may arise.

(ii) CV Development

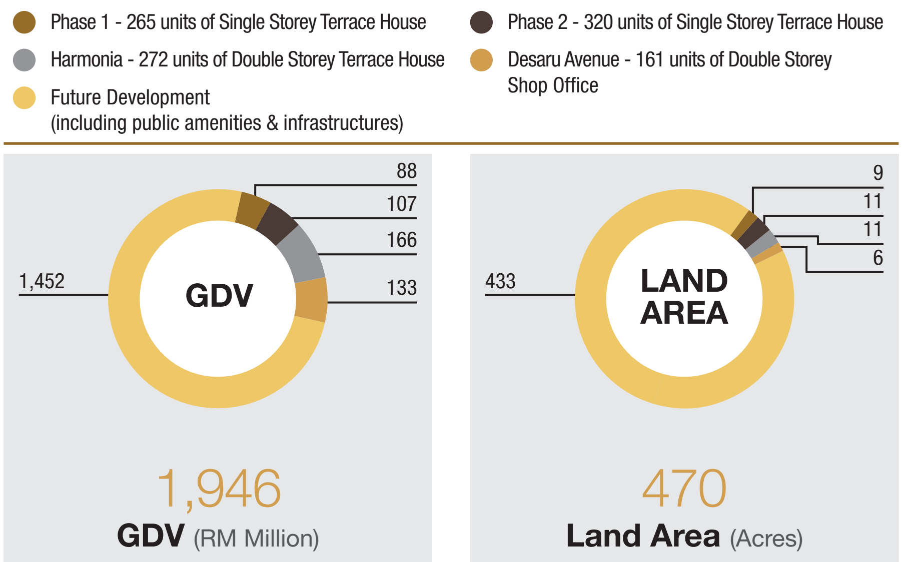
Following the fulfilment of all the SSA's Conditions Precedent, dated 15 April 2016 between the Group and KF Capital as stated in the proposal approved by the shareholders at the Extraordinary General Meeting held on 7 September 2016, CV Development officially became a subsidiary under the Group on 18 January 2017.

Based on the development right agreement with Cocoa Valley Sdn. Bhd. dated 23 March 2016, CV Development is responsible for developing the 470-acre land parcel in the South-eastern region of Johor as part of a new sustainable township.

Taman Sri Penawar – strategically located adjoining Taman Desaru Utama, the township will boast a wide range of complete amenities and facilities, and is connected to major highways and roads.

The area abounds with growth potential and spill-over effects from nearby developments such as luxury destination resort Desaru Coast, Pengerang Integrated Petroleum Complex ("PIPC") and PETRONAS' Refinery and Petrochemical Integrated Development ("RAPID") in Pengerang which is expected to employ 70,000 workers during construction and generate 4,000 new jobs upon completion, further augmenting the township's prime position. Additionally, Saudi Arabia's state oil company Saudi Aramco plans to invest RM31.0 billion into RAPID project, which bodes well for the future of Taman Sri Penawar, as it is expected to contribute to its capital and rental appreciation.

Extraordinary General Meeting on 7 September 2016



Taman Sri Penawar - Total GDV and Land Area

With a total of 3,300 residential units and 380 commercial units planned, the entire project has an estimated GDV of RM1.9 billion. The development will be carried out in phases and is expected to be completed in seven years.

Taman Sri Penawar is a mixed development township that comprises detached, semi-detached, terraced houses, affordable homes, as well as two commercial complexes, shop offices and affordable shops.

The first four phases of development – 265 units single storey terrace houses which are already fully sold, 320 units single storey terrace houses, 272 units double storey terrace houses (gated and guarded) and 161 units double storey shop office – were launched to the media exclusively on 8 March 2017 and to the public on 11 March 2017. The total GDV of the 4 phases is RM492.8 million or 25% of the total GDV of RM1.9 billion.

Taman Sri Penawar is anticipated to contribute positively to the Group's performance in FY2017 onwards and the Group continues to seek opportunities that will put it on stronger footing within the property development industry.

- **Geosynthetic Engineering**

The Group's geosynthetic division registered a lower revenue of RM26.2 million, approximately 21.3% of the Group's total revenue of FY2016 compared to RM34.4 million recorded the previous financial year.

Due to continuous cost pressures from foreign exchange factor since FY2015, the Group's geosynthetic engineering business experienced a slowdown in operations in FY2016 which were also due to tremendous challenges from diminishing demand. Most of the new infrastructure projects being implemented are structural work, which do not require geosynthetic engineering.

In line with the Group's corporate objective of streamlining its business operations and reducing the Group's operating overhead, the Group disposed of two of the subsidiaries, Emas Kiara Electrical Sdn. Bhd. and Kiaratex Export Pte Ltd on 30 June 2016 and it resulted in a gain on disposal of RM0.6 million for the Group on FY2016.

MANAGEMENT DISCUSSION & ANALYSIS

The Group had also disposed of its equity interests in Emas Kiara Marketing Sdn. Bhd. on 10 April 2017. The Group continues to maintain its subsidiaries Emas Kiara Marketing and Engineering Sdn. Bhd. (formerly known as Noblecorp Land (Pahang) Sdn. Bhd.).

- ### Construction

The Group formed a new construction company, which is primarily responsible for the construction of the Taman Sri Penawar project. The new construction arm, MB World Builders Sdn. Bhd. incorporated on 3 October 2016, will oversee the construction of all of the projects phases under CV Development and in this way, the Group will be able to manage better cost and quality control, and to chalk higher returns, which will be its main focus moving forward.

The Group also looks forward to tender for more project opportunities in emerging markets.

- ### Energy Efficient Lighting Solutions (Discontinued Operation)

The Group ceased operations of its energy efficient lighting solutions business under a subsidiary, Emas Kiara Electrical Sdn. Bhd. on 30 June 2016 through a management buyout to realign its working capital utilisation. The disposal resulted in a gain of RM0.2 million during FY2016 and the Group also took into consideration the emergence of strong competitors from local Light Emitting Diodes ("LED") producers as well as decreasing margins due to direct cost pressures from the foreign exchange rate factor.

MARKETING HIGHLIGHTS

The Taman Sri Penawar township was unveiled to the media and the public at two separate launch events, held on 8 March and 11 March 2017 respectively.

As at the date of this report, projects available for preview were the single storey terrace houses, commercial area of Desaru Avenue, as well as Harmonia, a gated and guarded community of double-storey terrace houses.

Single Storey Terrace Houses

It comprises of 2 phases of 265 and 320 units with an average unit of land size of 20ft. x 70ft. and average built-up area of 1,113 sq. ft. and 1,091 sq. ft. respectively, with three bedrooms and two bathrooms.

Desaru Avenue

161 units of double storey shop offices, with a spacious and flexible layout, suitable for a variety of businesses. Each unit comes with an average land size of 22ft. x 70ft. and an average built-up area of 3,080 sq. ft.

Harmonia

272 units of double storey terrace houses that are part of a gated and guarded community, each with an average land size of 22ft. x 70ft. and average built-up area of 1,996 sq. ft.

Given its strategic location adjacent to established neighbourhoods and key projects like RAPID, complemented by established facilities and amenities as well as its easy accessibility to major

Taman Sri Penawar - Desaru Avenue - 161 units of Double Storey Shop Office

Taman Sri Penawar - Harmonia - 272 units of Double Storey Terrace House

Taman Sri Penawar - 320 units of Single Storey Terrace House

Executive Directors and Senior Management Team

roads and highways, the Management is confident about the capital and rental appreciation of the township. The positive response received during the recent launches also bodes well for the future growth potential of Taman Sri Penawar.

FUTURE PROSPECTS AND OUTLOOK

Bank Negara Malaysia's move to cut its OPR to 3.0% is expected to lightly benefit home buyers in FY2017, as most major banks have followed suit to cut down their key interest rates in line with the central bank. The Group foresees that the lower interest rates will boost home ownership in the coming year, in turn increasing the demand for its products particularly the affordable homes, which continue to see robust demand.

The slowdown in the property market is getting more apparent as the number of unsold units in both residential and commercial properties are increasing. However, in selected areas such as Desaru, the demand from investors are still high due to the positive spill-over from the Desaru Coast, Pengerang Integrated Petroleum Complex (PIPC) and RAPID projects in Pengerang.

Taman Sri Penawar's vicinity to the projects makes it an ideal investment and living choice. The products offered are within the affordable price range, and therefore, the Group is confident of seeing a gradual and steady growth of its projects in the next seven years.

The four phases launched in Taman Sri Penawar will start to contribute to the Group's sales revenue in FY2017. The Group looks forward to launching three more phases of double-storey terrace houses and low-cost shop houses in the coming year, due to the overwhelming response received after the official launch of the first four phases of development.

Without any doubt, Pinnacle Tower will continue its contribution to the Group's sale revenue, and is expected to be handed over to purchasers by the fourth quarter of FY2017.

Moving forward, the Group aims to continue increasing its landbanks at strategic locations, to meet the demand for more affordable housing, following its successful launch of the Taman Sri Penawar integrated township.

Taman Sri Penawar - Public Launch Event on 18 March 2017

The Government's strong support for home ownership and the residential sub-sector in Malaysia is expected to continue in view of the increased demand for affordable housing, particularly from the middle-income group.

The Group is cautious and has positioned itself to face these challenges as its ongoing projects are located strategically within marketable areas, offering a wide spectrum of products to the prospective customers ranging from affordable homes to commercial products.

MANAGEMENT DISCUSSION & ANALYSIS

Visit to Amitabha Charity Orphanage on 14 January 2017

Taman Sri Penawar - Sales Gallery

COMMUNITY

As a group dealing with the well-being of the environment and the community at large, the Group aims to conduct its business in a socially responsible manner by pledging to give back to the community and provide a brighter legacy for all its stakeholders.

Acknowledging an ingrained connection between our business and the environment in which we operate in, we endeavour to continue our commitment to conduct our business professionally and contribute to the economic development. In doing so, we strive towards consistently improving the quality of life of the workforce and their families as well as that of the local community and society at large.

The Group shall heed the Government's call to build more affordable and high standard quality of residential houses for the people in future. This is reflected in its townships which are all mixed development in nature, thus catering to a broad spectrum of income groups.

On 14 January 2017, the Group organised a half day visit to Amitabha Charity Orphanage, which is home to 23 children. Staffs were given a guided tour showing the environment of the place. All employees spent time with the children over refreshments, presenting them with small gifts, and organising special entertainment programmes for the children such as a clown performance.

The Group supplied essential items, including rice, oil, canned food and toiletries which were personally presented by the Group's Executive Director to the representatives at the orphanage. An amount of donation was also extended by the Group.

WORKPLACE

Part of the Group's sustainability plan includes succession planning, where qualified and performing staff are promoted, and new recruits are employed to fill vacancies due to retirements, resignations, business expansion or needs for specific skillsets to complement the Group's business undertakings.

In ensuring that the Group's employees continue to interact and engage in a positive manner with each other and with members of the Management, the Group continues to organise regular events and gatherings during festive occasions and birthdays.

The Group has a defined allocation for each employee to participate in external training and development programmes to nurture their talents, improve their knowledge and hone their skillsets. In this way, the Group hopes to develop well-rounded employees who will be able to contribute to the growth and progress of their respective divisions, as well as the Group as a whole.

Following the completion of an unconditional takeover offer by KF Capital, the Group has relocated its main office to Plaza DNP, Johor Bahru, as the new location will facilitate the Group to better oversee its property projects, especially Pinnacle Tower which is located next to it.

Environment Sustainability

The Group complies strictly with rules and directives set by the authorities in regard to environmental safety and protection. All unwanted waste, materials and byproducts resulting from the construction sites are either recycled or disposed properly.

The Group continues its effort in landscaping the open spaces, parks and roads to beautify Taman Sri Penawar and promote better living environment.

Corporate Governance

The Group is committed to uphold the best practices set out in the Malaysian Code of Corporate Governance 2012 in the conduct of its business activities. Governance practices during the FY2016 are set out in our Statement of Corporate Governance contained on pages 18 to 29.

BOARD OF DIRECTORS' PROFILE

DATO' IKMAL HIJAZ BIN HASHIM

Independent Non-Executive Chairman
Malaysian, 64 years old, Male,
Appointed on 26 February 2016

Dato' Ikmal completed his Bachelor of Arts with Honours from University of Malaya and obtained his MPhil. in Land Management from University of Reading, United Kingdom.

Dato' Ikmal began his career by serving in the Administrative and Diplomatic Service of the Government from 1976 to 1991 in various capacities in the District Office, Regional Development Authorities and other various Ministries. Dato' Ikmal then joined United Engineers (M) Berhad in 1991 as the General Manager of the Malaysia-Singapore Second Crossing Project.

On 1 January 1993, he became the Chief Operating Officer of Projek Lebuhraya Utara-Selatan Berhad ("PLUS") and was subsequently appointed as Managing Director from 1 January 1995 to 30 June 1999. He resigned as Managing Director of PLUS in 1999, and was appointed as the Managing Director of Prolink Development Sdn. Bhd. ("Prolink").

Dato' Ikmal was also appointed as President of the property division of the Renong Group while maintaining his position as Managing Director of Prolink. He then held the position of Managing Director at Renong Berhad from 2002 until October 2003.

Dato' Ikmal subsequently was appointed as Managing Director/Chief Executive Officer of Pos Malaysia Berhad and also as Group Managing Director of Pos Malaysia & Services Holdings Berhad ("PMSHB"). He served as the Chief Executive of Iskandar Regional Development ("IRDA") from February 2007 until end of February 2009 and as Chairman of Faber Group Berhad from 1 March 2009 until 26 June 2014.

Currently he is on the Board of EP Manufacturing Berhad, Scomi Engineering Berhad, Nadayu Properties Berhad and RISDA Holdings Sdn. Bhd.

Dato' Ikmal is also a member of the Board's Audit Committee and the Nomination & Remuneration Committee.

He has no family relationship with any of the other directors and major shareholders of the Company and does not have any conflict of interest with the Company.

He has had no convictions for any offences within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any shares of the Company.

Since his appointment, Dato' Ikmal has attended all seven (7) Board Meetings held during the financial year.

MR. CHONG JIUN SHYANG

Independent Non-Executive Director
Malaysian, 52 years old, Male,
Appointed on 28 March 2016

Mr. Chong is a Chartered Accountant by profession and a member Accountant of the Malaysian Institute of Accountants ("MIA"). Mr. Chong has over 28 years of experience in the accounting profession during his career with various private and public listed companies.

Mr. Chong is also the Chairman of the Board's Audit Committee and a member of the Nomination & Remuneration Committee.

He is currently the Group Financial Controller of Komarkorp Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

He does not hold any directorship in any other public listed companies. He has no family relationship with any other directors and major shareholders of the Company and does not have any conflict of interest with the Company.

He has had no convictions for any offences within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any shares of the Company.

Since his appointment, he has attended all seven (7) Board Meetings held during the financial year.

BOARD OF DIRECTORS' PROFILE

MR. PANG SIEW HENG

Independent Non-Executive Director
Malaysian, 55 years old, Male,
Appointed on 26 February 2016

Mr. Pang is a businessman with over 36 years of experience and is currently involved in a number of companies engaged in construction, property development, metal fabrication and engineering works. He was involved in various large scale property development projects which include Today Mall in Ulu Tiram, Johor, Hatten Malacca, Millennium Project in Puchong, Selangor, Bayu Marina Resort in Johor Bahru, and Gold Coast Morib International Resort in Selangor.

Mr. Pang is also a member of the Board's Audit Committee and Chairman of the Nomination & Remuneration Committee.

Mr. Pang holds directorships and has interest in several private limited companies, some of which carry out businesses similar to the Group.

Mr. Pang does not hold directorship in any other public listed companies. He has no family relationship with any of the other directors and major shareholders of the Company.

He has had no convictions for any offences within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any shares of the Company.

Since his appointment, Mr. Pang has attended all seven (7) Board Meetings held during the financial year.

MR. NG LIANG KHIANG

Non Independent Executive Director
Malaysian, 66 years old, Male,
Appointed on 26 February 2016

Mr. Ng has over forty-three (43) years of experience in construction, property development and project management. In 1972, after completing his secondary education in Muar High School, Mr. Ng began his career as a site supervisor with Binajaya Sdn. Bhd. in Kuala Lumpur, where he spent eleven (11) years and holding the position of project manager when he left.

Over the years, he has co-founded companies which are principally involved in, amongst others, property development, construction, and hotel management under SKS Group.

Mr. Ng does not hold any directorship in any other public listed companies. He has no family relationship with any of the other directors and major shareholders of the Company.

Mr. Ng holds directorships and has interests in various private limited companies, some of which carries out business/trade similar to that carried out by the Group.

He has had no convictions for any offences within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He does not directly hold any shares of the Company. He is deemed interest in 929,000 and 1,500,000 ordinary shares in the Company held by Ngsinar Sdn. Bhd. and his son, Ng Kok Boon, respectively, by virtue of Section 8 of the Companies Act, 2016.

Since his appointment, Mr. Ng has attended all seven (7) Board Meetings held during the financial year.

MS. WONG YEAN NI

Non Independent Executive Director
Malaysian, 38 years old, Female,
Appointed on 26 February 2016

She graduated with a Bachelor's Degree in Accountancy with honours from Universiti Utara Malaysia.

She is an accountant by profession and a member of the MIA since 2007 with over 13 years of experience garnered from professional firms and commercial companies in the area of audit, taxation, consultancy and financial management.

She does not hold directorship in any other public listed companies. She has no family relationship with any of the other directors and major shareholders of the Company.

She has had no convictions for any offences within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. She does not hold any shares of the Company.

She does not have any conflict of interest with the Company.

Since her appointment, she has attended all seven (7) Board Meetings held during the financial year.

MS. CINDI SIM

Non Independent Executive Director
Malaysian, 28 years old, Female,
Appointed on 26 February 2016

She obtained a Bachelor of Science (Honours) Degree in Applied Accounting from Oxford Brookes University, London and a professional qualification from the Association of Certified Chartered Accountant (ACCA) in 2010. She entered the property construction and development industry upon her graduation in 2011.

She was subsequently promoted to Business Development Manager with hands on exposure to all major areas of the property development industry covering building planning and development, project management and execution and financial management.

Currently she is the Group Managing Director of SKS Group of Companies and holds directorships in various private limited companies, which are involved in the property development, property investment and the hospitality industry, some of which are similar to that carried out by the MB World Group.

She does not hold any directorship in any other public listed companies.

She is the sister of Mr. Simon Sim Yow Yung, an Executive Director and major shareholder of the Company. Apart from this she has no family relationship with any of the other directors and major shareholders of the Company.

She has had no convictions for any offences within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

She directly holds 920,000 ordinary shares in the Company. She is a major shareholder of the Company by virtue of her deemed interest in 48,770,000 ordinary shares in the Company held by Kim Feng Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

Since her appointment, she has attended six (6) out of seven (7) Board Meetings held during the financial year.

MR. SIMON SIM YOW YUNG

Non Independent Executive Director
Malaysian, 22 years old, Male,
Appointed on 26 February 2016

He graduated with a Bachelor of Commerce from the University of Western Australia, Western Australia and joined MB Builders Sdn. Bhd., a property development company as a Business Development Manager upon his graduation in 2015.

Currently he is overseeing the planning and new marketing initiatives to promote the various products and services developed by MB World Group.

He does not hold any directorship in any other public listed companies.

He is the brother of Ms. Cindi Sim, an Executive Director and major shareholder of the Company. Apart from this he has no family relationship with any of the other directors and major shareholders of the Company.

He has had no convictions for any offences within the past five (5) years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He does not directly hold any shares of the Company. He is a major shareholder of the Company by virtue of his deemed interest in 48,770,000 ordinary shares in the Company held by Kim Feng Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

Since his appointment, he has attended six (6) out of seven (7) Board Meetings held during the financial year.

SENIOR MANAGEMENT'S PROFILE

PROPERTY DEVELOPMENT

MR. CHEW YAN CHEE

Senior Project Manager
Malaysian, 58 years old, Male,
B.Sc in Civil Engineering from National Taiwan University

In 1983, Mr. Chew began his career with Lien Huat Properties Sdn. Bhd. as Project Manager, where he worked for 14 years.

In 1998, he joined World Engineering LTD in Taiwan as its Executive Manager. He was responsible for the maintenance and troubleshooting of all machineries of the Air Cargo Terminal in Hong Kong, among other responsibilities.

Prior to joining the Group, Mr. Chew was a Senior Manager of SKS Group, a property development-based group where he spearheaded numerous projects. Mr. Chew then joined CV Development in February, 2017 as Senior Project Manager.

He does not have any family relationship with any of the other directors and major shareholders of the Group and has no conflict of interest with the Company.

He has not been convicted for any offences within the past five (5) years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

MS. FOO YONG HUI

Project Planning Manager
Malaysian, 35 years old, Female,
Bachelor's Degree in Civil Engineering (Hons) from Universiti Teknologi Malaysia

Ms. Foo was appointed as Project Planning Manager of CV Development in October 2016, and is currently in charge of two developments, Pinnacle Tower and Taman Sri Penawar.

Prior to her current role, she was a Planning Engineer for IJM Land Bhd. During her stint, she was in charge of planning Sebana Cove, a resort-themed township in Pengerang, Johor.

Her diverse portfolio of work includes Sri Pulai Perdana 2, a premier mixed development; Sierra Perdana, a 250-acre mixed development near the Pasir Gudang Highway; Austin Suites Apartment @ Austin Perdana, a 20-storey apartment, including Austin V SQUARE, an exclusive 5-storey corporate office for Austin Perdana. She then joined SKS Group as its Project Planning Manager in 2015.

She does not have any family relationship with any of the other directors and major shareholders of the Group and has no conflict of interest with the Company.

She has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year.

MS. LIEW YOK HON, CONNIE

Sales & Marketing Manager
Malaysian, 56 years old, Female

Ms. Connie Liew has twenty-eight (28) years of experience in property development, in the areas of marketing, sales and contract administration. Her experience spans all types of development including commercial shophouses, factories, residential houses including guarded and gated developments, and apartments.

She has successfully administered the revival of various abandoned projects such as Skudaiville Apartments in Skudai, Taman Desa Idaman in Larkin, and Cahaya Kota Putri in Permas Jaya. Along the way, she has gained extensive knowledge, experience, insight and understanding of a niche sector of the housing industry.

Ms. Connie became part of the Group's Senior Management Team on January 2017. She is responsible for opening new markets, formulating sales strategy as well as marketing and branding of products.

She does not have any family relationship with any of the other directors and major shareholders of the Group and has no conflict of interest with the Company.

She has not been convicted for any offences within the past five (5) years. There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year.

CONSTRUCTION

MR. NG KOK BOON, LESTER

Chief Executive Officer of MB World Builders Sdn. Bhd.
Malaysian, 31 years old, Male,
Bachelor of Civil Engineering, Universiti Tenaga Nasional

Mr. Lester has eight (8) years of experience in building and construction industry. He started his career with Malpakat Sdn. Bhd. as site engineer where he was involved in project planning and constructions of high rise buildings. Prior to joining the Group, Lester was the Executive Director of SKS Group of Companies, overseeing the property development and construction portfolio.

Mr. Lester also holds directorship and has interests in various private limited companies, some of which carries out business/trade similar to that carried out by the Group.

He directly holds 1,500,000 ordinary shares in the Company and is deemed interested in 929,000 ordinary shares in the Company held by Ngsinar Sdn. Bhd. by virtue of Section 8 of the Companies Act, 2016.

He is the son of Mr. Ng Liang Khiang, an Executive Director of MB World Group. Apart from this he has no family relationship with any of the other directors and major shareholders of the Company.

He has not been convicted for any offences within the past five (5) years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

MR. LEE KOK HIN, JIMMY

Senior Project Manager
Malaysian, 59 years old, Male,
Bachelor's Degree in Civil & Infrastructure from RMIT, Australia

Mr. Jimmy has more than thirty (30) years of experience in the field of civil engineering and construction. Jimmy was attached to Daya Antara Construction Sdn. Bhd., a subsidiary of IGB. In 1996, as Project Manager, he was involved in the management and construction of architectural finishes in MidValley Megamall, Kuala Lumpur, as well as Cititel Penang and Cititel Mid Valley.

Throughout his career, he has been involved in the development of several shopping malls, luxury residences, high-rise condominiums, 4-star hotels, as well as low and medium cost housing projects, among others.

Prior to joining the Group, Mr. Jimmy joined MB World Builders Sdn. Bhd. as its Senior Project Manager in year 2016, and was responsible for project coordination, quality control and successful delivery of the project and management of all aspects of the construction programme.

He does not have any family relationship with any of the other directors and major shareholders of the Group and has no conflict of interest with the Company.

He has not been convicted for any offences within the past five (5) years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

MR. LING HWA LOONG

Senior Contract Manager
Malaysia, 50 years old, Male,
Diploma in Building Technology, Tunku Abdul Rahman College

Mr. Ling started his career with MBF Holdings Sdn. Bhd. as Clerk-of-Works in 1991 where he was responsible in monitoring and supervising various types of projects such as factory, housing, shop office and office complex.

He has twenty-five (25) years of experience in the industry. Throughout his career, he has been involved in many building and infrastructure works.

Prior to joining the Group, Mr. Ling was attached to SKS Group in year 2014 as Senior Contract Manager. He joined MB World Builders Sdn. Bhd. as Senior Contract Manager in early of year 2017 where he was responsible for project cost controlling, project coordination, submission for authority approval, quality control and successful delivery of the project on time as set by the Management.

He does not have any family relationship with any of the other directors and major shareholders of the Group and has no conflict of interest with the Company.

He has not been convicted for any offences within the past five (5) years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

STATEMENT ON CORPORATE GOVERNANCE

The Board of MB World Group Berhad ("MBWG") recognises that good Corporate Governance practices is of utmost importance to protect, enhance and support the business affairs and financial performance of the Group to safeguard shareholders' investment and shareholders' value.

During the year under review, the Board had reviewed its practices and procedures taking into consideration, the principle and recommendations in the Malaysian Code on Corporate Governance 2012 ("the Code"), the review and analysis of listed issuers' annual reports conducted by Bursa Malaysia Securities Berhad via their letter dated 19 December 2016; and Chapter 15 of Bursa's Main Market Listing Requirements.

In line with this review, the Board has enhanced its Board Charter and adopted new policies and made it available together with other existing policies on the Group's website at www.mbworld.com.my as follows:

- Whistle Blowing Policy
- Code of Business Conduct and Ethics
- Board Policy on Time Commitment
- Corporate Disclosure Policy
- Shareholders Communication Policy
- Continuing Education Policy

The Board is pleased to set out below, the manner in which the Group has applied the Corporate Governance Principles and Recommendations set out in the Code and the extent to which the Company has complied during the financial year under review.

1. BOARD'S ROLES AND RESPONSIBILITIES

The roles and responsibilities of the Board and Management, the Board Committees and the individual Directors are set out in the Board Charter which is accessible through the Company's website. The Board Charter will be reviewed on a biennial basis with the latest review conducted in February 2017.

It is the primary governance responsibilities of the Board to lead and control the Group. The Board's responsibilities in respect of the stewardship of the Group includes plans for the strategic direction, development and control of the Group and initiatives to embrace the responsibilities listed in the Code. While the Board sets the strategic plan and policies, the Executive Directors are responsible for making and implementing operational and corporate decisions while the Independent Non-Executive Directors ensure corporate accountability by providing unbiased and independent views, advice and judgement and challenging the Management's assumptions and projections in safeguarding the interests of the shareholders.

The Board has defined the roles and responsibilities for the Board and its Directors. In discharging their fiduciary responsibilities, the Board during its Board meetings deliberates and reviews the financial performance of the Group, the execution of strategic plans by the Executive Directors, the principal risks faced by the Group and effectiveness of management mitigation plan, the appraisal of Executive Management and Senior Management succession plan as well as the integrity of the management information and systems of internal control of the Group.

The Board maintains specific Board Committees namely the Audit Committee and the Nomination and Remuneration Committee. These Committees ensure greater focus, objectivity and independence in the deliberation of specific board agenda. The Board has defined the terms of reference for each Committee and the Chairman of these respective committees would report to the Board during the Board meetings on significant matters and salient matters deliberated in the Committees.

- **Oversight of Group's Business**

The day-to-day management of the business operations of the Group is led by the Executive Directors and a team of Senior Management Executives. Their performance under the lead of the Executive Directors is assessed by the Board based on the financial and management reports tabled during its quarterly reporting periods. The Board is also kept updated on the Group's strategic direction initiatives, significant operational and regulatory challenges faced by the Group during its meetings.

The Executive Directors meets with Senior Management on a regular basis where policies, strategies and operational matters are deliberated and brought to the attention of the Board where appropriate during the Quarterly Board Meetings.

The Board has reserved specific matters that will require their decision with appropriate authority limits placed. Details of these are set out in the Board Charter and includes:

- Acquisitions of business/investments.
- Divestments and disposals of business/investments.
- Overseas equity venture.
- Corporate finance and proposals.
- Terms of key/main agreements not within the ordinary course of business.
- Acquisition and disposal of properties (not in the ordinary course of business) and Motor Vehicles.
- Acquisition and disposal of fixed assets, other than properties and motor vehicles, for amounts RM500,000 and above.
- Disposal and write offs of current assets, for amounts RM500,000 and above.
- Material expenditure other than capital expenditure not within the ordinary course of business, for amounts RM500,000 and above.
- Bank borrowings and finance arrangements.
- Placements/withdrawal of bank fixed deposits.
- All Related Party Transactions ("RPT").

- **Access to Information and Board Effectiveness**

The Board members have full and unrestricted access to the information on the Group's business and affairs to enable them to discharge their duties and responsibilities effectively. All Directors have access to the Management and may interact directly with the Management or request further explanations, request for information in relation to any areas of the Group's operations or business.

All Directors also have full and unrestricted access to the advice and services of the Company Secretaries and may obtain independent professional advice at the Company's expense in order to discharge their duties effectively. The Board is regularly updated on new guidelines, directives and new regulatory issues affecting the Group by the Company Secretaries as well as external consultants. The Company Secretary together with the Executive Directors assist the Chairman of the Board and Chairman of Board Committees to deal with the Board agenda and to provide the relevant information and documents to Directors on a timely basis. The Board is satisfied with the support and performance rendered by the Company Secretaries in assisting the Board to discharge its duties.

STATEMENT ON CORPORATE GOVERNANCE

In reviewing and analysing the quarterly interim financial results, the Board was provided with relevant supporting information and data. This information was circulated to the Board members within seven (7) days prior to the Board meetings so as to provide the Directors with relevant and timely information to enable them to deliberate issues raised during Board meetings more effectively. The key business information and data cover budget, management report on operations, business development, performance of its subsidiaries, the management's risk assessment and its status of action plans undertaken. Additionally, the Management was also invited to brief and report in meetings of the Board and Board Committees.

The Board was also kept informed progressively of the various requirements and updates issued by the various regulatory authorities. These requirements and updates were provided and briefed by the Management, the Company Secretary, External and Internal Auditors. The Management, External and Internal Auditors were invited to attend Board/Committee meetings to provide additional insights and professional advice on specific items on the meeting agenda.

Procedurally, when external advice are necessary, the Director who intends to seek such consultation or advice shall notify the Chairman for approval. Upon approval, the Chairman will facilitate obtaining such advice and, where appropriate, disseminate the advice to all Directors. The Board has the authority to conduct or direct any investigation required to fulfil its responsibilities and has the authority to retain at the Company's expense, such as legal, accounting or other services, consultants, advisers or experts as it considers necessary from time to time in the performance of its duties.

- **Support of Company Secretary**

MBWG's Board is supported by two (2) External Company Secretaries. Both Company Secretaries of MBWG are qualified to act as Company Secretary under Section 235 of the Companies Act 2016, and are Associate Members of the Malaysian Institute of Chartered Secretaries & Administrators.

The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation.

The Board are of the view that the Company Secretaries have been competent and kept themselves abreast with the evolving regulatory changes and developments through continuous education programmes and attendance of relevant conferences, seminars and training programmes.

- **Risk Management System, Integrity of Management Information and Internal Control**

The Executive Directors and the Finance Department oversees the risk management and reports to the Audit Committee and ultimately to the Board. Risk Management is regarded by the Board to be an integral part of the business operations, and good governance practices. Risk is inherent in all business activities, and the Group's objective is not to eliminate risk totally but to provide structural means to identify, prioritise and manage risks involved in all the Group's activities and to balance between the costs and benefits of managing and treating risks, as well as the anticipated returns to be derived therefrom.

The Board is overall responsible for maintaining and ensuring the integrity of a sound system of Internal Control which supports effective and efficient operations to safeguard shareholders' interests and the Group's business and assets.

Further details of the Group's systems of risk management and internal control and the function of the internal auditors are reported in the Statement on Risk Management and Internal Control on pages 35 to 36.

- **Shareholder Communication Policy**

The Board recognises the importance of communications with its shareholders and investors ensuring that they are well informed of the Group's performances and latest developments. As such, the Group disseminates information to its shareholders and investors through its Annual Report, circulars, quarterly financial results and various announcements from time to time. Shareholders and investors may obtain the Company's latest announcements via the website of Bursa Malaysia at www.bursamalaysia.com and the Company's website at www.mbworld.com.my.

The Group's Annual General Meeting ("AGM") serves as a principal forum for dialogue with shareholders. Shareholders are encouraged to raise questions pertaining to the operations and financials of the Group.

2. STRENGTHEN COMPOSITION

The Code emphasises the importance of right Board composition in enhancing the Board's decision making process and the transparency of policies and procedures in selection and evaluation of Board members. The Board currently comprises of seven (7) members, of which four (4) are Executive Directors and three (3) are Independent Non-Executive Directors.

In accordance with Paragraph 3.04 of Bursa Malaysia Listing Requirements, at least two (2) directors or one-third (1/3) of the Board of Directors, whichever is higher, shall be Independent Directors. If the number of directors is not three (3) or multiple of 3, then the number nearest one-third (1/3) shall be used for purposes of determining the requisite number of Independent Directors.

The current composition of three (3) Independent Non-Executive Directors meets the current requirement for Independent Non-Executive Directors under Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

MBWG is led and managed by a diverse, competent and experienced Board of Directors with a mix of suitably qualified and experienced professionals having wide and varied expertise in the fields of business, property development, accounting and taxation. This enables the Board to carry out its responsibilities effectively and ensures accountability. The current Board is drawn from different ethnic, cultural and socio-economic background with their age ranging from 22 years to 66 years to ensure that different viewpoints are considered in the decision making process.

- **Separation of positions of Chairman and Chief Executive Officer**

MBWG's Board is led by an Independent Non-Executive Chairman and supported by four (4) Executive Directors and two (2) Independent Non-Executive Directors.

The roles of the Independent Non-Executive Chairman and the Executive Directors are defined and set out in the Board Charter. The Independent Non-Executive Chairman's role includes leading the Board in the oversight of management and is not involved in the day to day management of the Group.

MBWG has not appointed a Chief Executive Officer and the day to day management of the Group is carried out and performed by the Executive Directors jointly and collectively with each Executive Director placed in charge of an area of specific responsibility within the Group mainly segregated as follows:

STATEMENT ON CORPORATE GOVERNANCE

- Corporate Finance & Administration.
- Business Development, Planning, Sales & Marketing.
- Property Development, Projects Management & Construction.

The positions of the Chairman and the Executive Management are separately held ensuring balance of power, accountability and division of roles and responsibilities of the Board and the Management of the Group's business and operations. The Board has developed descriptions for responsibilities of the Board Chairman, Executive Directors, the individual Board Members as well as the Chief Financial Officer designate. The roles and responsibilities of the Chief Financial Officer is currently carried out by the Executive Director in charge of finance. The details of these responsibilities are articulated in the Board Charter which is accessible from the Group's corporate website.

All the Independent Directors are independent of Management and have no family or business relationships with the Executive Directors and major shareholders, which would interfere with the exercise of their independent judgement.

The Executive Directors are overall responsible for implementing the strategies and decisions of the Board, overseeing the Group's day-to-day operations and businesses, whilst the Independent Non-Executive Directors provide their independent view, unbiased judgement and knowledge to the Management as well as safeguarding the interests of the shareholders. Non-Executive Directors do not participate in the day-to-day management of the Group.

2.1 BOARD COMMITMENT

A policy on time commitment was adopted by the Board following the Board's review of its governance procedures to enhance and affirm the Directors' commitment to the Group and ensure their devotion of time towards the affairs of the Group and to continuously improve their knowledge and skillsets.

The Board meets at least every quarter and on other occasions, as and when the need arises, to inter-alia review and approve quarterly financial results, statutory financial statements, the annual report, business ventures as well as to review the performance of the Company and its operating subsidiaries, governance matters and other business development matters.

A corporate calendar of all scheduled meetings and planned events for the financial year are furnished to all Directors and the Management by the Company Secretary normally during the 4th quarter Board meeting to aid and facilitate the Directors in scheduling and meeting their time commitments. All Directors are also required to inform the Board before accepting any other directorships in other listed companies or groups.

The Executive Directors are engaged full time in the management and operations while the Non-Executive Directors attend Board Meetings and Committee Meetings as and when required as dictated by circumstances. All Directors commit and devote their time to make themselves available to attend to any matters arising which requires their attention individually or collectively.

The attendance record of the Directors at Board and Committee meetings during the Financial Year Ended 31 December 2016 ("FY2016") since their appointment is set out below:

Name of Director	Position	Attendance		
		Board	AC	NRC
DATO' IKMAL HIJAZ BIN HASHIM	Independent Non-Executive Chairman	7/7	7/7	2/2
CHONG JIUN SHYANG	Independent Non-Executive Director	7/7	7/7	2/2
PANG SIEW HENG	Independent Non-Executive Director	7/7	7/7	2/2
NG LIANG KHIANG	Executive Director	7/7	-	-
WONG YEAN NI (F)	Executive Director	7/7	-	-
CINDI SIM (F)	Executive Director	6/7	-	-
SIMON SIM YOW YUNG	Executive Director	6/7	-	-

Note: AC – Audit Committee; NRC – Nomination & Remuneration Committee.

All the Directors were also present and attended the 2016 Annual General Meeting of the Company held on 25 May 2016 and an Extraordinary General Meeting of the Company held on 7 September 2016.

- **Directors' Training**

The Directors of the Company have attended the Mandatory Accreditation Programme ("MAP") conducted by Bursatra Sdn. Bhd. in compliance with the Listing Requirements. Although no formal assessment of the training needs of each Director was undertaken the Directors were encouraged to attend relevant training programmes/seminars/briefings to further enhance their skills and knowledge in the latest statutory and regulatory requirements as well as to keep abreast with the business development to assist them in discharging their duties as Directors.

Details of the Directors attendance of training programs/seminars/workshops/briefing during the FY2016 are as follows:

Date	Topic/Organising Entity	Directors Attended
11 & 12 April 2016	Understanding and Preparing Consolidated Financial Statements by Malaysian Institute of Accountants ("MIA")	WONG YEAN NI
16 April 2016	Transaction – Chapter 10 of Listing Requirements by Bursa Malaysia Securities Berhad	CINDI SIM, SIMON SIM YOW YUNG, NG LIANG KHIANG, WONG YEAN NI
6 May 2016	The Strategy, the Leadership, the Stakeholders and the Board by Bursa Malaysia Securities Berhad	DATO' IKMAL HIJAZ BIN HASHIM
27 June 2016	The Game Changer for Boardroom by Bursa Malaysia	DATO' IKMAL HIJAZ BIN HASHIM
20 July 2016	Latest Updates on Directors' Remuneration Seminar by Federation of Public Listed Companies	CHONG JIUN SHYANG
3 August 2016	New Reporting in Annual Report and Sustainability Statement by KPMG	DATO' IKMAL HIJAZ BIN HASHIM
10 October 2016	Company Law 2016: Total Revamp with Huge Tax Planning Opportunities by Synergy Tas Plt	WONG YEAN NI, CINDI SIM, SIMON SIM YOW YUNG
1 November 2016	Mastering GST Audits by MIA	CHONG JIUN SHYANG
23 November 2016	2017 Budget Seminar by MIA	WONG YEAN NI

Mr. Pang Siew Heng who was appointed on 26 February 2016 and attended the MAP conducted by Bursatra Sdn Bhd, did not attend any additional training programs due to inappropriate time schedule difference for programs/seminar.

STATEMENT ON CORPORATE GOVERNANCE

2.2 AUDIT COMMITTEE

The composition requirement of the Audit Committee ("AC") members is in accordance with the regulatory requirements. The AC Chairman has access to all the Executive Directors, Senior Management, External and Internal Auditors. The Board is mindful of the Listing Requirements on the review of the terms of office and performance of the AC and each of its members. The review of the terms of office and performance of the AC and each of its members are carried out annually with the latest review conducted just prior to the issuance of the Annual Report.

The review was carried out in line with the assessment procedures adopted by the Board, by way of peer assessment in the form of evaluation questionnaires. The assessment carried out considered amongst others whether the Committee has met its purpose, whether its composition is appropriate, and whether it has the necessary authority and processes to carry out its functions and fulfil its obligations. Following the review, the Nomination & Remuneration Committee and the Board are of the opinion that the performance of the AC has been excellent and each member of the AC has carried out and discharged their responsibilities in accordance with the AC's terms of reference.

Further information on the constitution and summary of work of the AC are set out on pages 30 to 34 of this Annual Report.

2.3 NOMINATION & REMUNERATION COMMITTEE

The Board has established a Board Nomination & Remuneration Committee ("NRC") comprised exclusively of Independent Non-Executive Directors as follows:

- **Chairman**
  Pang Siew Heng – Independent Non-Executive Director

- **Members**
  Dato' Ikmal Hijaz Bin Hashim – Independent Non-Executive Director
  Chong Jiun Shyang – Independent Non-Executive Director

The Chairman of the NRC is the Senior Independent Non-Executive Director.

The primary responsibilities of the NRC are set out in detail in its Terms of Reference which can be viewed from the Company's corporate website.

In respect of the FY2016, the NRC carried out the following activities:

- reviewed the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Company forward. The NRC is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively.

- evaluated and assessed the performance and effectiveness of the Board as a whole, the Board Committees and the performance of each individual Directors in accordance with the process for evaluating and assessment approved and adopted by the Board. The evaluation process amongst others considered whether the Directors had access to all necessary information and appropriate avenues for advice to carry out their responsibilities, whether the Committees had met its purpose, whether its composition was appropriate, and whether it had the necessary authority and processes to carry out its functions and fulfil its obligations. The Board was assessed amongst other criteria, in respect of its composition, and whether the Board had the appropriate vision, mission and strategies, whether processes and procedures were adequate and efficient to enable it to carry out its responsibilities.

  Through this process carried out by way of evaluation questionnaires, the NRC concluded that the Board's dynamics were healthy and effective and that no necessary recommendations for actions were needed.

- evaluated and assessed the independence of the Independent Directors in accordance with the process approved and adopted by the Board. Further details of this assessment is set out under section 3 on page 27 of this statement.

The NRC concluded that:

i) The Board was in a position to draw on the benefits and experience of its Directors' in the core areas of accounting, taxation and property development as well as the wide and varied business experience of its Directors.

   In areas where the Board may not be technically proficient, the Board would be able to garner advice from its consultants in the required field.

ii) The Board was also sufficiently balanced with the right mix of executive and Independent Non-Executive Directors.

iii) The Board was sufficiently diverse with:

   - the age of the directors ranging between 22 years to 66 years;
   - the directors coming from different backgrounds, profession and experience; and
   - gender diverse with two members of the female gender represented in the Board.

The NRC was therefore of the opinion that no changes need to be made to the existing structure, size and composition of the present Board and accordingly made its opinion and recommendation to the Board.

The re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors. The Constitution of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the AGM.

The above provisions are adhered to by the Board in every AGM. Information on Directors standing for re-election are outlined in the Profile of Directors covering their details of profession, directorships in other public companies and shareholdings in the Company and their attendance of the Board meetings are set forth on page 23 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

At the forthcoming 2017 AGM, Mr. Simon Sim Yow Yung and Mr. Pang Siew Heng are due to retire by rotation under Article 109 of the Constitution and being eligible have offered themselves for re-election. Following its review on the performance of the two Directors and having noted their significant and valued contributions to the Board, the NRC had recommended their re-election to the Board and the Board had concurred with such recommendation and are recommending that shareholders re-elect the said Directors at the forthcoming 2017 AGM.

The NRC also recommended and defined the criteria to be taken into considerations for appointment of new directors. The following are the key criteria for evaluation and selection of new board candidate:

- Age;
- Industrial/Business experience, skillsets and knowledge;
- Academic qualifications;
- Expected contributions anticipated to be required for any new ventures or business of the Group; and
- Expected enhancement to the Board's strength and network.

Upon appointment, an induction will be provided to any new Director in order to enable him/her to fit into the new board and to contribute and discharge his/her duties effectively.

In Respect of Remuneration Responsibilities

The NRC and Board are mindful of the need to remunerate and retain its Directors to ensure that their commitment remains and therefore their remuneration package is directly linked to their performance, service, seniority, experience and scope of responsibilities.

During the year under review, the Board formalised and adopted a remuneration policy framework and terms of employment for the Board to attract and retain Directors which is aligned with the Group's business strategy and long term objectives taking into consideration that the remuneration of the Directors should reflect the Director's responsibilities and the respective individual's experience and expertise.

The details of the Directors' remuneration for the FY2016 are summarised below:

Group Level:

Directors	Salaries and other emoluments (RM)	Fees (RM)	Total (RM)
EXECUTIVE DIRECTORS	531,900	-	531,900
NON-EXECUTIVE DIRECTORS	37,000	181,366	218,366
TOTAL	568,900	181,366	750,266

Company Level:

Directors	Salaries and other emoluments (RM)	Fees (RM)	Total (RM)
EXECUTIVE DIRECTORS	-	-	-
NON-EXECUTIVE DIRECTORS	37,000	181,366	218,366
TOTAL	37,000	181,366	218,366

The number of directors whose total remuneration fell within the following bands for the FY2016 was as follows:

Range of Remuneration	No. of Directors	
	Executive	Non-Executive
Below RM50,000	-	2
RM50,001-RM100,000	1	-
RM100,001-RM150,000	1	1
RM150,001-RM200,000	2	-
TOTAL	4	3

3. BOARD INDEPENDENCE

• Assessment of Independent Directors

The Board has adopted a policy and procedures for the assessment of its Independent Directors annually.

The assessment carried out by the NRC apart from looking at the criteria and definition of an Independent Director set out under the Listing Requirements of the Main Market of Bursa Malaysia Securities Berhad, also considers:

- whether the Independent Directors have developed, established or maintained any significant relationship which would impair their independence as an Independent Director with the Executive Directors and Major Shareholders other than normal engagements and interactions on a professional level consistent and expected of them to carry out their duties as Independent Non-Executive Directors, Chairman or member of the Board's Committees;
- whether the Independent Directors have engaged in any transactions with the Group; and
- whether the Independent Directors have devoted sufficient time commitment and desire to serve.

Independence is important and crucial for ensuring objectivity and fairness in the Board's decision making process.

The Board has adopted the best practices for assessing the independence of Independent Directors annually and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. When the Board retains an Independent Director who has served in that capacity for more than nine (9) years, the Board would justify its decision and seek shareholders' approval.

The Board Charter provides that each Director is expected to advise the Chairman immediately if he is no longer independent. Any Director who have any concerns about the independence of a Director shall immediately raise the issue during a Board meeting. The Company will make an immediate announcement to Bursa Malaysia when an Independent Director loses his independent status.

As at the reporting date, Dato' Ikmal Hijaz Bin Hashim and Mr. Pang Siew Heng were appointed as Independent Non-Executive Director on 26 February 2016 while Mr. Chong Jiun Shyang was appointed as Independent Non-Executive Director on 28 March 2016.

STATEMENT ON CORPORATE GOVERNANCE

4. CODE OF BUSINESS CONDUCT AND ETHICS

MBWG's Code of Business Conduct and Ethics sets out the standards of ethical behaviour and values expected of Directors and employees and serves as a guide and reference in the course of the performance of their responsibilities.

The Board has implemented appropriate processes and systems to support, promote and ensure its compliance. The Board through the NRC will periodically review the Code which is available on the Company's corporate website.

The Board has also adopted a Whistle Blowing Policy ("WBP") which sets out the disclosure procedures and protection for whistle blowers to meet the Group's ethical obligations. Employees and stakeholders are encouraged to raise any serious concerns they have on any suspected misconduct or malpractices without fear of victimisation in a responsible manner rather than avoiding or overlooking them.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board is responsible for ensuring the proper maintenance of the accounting records of the Group. The Group's financial reporting in the form of quarterly and annual financial statements present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee assists the Board in ensuring the information disclosed is accurate, adequate and complies with all applicable Financial Reporting standards.

The Board's Audit Committee has adopted a policy and procedure to assess the suitability and independence of its External Auditors. As part of these procedures, the External Auditors will be required to make a declaration to the Audit Committee and Board to confirm that they are and have been independent throughout the conduct of the audit engagement.

The assessment was carried out in March 2017 in respect of FY2016. Following this review the Audit Committee and Board were satisfied with the independence of the External Auditors and their performance.

6. STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the Annual Audited Financial Statements which give a true and fair view of the state of affairs of the Group and will ensure that they are presented in accordance with the provisions of the Companies Act, 2016 and the applicable approved accounting standards in Malaysia.

In the preparation of the Financial Statements for the FY2016, the Directors are satisfied that the Group had used appropriate accounting policies that were consistently applied and supported by reasonable and prudent judgement and estimates.

7. RECOGNISE AND MANAGE RISKS

As mentioned earlier, the Board and Audit Committee are assisted by the Executive Directors and its Finance Department to maintain its risk management system, which is reviewed and updated constantly to safeguard shareholders' investments and the Group's assets.

The Group's internal audit function has been outsourced to an external consultant which reports directly to the Audit Committee.

The internal audit function currently reviews and appraises the risk management and internal control processes of the Group. The Statement on Risk Management and Internal Control set out on pages 35 to 36 of this Annual Report provides an overview of the Group's approach to ensuring the effectiveness of the risk management and internal processes within the Group.

8. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board acknowledges the importance of ensuring that it has in place, appropriate corporate disclosure policies and procedures which leverages on information technology as recommended by the Code.

The Board's Corporate Disclosure Policy and Procedures which complies with the disclosure requirements as set out in Bursa Malaysia's Main Market Listing Requirements, guided by Bursa's Corporate Disclosure Guide (Issued on 22 September 2011) can be viewed on the Company's website.

9. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

As stated earlier, the Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended by the Code.

This includes the Chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the company during Annual General Meetings.

10. COMPLIANCE STATEMENT

The Board recognises and views that Corporate Governance is an ongoing process and is of the view that the Company has substantially complied with the recommendations of the Code and will take appropriate steps towards embracing the Principles and Recommendations under the Code at a pace and time frame consistent with the size, priority and dynamics of the Group.

AUDIT COMMITTEE REPORT

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee (AC) of MB World Group Berhad ("the Company") is comprised wholly of Non-Executive Directors as follows:

Mr. Chong Jiun Shyang (Chairman)
Independent Non-Executive Director

Dato' Ikmal Hijaz Bin Hashim (Member)
Independent Non-Executive Director

Mr. Pang Siew Heng (Member)
Independent Non-Executive Director

Mr. Chong Jiun Shyang, the Chairman, is a member of the Malaysian Institute of Accountants. The Company is in compliance with Paragraph 15.09 (1)(c)(i) of the Main Market Listing Requirements ("Listing Requirements").

SECRETARY

The secretaries to the AC are the Company Secretaries of the Company.

TERMS OF REFERENCE

The detailed Terms of Reference of the AC outlining the composition, duties and functions, authority and procedures of the AC are published and available on the Company's website at www.mbworld.com.my.

During the 3rd Quarter meeting on 28 November 2016, the AC reviewed its terms of reference and updated its terms of reference to be in line with amendments made to Paragraph 15.12(1)(g)(ii) of the Listing Requirements to enhance the role of the AC which came into effect on 1 July 2016.

The AC is now required amongst others to review significant matters highlighted including financial reporting issues, significant judgements made by the Management, significant and unusual events or transactions and how these matters are addressed.

MEETINGS

The attendance record of all members of the AC during the Financial Year Ended 31 December 2016 ("FY2016") at meetings of the AC are as follows:

Name of Directors	Number of Meetings Attended	Percentage of Attendance (%)
Mr. Chong Jiun Shyang	7/7	100
Dato' Ikmal Hijaz Bin Hashim	7/7	100
Mr. Pang Siew Heng	7/7	100

The agenda for meetings, the relevant reports and papers were furnished to all AC members by the Secretary after consultation with the AC Chairman in advance to facilitate effective deliberation and decision making at the respective meetings.

During its scheduled quarterly meetings, the AC reviewed the risk management and internal control processes (with the assistance of its outsourced Internal Audit Function), the Interim and Year-end Financial Report, the Internal and External Audit Plans and Reports, Related Party Transactions ("RPT"), and all other areas within the scope of responsibilities of the AC under its Terms of Reference.

All issues and challenges were deliberated during AC meetings before arriving at any decisions, conclusions or recommendations and brought to the attention of the Board where necessary. The minutes of these deliberations and its resultant decisions, conclusions or recommendations at each AC meeting were properly minuted by the Company Secretary and subsequently elevated to the Board for review and notation.

The Executive Director in charge of Finance, who currently carries out the functions of the Chief Financial Officer and the Head of the respective operating subsidiaries were invited to, and attended all AC meetings to facilitate direct communication and interaction as well as provide clarifications on audit, financial and operational issues.

The representatives of the outsourced Internal Audit Function attended the AC meetings to table their respective Internal Audit reports.

The External Auditors of the Company represented by their Engagement Partner and the Audit Manager leading the audit attended AC meetings to present their Audit Planning Memorandum and Audit Review Memorandum.

SUMMARY OF ACTIVITIES

In respect of the FY2016, the AC in discharging its duties and functions carried out activities which are summarised broadly as follows:

a) Internal Audit

Following the completion of the Mandatory General Offer by Kim Feng Capital Sdn. Bhd., Messrs. Russell Bedford Malaysia Business Advisory Sdn. Bhd. ceased to provided their services as the outsource Internal Auditors.

AUDIT COMMITTEE **REPORT**

On 29 June 2016, the AC decided to continue outsourcing its Internal Audit Function to a professional internal audit services firm. The primary responsibility of this Internal Audit Function is to assist the Board and the AC in reviewing and assessing whether the management systems of internal control procedures are adequate and effective as well as provide recommendations to strengthen these internal control procedures so as to foster a strong control environment. Pursuant to the appointment, the outsourced Internal Auditor on 29 August 2016, tabled the Internal Audit Plan for year 2016 to the AC. The Internal Audit Plan was developed in consideration of the Group's risk profile and the Board and Management's concerns.

The internal audit plan was reviewed and approved together with the Internal Auditor to ensure that the scope and coverage of the internal audit on the operations of the Group remains adequate with major risk covered.

The Internal Audit Function has organised its work in accordance to the principles of the internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns.

On 28 November 2016, the Internal Auditors tabled the report for the AC's review covering the process and internal controls in respect of the Sales and Marketing Department for its property development division. The report focused on the sales cycle, assessed the effectiveness of internal control and performed testing to ensure the internal controls have been complied with by the Sales and Marketing Department.

On 23 February 2017, the Internal Auditors tabled a second report for the AC's review covering the process and internal controls in respect of the Project Management Department for its property development division focusing on understanding the standard operating procedures of project planning and award of contracts to sub-contractor.

Both reports outlined the audit objective, scope of work, source of information, restriction, conduct of internal audit, list of observation, risk status of findings together with the Internal Auditors' recommendations and the Management's response.

The total cost incurred during the FY2016 for the Internal Audit Function of the Group was RM31,800.

b) Financial Reporting

In overseeing and discharging its responsibilities in respect of financial reporting, the AC:

i. Reviewed the financial positions, quarterly interim financial reports and announcements for the respective financial quarters prior to submission to the Board for consideration and approval. The 1st, 2nd, 3rd and 4th Quarter Interim Financial Reports were tabled at the AC meetings held on 25 May 2016, 29 August 2016, 28 November 2016 and 23 February 2017.

ii. Ensured the quarterly reports and Audited Financial Statements ("AFS") were prepared in compliance with the Malaysian Financial Reporting Standard ("MFRS"), International Financial Reporting Standards, and the Requirements of the Companies Act 1965 Malaysia while the quarterly reports took into consideration Paragraph 9.22 including Appendix 9B of the Listing Requirements;

   Reviewed the various Board's Policies and Procedures, Board Charter, procedures for Recurrent Related Party Transactions ("RRPTs");

iii. Reviewed the External Auditors' Audit Planning Memorandum for the FY2016 which covered the engagement and reporting requirements, audit approach, areas of audit emphasis, significant events during the financial year, communication with the management, engagement team, the reporting and deliverables as well as the proposed audit fees;

iv. Reviewed the External Auditors' findings and recommendations for the FY2016 on 23 February 2017 and the AFS for the FY2016 on 28 March 2017;

v. Reviewed RPT entered into by the Company and its subsidiaries during its AC meetings on 25 May 2016, 29 August 2016, 28 November 2016 and 23 February 2017.

   Reviewed and approved of the draft Circular to Shareholders in respect of the RPT for acquisition of the entire equity interest in Cocoa Valley Development Sdn. Bhd., including the Independent Advice Circular on 29 June 2016;

vi. Reviewed and approved the draft Circular to Shareholders on the proposed renewal of shareholders' mandate and proposed new shareholders' mandate for RRPT;

vii. Conducted independent meeting session with the External Auditors without the presence of Executive Board members and Management Personnel on 23 February 2017;

viii. Considered the performance of External Auditors, reviewed the independence of External Auditors and recommended to the Board for re-appointment;

ix. To ensure the integrity of the financial information, received assurance from the Executive Directors and Executive Director in charge of Finance, that:

   - Appropriate accounting policies had been adopted and applied consistently;

   - The going concern basis applied in the Annual Consolidated Financial Statements was appropriate;

   - Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs;

   - Adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRSs and Listing Requirements; and

   - The consolidated AFS and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.

x. Reviewed the Audit Committee Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control for publication in the 2016 Annual Report; and

xi. Reviewed the Statement of Risk Management and Internal Control together with the Internal Auditors and External Auditors and received assurance from the Executive Directors and Executive Director in charge of Finance that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects before recommending the Statement to the Board of Directors.

AUDIT COMMITTEE **REPORT**

c) External Audit

Messrs Crowe Horwath is the External Auditors for the Group and all its subsidiaries. Messrs Crowe Horwath led by their engagement partner presented their External Audit Planning Memorandum for the FY2016 on 28 November 2016 and had declared and confirmed that they were independent and would be independent through their audit engagement.

Subsequent to the FY2016, the AC met with the External Auditors in the absence of Management on one occasion during 23 February 2017. The AC had the opportunity to assess the co-operation extended by the Management to the External Auditors, their attitude and readiness to provide documentation and explanations, as well as the adequacy of resources in the Group's Finance Department.

There were no areas of major concern raised by Messrs. Crowe Horwath that warranted escalation to the Board. The External Auditors were also informed by the AC that should there be any significant incidents or matters detected in the course of their audits or reviews which warrant their knowledge or intervention, it shall be reported to the AC accordingly.

At the same time, Messrs Crowe Horwath had the opportunity to obtain feedback from the AC on their perspectives on the areas of major concerns, which they would like the External Auditors to look into.

The non-audit fees paid to the External Auditors amounting to RM81,812 for the FY2016. The non-audit fees were in respect of services rendered in respect of tax compliance and advisory services, advisory fee in relation to the corporate exercise for the acquisition of the entire equity interest of Cocoa Valley Development Sdn. Bhd., review of the Statement on Risk Management and Internal Control and acting as the Scrutineer for the Extraordinary General Meeting held on 7 September 2016.

The AC carried out an assessment of the performance and suitability of Messrs Crowe Horwath based on the quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit. The AC has been generally satisfied with the independence, performance and suitability of Messrs Crowe Horwath based on the assessment and are recommending to the Board and shareholders for approval for the re-appointment of Messrs Crowe Horwath as External Auditors for the Financial Year Ending 31 December 2017.

CORPORATE GOVERNANCE PRACTICES

Apart from discharging its duties with respect to the internal audit, financial reporting and external audit, the AC also reviewed the disclosures made in respect of the financial results and Annual Report of the Company in line with the principles and spirit set out in the Malaysian Code on Corporate Governance 2012, other applicable laws, rules, directives and guidelines.

During the FY2016, the AC took note and reviewed the 2016 Analysis of Corporate Governance Disclosures in Annual Reports conducted by Bursa Malaysia based on Annual Reports issued by listed issuers vide their letter dated 19 December 2016.

The review and analysis carried out by Bursa Malaysia was to assess the level and quality of the Corporate Governance Disclosures by listed issuers.

The Group's Corporate Governance Disclosure scores and a detailed report of Bursa Malaysia's findings were tabled to the AC on 23 February 2017, reviewed and noted together with appropriate recommendations for the Board's further action. The Group has since reviewed and enhanced its governance practices accordingly which is described in more detail in the Board's Statement of Corporate Governance on pages 18 to 29 of this Annual Report.

In addition, before finalising the various governance disclosures in the Annual Report, the AC together with all other Board Members and Management had reviewed the Corporate Governance Statement, AC Report, Statement on Risk Management and Internal Control together with other compliance disclosures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of a public listed company should establish a sound risk management framework and internal control system to safeguard shareholders' investment and the Group's assets. The system of risk management and internal control covers not only financial controls but operational and compliance controls as well. This Statement on Risk Management and Internal Control is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Group has requested that the External Auditors to review this Statement on Risk Management and Internal Control in accordance with Recommended Practice Guide ("'RPG'") 5 issued by the Malaysian Institute of Accountants. The Board is pleased to note that External Auditors find this Statement to be consistent with their understanding of the risk management and internal control processes implemented by the Group during their review.

BOARD ROLES AND RESPONSIBILITIES

The Board acknowledges its overall responsibility for the Group's risk management and internal control system and has in place an on-going process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of business objectives and strategies during the financial year and up to the date of approval of this statement for inclusion in the Annual Report. The risk management and internal control system are designed to manage, rather than eliminate the risk that may impede the achievement of the Group's business objectives and strategies. Due to the inherent limitations of internal controls, the system can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board also takes into consideration the need to balance the business risks and the potential returns to stakeholders in its daily operations, with the dynamic business climate it operates in. The Board recognises the need for a concerted effort from Management, head of department and senior staff members in ensuring that the integrity, effectiveness and adequacy of the control mechanism are monitored and maintained throughout the financial period.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

During the financial year under review, the Group monitored significant risks and implemented risk mitigation strategies on an ongoing basis through its Executive Directors and management within its risk parameters.

The Board through its Executive Directors and Senior Management of the Group are responsible for assessing and managing the risks of their respective business units, operational units and departments. Significant issues and risks are discussed during Executive Management Meetings attended by Executive Directors and Senior Management Personnel. This process has been in place during the year under review and up to the date of approval of this statement for inclusion in the Annual Report.

KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL SYSTEM

The key elements of the Group's risk management and internal control system are summarised as follows:

1. Roles and responsibilities of the Board are defined in the Board's Charter;

2. The Board and the Audit Committee meet every quarter to discuss matter(s) raised by Management and/or Internal Audit on potential risks and control issues in relation to the Group's businesses and operations;

3. The Board has established and documented a Schedule of Matter reserved for the Board to facilitate the effective reporting and operation of the Board at regular Board Meeting. Major capital investment, acquisition, disposals or any other transaction that are not in the ordinary course of business exceeding a certain threshold must be referred to the Board for approval;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

4. Management reports to the Board on material findings and/or variances, if any, and the Board will review their implications to the Group and advise accordingly;

5. Annual budgeting process is in place and performance is monitored on an ongoing basis;

6. Senior Management attends Management Meetings on a regular basis to address budgets, operational and financial performance, business planning, control environment and other key issues;

7. Key personnel from respective subsidiaries provide monthly reports to the corporate office on the subsidiaries' performance;

8. Communication channels have been established between subsidiaries, business units, divisions and employees through internal memorandums, staff briefings and operational meetings to achieve the Group's overall business objectives; and

9. Close and active involvement of the Executive Directors on the day-to-day business operations of the Group.

The Executive Directors are accountable to the Board for implementing and monitoring the processes in identifying, evaluating, monitoring and reporting of risks and internal control deficiencies, taking appropriate and timely corrective actions as required and for providing assurance to the Board that the necessary processes have been carried out. All of the Executive Directors have given assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit Function, which is outsourced to a firm of professionals, assists the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system. To ensure independence from Management, the Internal Auditors report directly to the Audit Committee.

The Internal Audit Plan is approved by the Audit Committee and Audit Reports and the Status of the Audit Plan are presented to the Audit Committee. Audits are carried out on a risk-based approach, in cognisance with the Group's objectives and policies in the context of its evolving business and regulatory environment, taking into consideration input of the Senior Management and the Board. Significant findings and recommendations for improvements are highlighted to the Audit Committee, with periodic follow-up and reviews of action plans.

During the financial year under review, two cycles of internal audit were carried out for the Group. The cost incurred for the Internal Audit Function for the Financial Year Ended 31 December 2016 amounted to approximately RM31,800.

FINANCIAL REPORTS

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the current financial year.

RESULTS

	THE GROUP RM	THE COMPANY RM
Profit/(Loss) after tax for the financial year	15,789,621	(2,646,369)
Attributable to:		
Owners of the Company	15,831,241	(2,646,369)
Non-controlling interests	(41,620)	–
	15,789,621	(2,646,369)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the financial year ended 31 December 2016.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

During the financial year:

(a) the Company increased its authorised share capital from RM50,000,000 to RM500,000,000 by the creation of 900,000,000 new ordinary shares of RM0.50 each;

(b) there were no changes in the issued and paid-up share capital of the Company; and

(c) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the making of additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 32 to the financial statements. At the date of this report, there does not exist:

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

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

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

DIRECTORS' REPORT

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

Cindi Sim
Ng Liang Khiang
Chong Jiun Shyang
Dato' Ikmal Hijaz Bin Hashim
Simon Sim Yow Yung
Pang Siew Heng
Wong Yean Ni

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:

	|------ Number of Ordinary Shares of RM0.50 each ------|			
	At 1.1.2016	**Bought**	**Sold**	**At 31.12.2016**
Shares in the Company				
Direct Interests				
Cindi Sim	920,000	–	–	920,000
Indirect Interests				
Cindi Sim*	17,253,000	31,230,000	(1,830,000)	46,653,000
Ng Liang Khiang^	–	1,535,000	–	1,535,000
Simon Sim Yow Yung#	18,173,000	31,230,000	(1,830,000)	47,573,000

DIRECTORS' INTERESTS (CONT'D)

* Deemed interested by virtue of her direct substantial shareholdings in Kim Feng Capital Sdn. Bhd. ("KFCSB") as well as her family members' direct shareholdings in the Company.

^ Deemed interested through his family member's direct shareholdings in the Company.

Deemed interested by virtue of his direct substantial shareholdings in KFCSB as well as his family members' direct shareholdings in the Company.

By virtue of their shareholdings in the Company, Cindi Sim and Simon Sim Yow Yung are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares and options over shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the benefits shown under the Directors' Remuneration section of our report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 33 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration are disclosed in Note 34 to the financial statements.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

The auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

None of the subsidiaries had any interest in shares in the Company during the financial year. Their interests in shares in other related corporations are disclosed in Note 7 to the financial statements.

DIRECTORS' REPORT

AUDITORS' REMUNERATION

During the financial year, the total amount paid to or receivable by the auditors as remuneration for their services was RM148,000 as disclosed in Note 24 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 37 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 38 to the financial statements.

HOLDING COMPANY

The holding company is Kim Feng Capital Sdn. Bhd., a company incorporated in Malaysia.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 28 March 2017.

Cindi Sim **Ng Liang Khiang**

STATEMENT BY **DIRECTORS**

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

We, Cindi Sim and Ng Liang Khiang, being two of the directors of MB World Group Berhad (Formerly known as Emas Kiara Industries Berhad), state that, in the opinion of the directors, the financial statements set out on pages 49 to 126 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out on page 127, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 28 March 2017.

Cindi Sim **Ng Liang Khiang**

STATUTORY **DECLARATION**

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

I, Wong Yean Ni, being the director primarily responsible for the financial management of MB World Group Berhad (Formerly known as Emas Kiara Industries Berhad), do solemnly and sincerely declare that the financial statements set out on pages 49 to 126 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Wong Yean Ni, at Johor Bahru in the state
of Johor on this 28 March 2017.

Before me **Wong Yean Ni**

Mejar (B) Noorzrin Mohd Noor
No. J079
Commissioner of Oaths

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF MB WORLD GROUP BERHAD
(FORMERLY KNOWN AS EMAS KIARA INDUSTRIES BERHAD)
(INCORPORATED IN MALAYSIA)
COMPANY NO: 485144 - H

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of MB World Group Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 126.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue and profit recognition from property development projects Refer to Note 21 in the financial statements.	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Group's property development division recognises revenue and cost by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. This requires the use of estimates, namely project development revenue and cost. Significant judgement is required in determining the completeness and accuracy of the estimates. Substantial changes to project development revenue and cost estimates in the future can have a significant effect on the Group's results.	To address this risk, our audit procedures included, amongst others: • Making inquiries and obtaining an understanding from management on the procedures and controls in relation to the estimation of and revision to the project development revenue and cost. • Reviewing the reasonableness of the estimated project development revenue by comparing the selling prices of units sold to the estimated selling prices of unsold units. • Reviewing the reasonableness of the estimated project development cost by reviewing the contract works awarded, assessing the basis of estimation for contract works not awarded and comparing to the actual costs incurred up to the end of the reporting period.

Goodwill impairment Refer to Note 9 in the financial statements.	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
We focused on this area because the Group carries goodwill amounting to RM4.16 million in connection with the acquisition of MB Max Sdn. Bhd. Determining the level of impairment involves forecasting and discounting future cash flows and estimation of recoverable amounts which are inherently uncertain.	Our audit procedures included, amongst others: • Reviewing the cash flow projections prepared by management and identified the key assumptions used in the projections. • Assessing the reasonableness of the key assumptions used for the projections. • Performing a stress test on the key assumptions used in the projections.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MB WORLD GROUP BERHAD
(FORMERLY KNOWN AS EMAS KIARA INDUSTRIES BERHAD)
(INCORPORATED IN MALAYSIA)
COMPANY NO: 485144 - H

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MB WORLD GROUP BERHAD
(FORMERLY KNOWN AS EMAS KIARA INDUSTRIES BERHAD)
(INCORPORATED IN MALAYSIA)
COMPANY NO: 485144 - H

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

Other Reporting Responsibilities

The supplementary information set out in Note 40 on page 127 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Crowe Horwath
Firm No : AF 1018
Chartered Accountants

Wong Tak Mun
Approval No : 01793/09/2018 J
Chartered Accountant

28 March 2017
Johor Bahru

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	NOTE	THE GROUP 2016 RM	THE GROUP 2015 RM (Restated)	THE COMPANY 2016 RM	THE COMPANY 2015 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	**11,298,495**	12,404,967	**58,113**	191,893
Investments in subsidiaries	7	**–**	–	**9,952,998**	12,246,666
Investment in an associate	8	**–**	2,246	**–**	–
Goodwill	9	**4,160,547**	4,160,547	**–**	–
Other investments	10	**50,000**	50,000	**–**	–
Trade and other receivables	11	**–**	279,219	**–**	–
		15,509,042	16,896,979	**10,011,111**	12,438,559
CURRENT ASSETS					
Property development cost	13	**36,612,259**	53,936,807	**–**	–
Inventories	14	**1,141,929**	1,763,261	**–**	–
Trade and other receivables	11	**53,204,713**	52,879,771	**48,648,802**	47,303,568
Current tax assets		**305,258**	3,164,025	**3,938**	4,975
Cash and cash equivalents	15	**23,120,609**	21,870,725	**16,021,415**	17,299,430
		114,384,768	133,614,589	**64,674,155**	64,607,973
TOTAL ASSETS		**129,893,810**	150,511,568	**74,685,266**	77,046,532
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	**45,929,950**	45,929,950	**45,929,950**	45,929,950
Reserves	17	**48,248,128**	32,343,885	**22,305,040**	24,951,409
Equity attributable to owners of the Company		**94,178,078**	78,273,835	**68,234,990**	70,881,359
Non-controlling interests		**–**	181,601	**–**	–
TOTAL EQUITY		**94,178,078**	78,455,436	**68,234,990**	70,881,359
NON-CURRENT LIABILITIES					
Borrowings	18	**3,405,132**	4,575,374	**–**	–
Deferred tax liabilities	19	**2,442,072**	5,712,014	**25,000**	25,000
Trade and other payables	20	**–**	438,708	**–**	–
		5,847,204	10,726,096	**25,000**	25,000
CURRENT LIABILITIES					
Trade and other payables	20	**26,919,615**	58,977,225	**6,425,276**	6,140,173
Borrowings	18	**1,210,029**	2,352,811	**–**	–
Current tax liabilities		**1,738,884**	–	**–**	–
		29,868,528	61,330,036	**6,425,276**	6,140,173
TOTAL LIABILITIES		**35,715,732**	72,056,132	**6,450,276**	6,165,173
TOTAL EQUITY AND LIABILITIES		**129,893,810**	150,511,568	**74,685,266**	77,046,532

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	NOTE	THE GROUP 2016 RM	THE GROUP 2015 RM (Restated)	THE COMPANY 2016 RM	THE COMPANY 2015 RM
CONTINUING OPERATIONS					
REVENUE	21	**122,697,018**	43,931,971	**–**	–
COST OF SALES	22	**(87,775,026)**	(36,764,394)	**–**	–
GROSS PROFIT		**34,921,992**	7,167,577	**–**	–
OTHER INCOME		**2,421,103**	1,244,163	**428,735**	7,236,465
DISTRIBUTION COSTS		**(1,513,648)**	(610,442)	**–**	–
ADMINISTRATIVE EXPENSES		**(7,247,632)**	(5,058,662)	**(367,072)**	(415,651)
OTHER EXPENSES		**(3,503,501)**	(2,789,457)	**(2,708,032)**	(2,941,078)
FINANCE COSTS	23	**(622,151)**	(272,884)	**–**	–
PROFIT/(LOSS) BEFORE TAX	24	**24,456,163**	(319,705)	**(2,646,369)**	3,879,736
INCOME TAX EXPENSE	25	**(8,564,027)**	(464,330)	**–**	–
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**15,892,136**	(784,035)	**(2,646,369)**	3,879,736
DISCONTINUED OPERATIONS					
(LOSS)/PROFIT AFTER TAX FROM DISCONTINUED OPERATIONS	26	**(102,515)**	6,037,327	**–**	–
PROFIT/(LOSS) AFTER TAX		**15,789,621**	5,253,292	**(2,646,369)**	3,879,736
OTHER COMPREHENSIVE INCOME					
Item that may be reclassified subsequently to profit or loss					
- foreign currency translation		**109,335**	72,306	**–**	–
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR		**15,898,956**	5,325,598	**(2,646,369)**	3,879,736

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

	NOTE	THE GROUP 2016 RM	THE GROUP 2015 RM	THE COMPANY 2016 RM	THE COMPANY 2015 RM
PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO:					
- Owners of the Company		**15,831,241**	5,292,727	**(2,646,369)**	3,879,736
- Non-controlling interests		**(41,620)**	(39,435)	**–**	–
		15,789,621	5,253,292	**(2,646,369)**	3,879,736
TOTAL COMPREHENSIVE INCOME/(EXPENSE) ATTRIBUTABLE TO:					
- Owners of the Company		**15,940,576**	5,365,033	**(2,646,369)**	3,879,736
- Non-controlling interests		**(41,620)**	(39,435)	**–**	–
		15,898,956	5,325,598	**(2,646,369)**	3,879,736
EARNINGS/(LOSS) PER ORDINARY SHARE (SEN)	27				
Basic:					
- continuing operations		**17.30**	(0.85)		
- discontinued operations		**(0.07)**	6.62		
Diluted:					
- continuing operations		**N/A**	N/A		
- discontinued operations		**N/A**	N/A		

N/A - Not applicable.

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

THE GROUP	|------ Attributable to owners of the Company ------|								
	|------ Non-distributable ------				|Distributable				
	Ordinary Share Capital RM	Share Premium RM	Foreign Currency Translation Reserves RM	Other Capital Reserves RM	Share Option Reserve RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Balance at 1.1.2015	45,126,200	3,230,434	58,127	749,998	189,073	22,758,101	72,111,933	232,007	72,343,940
Profit/(Loss) after tax for the financial year	–	–	–	–	–	5,292,727	5,292,727	(39,435)	5,253,292
Other comprehensive income for the financial year:									
- foreign currency translation	–	–	72,306	–	–	–	72,306	–	72,306
Total comprehensive income for the financial year	–	–	72,306	–	–	5,292,727	5,365,033	(39,435)	5,325,598
Contributions by and distribution to owners of the Company:									
- Exercise of Employee's Share Options ("ESOS")	803,750	87,777	–	–	(87,777)	–	803,750	–	803,750
- Disposal of subsidiaries (Note 29)	–	–	–	–	–	(6,881)	(6,881)	(10,971)	(17,852)
- Share Options Lapsed	–	–	–	–	(101,296)	101,296	-	–	–
Total transactions with owners of the Company	803,750	87,777	–	–	(189,073)	94,415	796,869	(10,971)	785,898
Balance at 31.12.2015/ 1.1.2016	45,929,950	3,318,211	130,433	749,998	–	28,145,243	78,273,835	181,601	78,455,436

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

THE GROUP	Attributable to owners of the Company								
	Non-distributable					Distributable			
	Ordinary Share Capital RM	Share Premium RM	Foreign Currency Translation Reserves RM	Other Capital Reserves RM	Share Option Reserve RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Balance at 31.12.2015/ 1.1.2016	45,929,950	3,318,211	130,433	749,998	–	28,145,243	78,273,835	181,601	78,455,436
Profit/(Loss) after tax for the financial year	–	–	–	–	–	15,831,241	15,831,241	(41,620)	15,789,621
Other comprehensive income for the financial year:									
- foreign currency translation	–	–	109,335	–	–	–	109,335	–	109,335
	–	–	109,335	–	–	15,831,241	15,940,576	(41,620)	15,898,956
Contributions by and distribution to owners of the Company:									
- Realisation upon disposal of subsidiaries	–	–	(266,577)	(749,998)	–	980,242	(36,333)	–	(36,333)
- Disposal of subsidiaries (Note 29)	–	–	–	–	–	–	–	(139,981)	(139,981)
Balance at 31.12.2016	45,929,950	3,318,211	(26,809)	–	–	44,956,726	94,178,078	–	94,178,078

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

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

THE COMPANY

	Non-Distributable			Distributable	
	Ordinary Share Capital RM	Share Premium RM	Share Option Reserve RM	Retained Earnings RM	Total RM
Balance at 1.1.2015	45,126,200	3,230,434	189,073	17,652,166	66,197,873
Profit after tax for the financial year	–	–	–	3,879,736	3,879,736
Contributions by and distribution to owners of the Company:					
- ESOS	803,750	87,777	(87,777)	–	803,750
- Share Options Cancelled	–	–	(101,296)	101,296	–
	803,750	87,777	(189,073)	101,296	803,750
Balance at 31.12.2015/1.1.2016	45,929,950	3,318,211	–	21,633,198	70,881,359
Loss after tax for the financial year	–	–	–	(2,646,369)	(2,646,369)
Balance at 31.12.2016	45,929,950	3,318,211	–	18,986,829	68,234,990

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	NOTE	THE GROUP 2016 RM	THE GROUP 2015 RM	THE COMPANY 2016 RM	THE COMPANY 2015 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before tax:					
- continuing operations		**24,456,163**	(319,705)	**(2,646,369)**	3,879,736
- discontinued operations		**(102,515)**	6,044,727	**–**	–
		24,353,648	5,725,022	**(2,646,369)**	3,879,736
Adjustments for:					
Allowance for impairment losses on:					
- receivables	11	**1,280,760**	927,849	**–**	–
- investments in subsidiaries	24	**–**	–	**–**	1,657,823
Bad debts written off	24	**578,980**	–	**–**	–
Depreciation of property, plant and equipment	6	**682,864**	608,615	**30,201**	25,541
Fair value adjustment on long term trade receivable	23, 24 & 26(a)	**(326,701)**	227	**–**	–
Fair value adjustment on long term trade payable	23, 24 & 26(a)	**359,003**	(68,313)	**–**	–
Interest expense	23 & 26(a)	**280,296**	348,008	**–**	–
Interest income	24 & 26(a)	**(565,212)**	(615,054)	**(427,889)**	(497,368)
Inventories written down	24 & 26(a)	**38,355**	218,867	**–**	–
Loss/(Gain) on disposal of:					
- property, plant and equipment	24 & 26(a)	**142,739**	14,417	**–**	–
- investments in subsidiaries	24 & 26(a)	**(823,376)**	(8,576,348)	**298,442**	(5,672,419)
- investment in an associate	26(a)	**(7,799)**	–	**–**	–
Property, plant and equipment written off	6	**166,352**	78,860	**166,352**	–
Reversal of allowance for impairment losses on:					
- receivables	11	**(836,159)**	(755,359)	**–**	–
- amount owing by a subsidiary	24	**–**	–	**–**	(1,066,678)
Share of results of an associate	26	**(4,955)**	(230)	**–**	–
Unrealised loss/(gain) on foreign exchange	24 & 26(a)	**20,908**	(236,978)	**–**	–
Write-back in value of inventories	24	**(40,555)**	(120,903)	**–**	–
Operating profit/(loss) before working capital changes		**25,299,148**	(2,451,320)	**(2,579,263)**	(1,673,365)

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

STATEMENTS OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		THE GROUP		THE COMPANY	
	NOTE	2016 RM	2015 RM	2016 RM	2015 RM
Operating profit/(loss) before working capital changes		**25,299,148**	(2,451,320)	**(2,579,263)**	(1,673,365)
(Decrease)/Increase in inventories		**(414,245)**	632,934	**–**	–
Decrease in property development cost		**15,329,506**	289,843	**–**	–
(Increase)/Decrease in trade and other receivables		**(8,407,836)**	(2,743,712)	**42,195**	34,625,878
(Decrease)/Increase in trade and other payables		**(22,652,216)**	11,991,490	**(338,852)**	(1,273,444)
Cash generated from/(for) operations		**9,154,357**	7,719,235	**(2,875,920)**	31,679,069
Interest paid		**(280,296)**	(348,008)	**–**	–
Tax (paid)/refunded		**(5,820,256)**	(320,836)	**1,037**	58,291
NET CASH FROM/(FOR) OPERATING ACTIVITIES		**3,053,805**	7,050,391	**(2,874,883)**	31,737,360
CASH FLOWS FOR INVESTING ACTIVITIES					
Incorporation of new subsidiaries	7	**–**	–	**(750,002)**	–
Increase in fixed deposits with original maturity period of more than 3 months		**(307,304)**	–	**(2,018,279)**	–
Interest received		**565,212**	615,054	**427,889**	497,368
Net cash inflows from disposal of subsidiaries	29	**966,759**	38,231,059	**–**	–
Net cash outflows from acquisition of a subsidiary	28	**–**	(44,264,030)	**–**	(69,200)
Net increase in placement of fixed deposits to licensed banks		**–**	(1,308,260)	**–**	(248,450)
Proceeds from disposal of:					
- property, plant and equipment		**97,171**	7,000	**–**	–
- subsidiaries	29	**–**	–	**2,745,228**	11,672,419
- an associate		**15,000**	–	**–**	–
Purchase of property, plant and equipment	6(a)	**(3,249,429)**	(435,116)	**(62,773)**	–
Repayment to subsidiaries		**–**	–	**(1,387,429)**	(40,966,706)
NET CASH FOR INVESTING ACTIVITIES		**(1,912,591)**	(7,154,293)	**(1,045,366)**	(29,114,569)
BALANCE CARRIED FORWARD		**1,141,214**	(103,902)	**(3,920,249)**	2,622,791

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

		THE GROUP		THE COMPANY	
		2016	2015	2016	2015
	NOTE	RM	RM	RM	RM
BALANCE BOUGHT FORWARD		**1,141,214**	(103,902)	**(3,920,249)**	2,622,791
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Advances from subsidiaries		**–**	–	**623,955**	–
Net drawdown/(repayment) of term loans		**832,362**	(83,024)	**–**	–
Proceeds from exercise of employees' share options		**–**	803,750	**–**	803,750
Repayment of short term borrowings		**–**	(659,000)	**–**	–
Repayment of hire purchase obligations		**(226,210)**	(412,037)	**–**	–
NET CASH FROM/(FOR) FINANCING ACTIVITIES		**606,152**	(350,311)	**623,955**	803,750
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,747,366**	(454,213)	**(3,296,294)**	3,426,541
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		**200,935**	(352,795)	**–**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**17,370,606**	18,177,614	**16,999,430**	13,572,889
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	15(c)	**19,318,907**	17,370,606	**13,703,136**	16,999,430

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. CORPORATE INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is in Malaysia. The registered office and principal place of business are as follows:

Registered office	:	Suite 5.11 & 5.12, 5th Floor Menara TJB, No. 9, Jalan Syed Mohd Mufti, 80000 Johor Bahru, Malaysia.
Principal place of business	:	Unit 5.01, Level 5, Plaza DNP, No. 59, Jalan Dato Abdullah Tahir, 80250 Johor Bahru, Malaysia.

The financial statements were authorised for issue by the Board of the Directors in accordance with a resolution of the directors on 28 March 2017.

2. HOLDING COMPANY

The holding company is Kim Feng Capital Sdn. Bhd., a company incorporated in Malaysia.

3. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the current financial year.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

4.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):

MFRSs and IC Interpretations (Including The Consequential Amendments)
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception
Amendments to MFRS 101: Disclosure Initiative
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants
Amendments to MFRS 127: Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

4. BASIS OF PREPARATION (CONT'D)

4.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transaction and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	
• Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is currently assessing the financial impact of adopting MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(c) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(e) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(f) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(g) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. This includes the fair value estimates for the right to a return in respect of the guaranteed profit as set out in Note 7(vi) to the financial statements.

While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(h) Profit Recognition of Property Development and Construction Contract Activities

The Group recognises property development and construction contract revenue and costs by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred. Substantial changes in property development cost estimates in the future can have a significant effect on the Group's results. In making the judgement, the Group evaluates and relies on past experience.

5.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes In Ownership Interests In Subsidiaries Without Change of Control

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

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

5.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations (Cont'd)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

5.5 FINANCIAL INSTRUMENTS

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

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

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

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

(ii) Held-to-maturity Investments

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

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

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

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Ordinary shares are classified as equity which are measured at cost and are not remeasured subsequently. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(e) Financial Guarantee Contracts

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

The Group and the Company designates performance bond granted in favour of third parties for contract work undertaken by the Group and corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group and the Company recognises these performance bonds and corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5.6 INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5.7 INVESTMENT IN AN ASSOCIATE

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up at the end of the reporting period. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 INVESTMENT IN AN ASSOCIATE (CONT'D)

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate into profit or loss when the equity method is discontinued.

5.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at cost less impairment losses recognised, if any, and is not depreciated.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Buildings	2%
Plant and machinery	4% - 12%
Motor vehicles	20%
Furniture and equipment	8% - 40%
Renovation	10%

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

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

Capital work-in-progress represents progress payments made towards the acquisition of land and building and related capital asset which are not ready to commercial use at the end of reporting date. Capital work-in-progress is stated at cost and will be transferred to the relevant category of long-term assets and depreciated accordingly when the asset are completed and ready for commercial use. Cost of capital work-in progress includes direct costs and related expenditure.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

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

5.9 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets and contract assets (other than those categorised at fair value through profit or loss, investments in subsidiaries and investment in an associate), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets (Cont'd)

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

5.10 LEASED ASSETS

Finance Lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

5.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

5.12 DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

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

5.14 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 INCOME TAXES (CONT'D)

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST. However, when the GST incurred are related to purchases of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

Receivables and payables are stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

5.15 BORROWING COSTS

Borrowing costs that directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

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

5.16 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

5.17 CONTINGENT LIABILITIES

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.18 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs, where applicable, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in development costs, where applicable, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

5.19 PROPERTY DEVELOPMENT COST

Cost is determined based on a specific identification basis. Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer.

5.20 CONSTRUCTION CONTRACTS

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to the statement of profit or loss and other comprehensive income systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligation to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted property, an impairment loss is recognised as profit or loss.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within 'trade and other receivables'.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.21 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

5.22 OPERATING SEGMENTS

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.23 EARNINGS PER ORDINARY SHARE

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

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

5.24 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1 : Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

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

Level 3 : Inputs are unobservable inputs for the asset or liability.

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

5.25 REVENUE AND OTHER INCOME

(a) Revenue from contracts with customers

Revenue which represents income arising in the course of the Group's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.25 REVENUE AND OTHER INCOME (CONT'D)

(a) Revenue from contracts with customers (Cont'd)

Recognition and measurement

At the inception of each contract with customer, the Group assesses the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with customer is recognised. A performance obligation is a promise to transfer a distinct good or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices. A good or service is distinct if:

- the customer can either benefit from the good or service on its own or together with other readily available resources; and
- the good or service is separately identifiable from other promises in the contract.

If a good or service is not distinct, the Group combines it with other promised goods or services until the Group identifies a distinct performance obligation consisting a distinct bundle of goods or services.

Revenue is measured based on the consideration specified in a contract with a customer excludes amounts collected on behalf of third parties such as sales and service taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, performance bonuses, penalties or other similar items, the Group estimates the amount of consideration that it expects to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The consideration allocated to each performance obligation is recognised as revenue when or as the customer obtains control of the goods or services. At the inception of each contract with customer, the Group determines whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Control over the goods or services are transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances a customer-controlled asset; or
- the Group's performance does not create an asset with alternative use and the Group has a right to payment for performance completed to date.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.25 REVENUE AND OTHER INCOME (CONT'D)

(a) Revenue from contracts with customers (Cont'd)

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The revenue recognition policies for each of the Group's major activities are described below:

(i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance, and the Group has a present right to payment for goods sold. Revenue is measured based on the consideration specified in a contract with customer and where applicable, net of GST, expected returns, cash and trade discounts.

(ii) Rendering of Services

Revenue is recognised in the accounting period in which the services are rendered and the customer receives and consumes the benefits provided by the Group, and the Group has a present right to payment for, the services.

(iii) Property Development Activities

Revenue is recognised progressively when property development services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress towards complete satisfaction of the performance obligation is measured based on a method that best depicts the Group's performance in satisfying the performance obligation of the contract. This is determined by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract.

When the services rendered exceed the billings to customers, a contract asset is recognised. If the billings exceed the services rendered, a contract liability is recognised.

(iv) Construction Activities

Revenue is recognised progressively when construction services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress towards complete satisfaction of the performance obligation is measured based on a method that best depicts the Group's performance in satisfying the performance obligation of the contract. This is determined by reference to the construction costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract.

When the services rendered exceed the billings to customers, a contract asset is recognised. If the billings exceed the services rendered, a contract liability is recognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.25 REVENUE AND OTHER INCOME (CONT'D)

(b) Dividend Income

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

(c) Interest Income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period of maturity, unless collectibility is in doubt, in which case it is recognised on a cash receipt basis.

6. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

2016	Freehold land RM	Buildings RM	Capital work-in-progress RM	Furniture and equipment RM	Motor vehicles RM	Plant and machinery RM	Renovation RM	Total RM
Net book value								
At 1 January 2016	814,041	5,572,736	3,350,133	334,728	1,990,144	95,621	247,564	12,404,967
Additions	–	–	2,603,760	142,948	434,088	–	470,533	3,651,329
Disposals								
- disposal during the financial year	–	–	–	–	(239,910)	–	–	(239,910)
- disposal of subsidiaries (Note 29)	–	(3,111,785)	–	(49,670)	(281,512)	(69,924)	(99,914)	(3,612,805)
Written off	–	–	–	(45,096)	–	–	(121,256)	(166,352)
Depreciation charges	–	(77,825)	–	(119,212)	(416,960)	(23,755)	(45,112)	(682,864)
Translation differences	–	(52,494)	–	(88)	–	(1,942)	(1,346)	(55,870)
At 31 December 2016	814,041	2,330,632	5,953,893	263,610	1,485,850	–	450,469	11,298,495
At 31 December 2016								
Cost	814,041	2,510,555	5,953,893	1,149,074	2,576,004	–	488,052	13,491,619
Accumulated depreciation	–	(179,923)	–	(885,464)	(1,090,154)	–	(37,583)	(2,193,124)
Net book value	814,041	2,330,632	5,953,893	263,610	1,485,850	–	450,469	11,298,495

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

THE GROUP

2015	Freehold land RM	Buildings RM	Capital work-in-progress RM	Furniture and equipment RM	Motor vehicles RM	Plant and machinery RM	Renovation RM	Total RM
Net book value								
At 1 January 2015	2,581,741	8,439,903	2,529,773	280,858	2,258,378	1	562,856	16,653,510
Additions								
- additions during the financial year	–	–	820,360	212,522	231,156	117,781	–	1,381,819
- acquisition of a subsidiary (Note 28)	–	–	–	2,579	–	–	–	2,579
Disposals								
- disposal during the financial year	–	–	–	–	(21,417)	–	–	(21,417)
- disposal of subsidiaries (Note 29)	(1,767,700)	(3,110,660)	–	(52,376)	(145,589)	–	(272,825)	(5,349,150)
Written off	–	–	–	–	(78,860)	–	–	(78,860)
Depreciation charges	–	(172,120)	–	(108,780)	(253,524)	(20,860)	(53,331)	(608,615)
Translation differences	–	415,613	–	(75)	–	(1,301)	10,864	425,101
At 31 December 2015	814,041	5,572,736	3,350,133	334,728	1,990,144	95,621	247,564	12,404,967
At 31 December 2015								
Cost	814,041	5,933,497	3,350,133	1,305,781	2,786,528	338,881	350,691	14,879,552
Accumulated depreciation	–	(360,761)	–	(971,053)	(796,384)	(243,260)	(103,127)	(2,474,585)
Net book value	814,041	5,572,736	3,350,133	334,728	1,990,144	95,621	247,564	12,404,967

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

THE COMPANY	Furniture and Equipment RM	Renovation RM	Total RM
2016			
Net book value			
At 1 January 2016	**53,118**	**138,775**	**191,893**
Additions	**6,488**	**56,285**	**62,773**
Written off	**(45,096)**	**(121,256)**	**(166,352)**
Depreciation charges	**(8,238)**	**(21,963)**	**(30,201)**
At 31 December 2016	**6,272**	**51,841**	**58,113**
At 31 December 2016			
Cost	**6,488**	**56,285**	**62,773**
Accumulated depreciation	**(216)**	**(4,444)**	**(4,660)**
Net book value	**6,272**	**51,841**	**58,113**
2015			
Net book value			
At 1 January 2015	61,140	156,294	217,434
Depreciation charges	(8,022)	(17,519)	(25,541)
At 31 December 2015	53,118	138,775	191,893
At 31 December 2015			
Cost	92,718	175,192	267,910
Accumulated depreciation	(39,600)	(36,417)	(76,017)
Net book value	53,118	138,775	191,893

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

(a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	THE GROUP		THE COMPANY	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Cost of property, plant and equipment	**3,651,329**	1,381,819	**62,773**	–
Financed by hire purchase	**(401,900)**	(141,500)	**–**	–
Financed by term loan	**–**	(805,203)	**–**	–
Cash payments	**3,249,429**	435,116	**62,773**	–

(b) As at end of the reporting period, the net book value of the Group's motor vehicles acquired under hire purchase arrangements is as follows:

	THE GROUP	
	2016	**2015**
	RM	**RM**
Motor vehicles	**964,366**	1,279,277

(c) The freehold land and buildings have been pledged to licensed financial institutions for credit facilities (other than hire purchase) granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2016 RM	2015 RM
Unquoted equity shares at cost	**18,258,928**	22,463,795
Less: Accumulated impairment losses	**(8,305,930)**	(10,217,129)
	9,952,998	12,246,666
Unquoted equity shares:		
Balance at 1 January	**22,463,795**	38,245,343
Addition during the financial year	**750,002**	69,200
Disposal during the financial year	**(4,954,869)**	(15,850,748)
Balance at 31 December	**18,258,928**	22,463,795
Deemed equity:		
Balance at 1 January	**–**	25,069,000
Repayment during the financial year	**–**	(25,069,000)
Balance at 31 December	**–**	–
Accumulated impairment losses:		
Balance at 1 January	**10,217,129**	18,410,054
Addition during the financial year	**–**	1,657,823
Disposal during the financial year	**(1,911,199)**	(9,850,748)
Balance at 31 December	**8,305,930**	10,217,129

7. INVESTMENTS IN SUBSIDIARIES (CONT"D)

During the financial year,

(a) MB World Group Berhad (Formerly known as Emas Kiara Industries Berhad) ("MBWGB"), disposed of 2,500,000 ordinary shares of RM1.00 each representing 100% equity interest in Noblecorp Builders Sdn. Bhd. ("NCB") for a total cash consideration of RM1,200,000. Consequently, NCB ceased to be a subsidiary of MBWGB.

(b) MBWGB, disposed of 1,800,000 ordinary shares of RM1.00 each representing 90% equity interest in Emas Kiara Electrical Sdn. Bhd. ("EKEL") for a total cash consideration of RM1,470,228 and settlement of outstanding shareholder loan of RM1,593,659. Consequently, EKEL ceased to be a subsidiary of MBWGB.

(c) MBWGB, disposed of 50,000 ordinary shares representing 100% equity interest in Kiaratex Exports Pte. Ltd. ("KEX") for a total cash consideration of RM75,000. Consequently, KEX ceased to be a subsidiary of MBWGB.

(d) MBWGB, has incorporated a subsidiary under the name MB World Builders Sdn. Bhd. with an authorised share capital of RM1,000,000 divided into 1,000,000 ordinary shares of RM1.00 each and an issued and paid up capital of RM750,000 into 750,000 ordinary shares of RM1.00 each.

(e) MBWGB, has incorporated a subsidiary under the name MB World Trading Sdn. Bhd. with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 each and an issued and paid up capital of RM2.00 into 2 ordinary shares of RM1.00 each.

In the previous financial year,

(i) MBWGB disposed of 4,500,000 ordinary shares of RM1.00 each representing 100% equity interest in Emas Kiara Sdn. Bhd. ("EKSB") for a total cash consideration of RM2,563,173 and settlement of outstanding shareholder loan. Consequently, EKSB ceased to be a subsidiary of MBWGB.

(ii) MBWGB, disposed of 6,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Noblecorp Lands Sdn. Bhd. ("NLSB") for a total cash consideration of RM9,109,246 and settlement of outstanding shareholder loan. NLSB who also owned 100% equity interest in Noblecorp Property (Sabah) Sdn. Bhd. ("NPSB") effectively ceased to be the subsidiaries of MBWGB.

(iii) Noblecorp Builders Sdn. Bhd. ("NBSB"), a wholly-owned subsidiary of MBWGB, disposed of 10,000 ordinary shares of RM1.00 each representing 100% equity interest in Noblecorp Construction Sdn. Bhd. ("NCC") for a total cash consideration of RM2,000. Consequently, NCC ceased to be a subsidiary of MBWGB.

(iv) Emas Kiara Electrical Sdn. Bhd. ("EKEL"), a wholly-owned subsidiary of MBWGB, disposed of 55,000 ordinary shares of RM1.00 each representing 55% equity interest in Inesa Sdn. Bhd. ("INESA") for a total cash consideration of RM28,203. Consequently, INESA ceased to be a subsidiary of MBWGB.

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

In the previous financial year, (Cont'd)

(v) NBSB, disposed of 600,000 ordinary shares of RM1.00 each representing 100% equity interest in Noblecorp Engineering Sdn. Bhd. ("NESB") for a cash consideration of RM1.00 and settlement of outstanding shareholder loan. Consequently NESB ceased to be a subsidiary of MBWGB.

(vi) Emas Kiara Properties Sdn. Bhd. ("EKP"), a wholly-owned subsidiary of MBWGB, acquired 600,000 ordinary shares of RM1.00 each representing 100% equity interest in MB Max Sdn. Bhd. ("MB Max") from MB Land Sdn. Bhd. ("MB Land") for a total cash consideration of RM45.0 million. Consequently, MB Max became a wholly owned subsidiary of MBWGB.

It was a term of the sale and purchase agreement that MB Land provide a profit guarantee for the future performance of MB Max. In this respect, MB Land, EKP and the Company had on 13 November 2014 entered into a profit guarantee agreement ("PGA").

One of the salient terms of the PGA is "In the event MB Max achieves less than the Guaranteed Profit for any of the financial years during the Guaranteed Period, the Guarantor shall be liable on demand to immediately pay the Differential Sum or such other amount which would result in MB Max achieving the Guaranteed Profit for the respective financial year or the Guaranteed Period, as the case may be.".

Guaranteed Period is defined as the financial years ended/ending ("FYE") 31 December 2015, 2016 and 2017; and Guaranteed Profit is defined as the audited after tax profit of MB Max of Ringgit Malaysia Fifteen Million (RM15,000,000.00) only for FYE 31 December 2015 and Ringgit Malaysia Sixteen Million (RM16,000,000.00) only for FYE 31 December 2016 and an aggregate audited profit after tax profit of Ringgit Malaysia Fifty One Million (RM51,000,000.00) for three years from FYE 31 December 2015 to 2017, net of any reversal or adjustment in subsequent years.

Based on the financial statements of MB Max for the FYE 31 December 2015 and 2016, MB Max recorded an aggregate profit after tax of approximately RM31.4 million. Accordingly, there is a differential sum, i.e. excess of RM0.4 million, as compared to the aggregate guaranteed profit for FYE 31 December 2015 and 2016 of RM31.0 million. The directors are of the opinion that it is not required for MBWGB to demand for payment as there is no shortfall as at FYE 31 December 2016.

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by				Principal activities
		Company		Subsidiary		
		2016	2015	2016	2015	
Subsidiaries of the Company						
Emas Kiara Marketing Sdn. Bhd.	Malaysia	**100%**	100%	**–**	–	Trading and installation of geosynthetic products and general contracting.
Emas Kiara Marketing & Engineering Sdn. Bhd. (Formerly known as Noblecorp Lands (Pahang) Sdn. Bhd.)	Malaysia	**100%**	100%	**–**	–	Trading of industrial fabrics and geosynthetic products.
Emas Kiara Properties Sdn. Bhd.	Malaysia	**100%**	100%	**–**	–	Investment holding.
Noblecorp Capital Sdn. Bhd.*	Malaysia	**100%**	100%	**–**	–	Trading and fabrication of woven industrial packaging.
Noblecorp Sdn. Bhd.	Malaysia	**100%**	100%	**–**	–	Investment holding.
MB World Builders Sdn. Bhd.	Malaysia	**100%**	–	**–**	–	Dormant.
MB World Trading Sdn. Bhd.	Malaysia	**100%**	–	**–**	–	Dormant.
Emas Kiara Electrical Sdn. Bhd.	Malaysia	**–**	90%	**–**	–	Trading of lighting products, electrical components and engineering and contracting services.
Kiaratex Exports Pte. Ltd.*	Malaysia (Incorporated in Singapore)	**–**	100%	**–**	–	Sales and marketing of geosynthetic products and materials to international market.
Noblecorp Builders Sdn. Bhd.	Malaysia	**–**	100%	**–**	–	General contracting work and trading.
Subsidiary of Emas Kiara Properties Sdn. Bhd.						
MB Max Sdn. Bhd.	Malaysia	**–**	–	**100%**	100%	Property Development.

* *Subsidiaries not audited by Messrs. Crowe Horwath*

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7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The recoverable amounts of the cash-generating units are determined using the fair value less costs to sell approach, and this is derived from the net assets position of the respective subsidiaries as at end of the reporting period. During the financial year, the Company has carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses, no impairment losses being recognised as the recoverable amounts of these loss making subsidiaries are still higher than the investment costs. In previous financial year, a total impairment losses of RM1,657,823, representing the write-down of the investments to their recoverable amounts, was recognised in "Other Expenses" line item of the statements of profit or loss and other comprehensive income.

The non-controlling interests at the end of the reporting period comprised the following:

	THE GROUP	
	2016 RM	2015 RM
Emas Kiara Electrical Sdn. Bhd.	–	181,601

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests is not presented as the non-controlling interests are not material to the Group.

8. INVESTMENT IN AN ASSOCIATE

	THE GROUP	
	2016 RM	2015 RM
Unquoted shares, at cost	–	15,120
Share of post acquisition profit	–	230
	–	15,350
Accumulated impairment losses	–	(13,104)
	–	2,246

(a) During the financial year, the Group disposed of 20,000 ordinary shares of RM1 each representing 20% equity interest in INESA, for a total cash consideration of RM15,000. Consequently, INESA ceased to be an associate of MBWGB.

(b) The summarised financial information for INESA in the previous financial year is not presented as the associate is not material to the Group.

9. GOODWILL

	THE GROUP	
	2016	**2015**
	RM	**RM**
Cost:		
At 1 January	**4,160,547**	–
Acquisition of a subsidiary (Note 28)	**–**	4,160,547
At 31 December	**4,160,547**	4,160,547

(a) The carrying amount of goodwill is allocated to MB Max.

(b) The recoverable amount of a cash-generating unit is determined based on value-in-use calculations using cash flow projections based on the financial budget approved by management.

The key assumptions used for value-in-use calculations are as follows:

Gross margin : 37.6% (2015 – 43%)
Growth rate : 12.8% (2015 – 10%)
Discount rate : 9.7% (2015 – 10%)

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is approximate to the gross margin achieved in the year immediately before the budgeted year.

(ii) Growth rate

Based on on-going projects.

(iii) Discount rate

The discount rate used is based on the weighted average cost of capital.

Sensitivity to changes in assumptions

The management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the goodwill to be materially higher than its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
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10. OTHER INVESTMENTS

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Redeemable Convertible Preference Shares (“RCPS”) (Note 10.1)	**–**	–	**–**	–
Club membership (Note 10.2)	**50,000**	50,000	**–**	–
	50,000	50,000	**–**	–

10.1 Redeemable Convertible Preference Shares (“RCPS”)

	THE COMPANY	
	2016 RM	2015 RM
At cost	**14,000,000**	14,000,000
Less: Accumulated impairment losses	**(14,000,000)**	(14,000,000)
	–	–
Accumulated impairment losses:		
At 1 January/31 December	**14,000,000**	14,000,000

MBWGB had subscribed for 14,000,000 redeemable convertible preference shares (“RCPS”) of RM1 each issued by Emas Kiara Marketing Sdn. Bhd. (“EKM”) through the capitalisation of advances made to EKM amounting to RM14,000,000.

The investment in the above unquoted share is designated as available-for-sale financial assets but are stated at cost as its fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

The Company assessed the recoverable amount of the unquoted share and determined that an impairment loss of RM14,000,000 be recognised as the recoverable amount was lower than the carrying amount. The recoverable amount of the cash-generating unit is determined using the fair value less costs to sell approach, and this is derived from the net assets position of the subsidiary as at end of the reporting period.

10.2 Club membership

	THE GROUP	
	2016 RM	2015 RM
At cost	**50,000**	50,000

The club membership is designated as available-for-sale financial asset.

11. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM (Restated)	2016 RM	2015 RM
Non Current				
Retention monies due and receivables	–	279,219	–	–
Current				
Trade				
Third parties	**38,805,486**	31,836,316	–	–
Related parties	**10,805,244**	–	–	–
Contract assets (Note 12)	**7,308,193**	25,252,762	–	–
	56,918,923	57,089,078	–	–
Non-trade				
Subsidiaries	–	–	**51,207,123**	49,819,694
Other receivables	**1,117,005**	1,310,506	–	45,706
Deposits	**143,468**	189,687	**10,500**	10,500
Prepayments	**1,641,170**	1,251,222	**9,282**	5,771
Goods and services tax receivable	**23,467**	–	–	–
	2,925,110	2,751,415	**51,226,905**	49,881,671
Less: Allowance for impairment losses				
- Trade	**(6,353,263)**	(6,960,722)	–	–
- Non-trade	**(286,057)**	–	**(2,578,103)**	(2,578,103)
	(6,639,320)	(6,960,722)	**(2,578,103)**	(2,578,103)
	53,204,713	52,879,771	**48,648,802**	47,303,568

	THE GROUP		THE COMPANY	
Allowance for impairment losses:				
At 1 January	**6,960,722**	6,788,232	**2,578,103**	3,644,781
Addition during the financial year	**1,280,760**	927,849	–	–
Reversal of allowance for impairment losses	**(836,159)**	(755,359)	–	(1,066,678)
Disposal of subsidiaries	**(750,536)**	–	–	–
Written off during the financial year	**(15,467)**	–	–	–
At 31 December	**6,639,320**	6,960,722	**2,578,103**	2,578,103

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) The normal credit terms granted by the Group range from 30 to 120 days (2015 – 30 to 120 days).

(b) Included in trade receivables of the Group are retention sums amounting to RM2,582,507 (2015 – RM3,722,076).

(c) The amounts owing by subsidiaries are unsecured, interest-free and are repayable on demand.

12. CONTRACT ASSETS/(LIABILITIES)

	THE GROUP	
	2016	**2015**
	RM	**RM**
Net carrying amount of contract assets is analysed as follows:		
At 1 January	**23,951,057**	(433,585)
Acquisition of a subsidiary (Note 28)	**–**	23,048,736
Disposal of subsidiaries (Note 29)	**427,650**	–
Property development and construction revenue recognised on performance obligation during the financial year	**116,893,262**	19,202,980
Less: Billings during the financial year	**(134,045,877)**	(17,867,074)
At 31 December	**7,226,092**	23,951,057
Contract assets (Note 11)		
- construction contracts in progress (Note a)	**1,400,152**	3,186,387
- property development in progress (Note b)	**5,908,041**	22,066,375
	7,308,193	25,252,762
Contract liabilities (Note 20)		
- construction contracts in progress (Note c)	**(82,101)**	(1,301,705)
	7,226,092	23,951,057

(a) The amount represents consideration for construction services rendered but not billed at the end of the reporting period. This balance will be billed progressively in the future upon the fulfillment of contractual milestones.

(b) The amount represents the Group's rights to consideration for property development activities carried out but not billed at the end of the reporting period. This balance will be billed progressively in the future upon the fulfillment of contractual milestones notwithstanding the control of the properties under construction has not been transferred to house buyers.

(c) The amount represents excess of progress billings to construction contract customers over revenue recognised in profit or loss at the end of the reporting period.

13. PROPERTY DEVELOPMENT COSTS

	THE GROUP 2016 RM	THE GROUP 2015 RM
Land cost		
At 1 January	**20,000,000**	–
Acquisition of a subsidiary (Note 28)	**–**	20,000,000
At 31 December	**20,000,000**	20,000,000
Development costs		
At 1 January	**47,943,756**	–
Acquisition of a subsidiary (Note 28)	**–**	45,700,000
Incurred during the financial year	**48,930,602**	2,496,181
Amortisation of fair value	**(7,980,165)**	(252,425)
At 31 December	**88,894,193**	47,943,756
Cumulative costs	**108,894,193**	67,943,756
Less: Cumulative cost recognised in profit or loss		
At 1 January	**14,006,949**	–
Acquisition of a subsidiary (Note 28)	**–**	11,096,429
Recognised during the financial year	**58,274,985**	2,910,520
At 31 December	**72,281,934**	14,006,949
Carrying amount	**36,612,259**	53,936,807

The following expense has been included in the development costs:

	THE GROUP 2016 RM	THE GROUP 2015 RM
Interest expense	**69,903**	6,444

The land cost of RM20 million represents the development rights to construct and sell 273 units of residential serviced apartment on part of a piece of land located in Bandar Johor Bahru, Daerah Johor Bahru.

NOTES TO THE FINANCIAL STATEMENTS
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14. INVENTORIES

	THE GROUP	
	2016 RM	**2015 RM**
At cost		
Finished goods	**672**	207,680
At net realisable value		
Raw materials	**25,872**	25,871
Finished goods	**1,115,385**	1,529,710
	1,141,257	1,555,581
	1,141,929	1,763,261

Recognised in profit or loss

	THE GROUP 2016 RM	THE GROUP 2015 RM
Inventories recognised as cost of sales	**5,257,361**	15,048,444
Inventories written down	**38,355**	218,867
Write-back in value of inventories	**(40,555)**	(120,903)

15. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Cash and bank balances	**8,316,341**	1,200,111	**1,997,497**	801
Fixed deposits with licensed banks	**14,804,268**	20,670,614	**14,023,918**	17,298,629
	23,120,609	21,870,725	**16,021,415**	17,299,430

(a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.75 to 4.50% (2015 – 3.00 to 3.85%) per annum and 2.75 to 4.50% (2015 – 3.15 to 3.85%) per annum respectively. The fixed deposits have maturity periods ranging from 1 to 365 (2015 – 1 to 365) days.

(b) Included in the cash and bank balances of the Group is an amount of RM3,465,549 (2015 – RM367,885) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

15. CASH AND CASH EQUIVALENTS (CONT'D)

(c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	**8,316,341**	1,200,111	**1,997,497**	801
Fixed deposits with licensed banks	**14,804,268**	20,670,614	**14,023,918**	17,298,629
Bank overdraft (Note 18)	**(703,073)**	(1,708,794)	**–**	–
	22,417,536	20,161,931	**16,021,415**	17,299,430
Less: Fixed deposits pledged to licensed banks	**(302,460)**	(2,791,325)	**(302,460)**	(300,000)
Less: Fixed deposits with original maturity period of more than 3 months	**(2,796,169)**	–	**(2,015,819)**	–
	19,318,907	17,370,606	**13,703,136**	16,999,430

16. SHARE CAPITAL

	THE GROUP AND THE COMPANY			
	2016		2015	
Ordinary shares of RM0.50 each	Number of Shares	RM	Number of Shares	RM
Authorised:				
At 1 January	**100,000,000**	**50,000,000**	100,000,000	50,000,000
Creation during the financial year	**900,000,000**	**450,000,000**	–	–
At 31 December	**1,000,000,000**	**500,000,000**	100,000,000	50,000,000
Issued And Fully Paid:				
At 1 January	**91,859,900**	**45,929,950**	90,252,400	45,126,200
Employees' share options exercised	**–**	**–**	1,607,500	803,750
At 31 December	**91,859,900**	**45,929,950**	91,859,900	45,929,950

In the previous financial year, the Company increased its issued and paid-up share capital from 90,252,400 ordinary shares of RM0.50 each to 91,859,900 ordinary shares of RM0.50 each by shares issued pursuant to the exercise of Employee's Share Option Scheme of 1,607,500 ordinary shares of RM0.50 each at par. The new shares were issued for cash consideration. The new shares issued rank pari passu in all respects with the existing shares of the Company.

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17. RESERVES

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Non-distributable:				
Share premium (Note a)	**3,318,211**	3,318,211	**3,318,211**	3,318,211
Foreign currency translation reserve (Note b)	**(26,809)**	130,433	**–**	–
Other capital reserves (Note c)	**–**	749,998	**–**	–
	3,291,402	4,198,642	**3,318,211**	3,318,211
Distributable				
Retained earnings (Note d)	**44,956,726**	28,145,243	**18,986,829**	21,633,198
	48,248,128	32,343,885	**22,305,040**	24,951,409

(a) Share Premium

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

(b) Foreign Currency Translation Reserve

The currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. The reserve is not distributable by way of dividends.

(c) Other Capital Reserves

The other capital reserves related to reserve frozen as a result of bonus issue by a subsidiary created out of post-acquisition retained profits.

(d) Retained Earnings

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly any dividends distributed to the shareholders are not subject to tax.

18. BORROWINGS

	THE GROUP 2016 RM	2015 RM
Current liabilities		
Hire purchase payables (Note 18.1)	**205,081**	248,728
Term loans (Note 18.2)	**301,875**	395,289
Bank overdraft (Note 15 (c))	**703,073**	1,708,794
	1,210,029	2,352,811
Non-current liabilities		
Hire purchase payables (Note 18.1)	**349,363**	330,863
Term loans (Note 18.2)	**3,055,769**	4,244,511
	3,405,132	4,575,374
Total borrowings		
Hire purchase payables (Note 18.1)	**554,444**	579,591
Term loans (Note 18.2)	**3,357,644**	4,639,800
Bank overdraft (Note 15 (c))	**703,073**	1,708,794
	4,615,161	6,928,185

18.1 HIRE PURCHASE PAYABLES

	THE GROUP 2016 RM	2015 RM
Minimum hire purchase payments:		
- not later than 1 year	**228,420**	271,409
- later than 1 year and not later than 5 years	**379,885**	350,503
Total minimum hire purchase payments	**608,305**	621,912
Less: Future finance charges	**(53,861)**	(42,321)
	554,444	579,591

NOTES TO THE FINANCIAL STATEMENTS
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18. BORROWINGS (CONT'D)

18.1 HIRE PURCHASE PAYABLES (CONT'D)

	THE GROUP 2016 RM	THE GROUP 2015 RM
Current		
- not later than 1 year	**205,081**	248,728
Non-current		
- later than 1 year and not later than 5 years	**349,363**	330,863
	554,444	579,591

18.2 TERM LOANS

	THE GROUP 2016 RM	THE GROUP 2015 RM
Current		
- not later than 1 year	**301,875**	395,289
Non-current		
- later than 1 year and not later than 2 years	**460,862**	417,525
- later than 2 years and not later than 5 years	**1,168,576**	1,376,168
- later than 5 years	**1,426,331**	2,450,818
	3,055,769	4,244,511
	3,357,644	4,639,800

(a) The bank overdraft and term loans as at 31 December 2016 are secured by:

(i) a legal charge over the freehold land and buildings of the Group;
(ii) a pledge of certain fixed deposits belonged to the Group; and
(iii) a corporate guarantee of the Company.

(b) The above term loans bore floating rates with effective interest rates ranging from 4.67% to 5.85% (2015 – 4.13% to 5.85%).

(c) The bank overdraft bore effective interest rate of 4.35% (2015 – 7.85%)

19. DEFERRED TAX LIABILITIES

THE GROUP

	At 1.1.2016 RM	Recognised in profit or loss RM	At 31.12.2016 RM
Deferred tax liabilities			
Property, plant and equipment	**17,600**	**36,800**	**54,400**
Property development costs	**6,172,414**	**(3,784,742)**	**2,387,672**
	6,190,014	**(3,747,942)**	**2,442,072**
Deferred tax assets			
Unutilised business losses	**(478,000)**	**478,000**	**–**
	5,712,014	**(3,269,942)**	**2,442,072**

THE GROUP

	At 1.1.2015 RM	Acquisition of a subsidiary (Note 28) RM	Recognised in profit or loss RM	At 31.12.2015 RM
Deferred tax liabilities				
Property, plant and equipment	25,000	(6,700)	(700)	17,600
Property development costs	–	5,742,530	429,884	6,172,414
	25,000	5,735,830	429,184	6,190,014
Deferred tax assets				
Unutilised business losses	–	(442,100)	(35,900)	(478,000)
	25,000	5,293,730	393,284	5,712,014

THE COMPANY	**RM**
2016	
Deferred tax liabilities	
Property, plant and equipment	**25,000**
2015	
Deferred tax liabilities	
Property, plant and equipment	25,000

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20. TRADE AND OTHER PAYABLES

	THE GROUP 2016 RM	THE GROUP 2015 RM	THE COMPANY 2016 RM	THE COMPANY 2015 RM
Non-Current				
Retention monies due and payables	–	438,708	–	–
Current				
Trade				
Third parties	**10,596,610**	37,829,720	–	–
Related parties	**9,727,679**	49,045	–	–
Contract liabilities (Note 12)	**82,101**	1,301,705	–	–
	20,406,390	39,180,470	–	–
Non-trade				
Subsidiaries	–	–	**6,283,284**	5,659,329
Related parties	**5,785**	1,917,602	–	–
Other payables	**5,892,568**	15,220,616	**39,332**	75,399
Accruals	**613,091**	2,600,130	**102,660**	405,445
Deposits received	**1,781**	58,407	–	–
	6,513,225	19,796,755	**6,425,276**	6,140,173
	26,919,615	58,977,225	**6,425,276**	6,140,173

(a) The normal trade credit terms of trade payables range from 30 to 90 days (2015 – 30 to 90 days) from the date of the invoice.

(b) Included in the trade payables of the Group is the total retention sum amounting to RM7,711,077 (2015 – RM3,574,236). They are payable upon the expiry of the defect liabilities period of 18 months.

(c) The non-trade balances owing to subsidiaries and related parties are unsecured, interest free and repayable on demand.

21. REVENUE

The breakdown of revenue from contracts with customers is presented in Note 35.4 to the financial statements.

22. COST OF SALES

Included in cost of sales are the following:

	THE GROUP	
	2016	**2015**
	RM	**RM**
		(Restated)
Property development costs	**64,260,109**	2,910,520
Construction contract costs	**18,225,808**	23,840,648
Cost of inventories recognised	**5,226,860**	9,956,507
Others	**62,249**	56,719
	87,775,026	36,764,394

23. FINANCE COSTS

	THE GROUP	
	2016	**2015**
	RM	**RM**
		(Restated)
Interest expense:		
- bank overdraft	**67,925**	25,453
- hire purchase	**17,200**	20,398
- term loans	**149,074**	127,245
- trade financing	**–**	7,922
	234,199	181,018
Fair value adjustment on long term payables	**368,504**	–
Fair value adjustment on long term receivables	**–**	40,513
Commitment fee	**11,319**	16,758
Bank guarantee charges	**8,129**	34,595
	622,151	272,884

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

24. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting):

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Allowance for impairment losses on:				
- investments in subsidiaries	–	–	–	1,657,823
- receivables	1,212,805	606,076	–	–
Auditors' remuneration:				
- audit fees				
- current financial year	148,000	104,967	45,000	34,000
- underprovision in the previous financial year	1,730	2,720	–	–
- non-audit fees				
- Crowe Horwath in Malaysia	21,000	76,000	20,000	76,000
- overprovision in the previous financial year	(16,200)	–	(16,200)	–
Bad debts recovered	–	(85,448)	–	–
Bad debts written off	578,980	–	–	–
Depreciation of property, plant and equipment	596,475	341,643	30,201	25,541
Directors' remuneration:				
- fees	214,753	120,000	181,366	111,123
- other emoluments	1,289,961	1,325,549	37,000	23,500
Fair value adjustment on long term payables	–	(62,711)	–	–
Fair value adjustment on long term receivables	(326,701)	–	–	–
Interest income:				
- fixed deposits with licensed banks	(466,953)	(580,920)	(427,889)	(497,368)
- others	(81,371)	–	–	–
Inventories written down	19,446	48,974	–	–
Loss/(Gain) on disposal of:				
- property, plant and equipment	142,739	–	–	–
- investments in subsidiaries	–	–	298,442	(5,672,419)
Loss/(Gain) on foreign exchange:				
- realised	50,742	(38,731)	–	–
- unrealised	17,611	(247,739)	–	–
Property, plant and equipment written off (Note 6)	166,352	78,860	166,352	–
Rental of premises	300,110	279,475	9,404	16,125
Reversal of allowance for impairment losses on:				
- receivables	(804,055)	(550,147)	–	–
- amount owing by a subsidiary	–	–	–	(1,066,678)
Write-back in value of inventories	(40,555)	(120,903)	–	–

25. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Income tax expense:				
- Current financial year	**9,838,927**	15,010	**–**	–
- Overprovision in the previous financial year	**–**	(7,069)	**–**	–
Deferred tax expense:				
- Relating to origination or reversal of temporary differences	**(1,277,300)**	456,389	**–**	–
- Underprovision in the previous financial year	**2,400**	–	**–**	–
	8,564,027	464,330	**–**	–

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

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Profit/(Loss) before tax	**24,456,163**	(319,705)	**(2,646,369)**	3,879,736
Tax at the statutory tax rate of 24% (2015 – 25%)	**5,869,479**	(79,926)	**(635,129)**	969,934
Tax effects of:				
Non-allowable expenses	**2,590,287**	2,081,344	**738,025**	714,840
Non-taxable income	**(181,304)**	(1,795,019)	**(102,896)**	(1,684,774)
Deferred tax assets not recognised during the financial year	**305,165**	265,000	**–**	–
Utilisation of deferred tax assets previously not recognised	**(22,000)**	–	**–**	–
Overprovision of income tax expense in the previous financial year	**–**	(7,069)	**–**	–
Underprovision of deferred tax expense in the previous financial year	**2,400**	–	**–**	–
Income tax expense	**8,564,027**	464,330	**–**	–

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26. (LOSS)/PROFIT AFTER TAX FROM DISCONTINUED OPERATIONS

An analysis of the results of the discontinued operations is as follows:

	THE GROUP 2016 RM	THE GROUP 2015 RM
Revenue	**4,316,571**	16,990,662
Cost of sales	**(3,516,380)**	(14,165,088)
Gross profit	**800,191**	2,825,574
Other income	**66,586**	668,193
Distribution cost	**(163,329)**	(428,220)
Administrative expenses	**(1,512,756)**	(4,314,526)
Other expenses	**(65,819)**	(1,021,746)
Finance costs	**(63,518)**	(261,126)
Share of profit in an associate	**4,955**	230
Results from operating activities	**(933,690)**	(2,531,621)
Income tax expense	**–**	(7,400)
Results from operating activities, net of tax	**(933,690)**	(2,539,021)
Gain on disposal of discontinued operations	**831,175**	8,576,348
(Loss)/Profit after tax from discontinued operations	**(102,515)**	6,037,327
Attributable to:		
Owners of the Company	**(60,895)**	6,076,762
Non-controlling interests	**(41,620)**	(39,435)
(Loss)/Profit after tax from discontinued operations	**(102,515)**	6,037,327

26. (LOSS)/PROFIT AFTER TAX FROM DISCONTINUED OPERATIONS (CONT'D)

(a) Included in loss before tax from the discontinued operations are the following:

	THE GROUP	
	2016	**2015**
	RM	**RM**
Allowance for impairment losses on receivables	**67,955**	321,773
Auditors' remuneration:		
- current financial year	**13,500**	63,003
- underprovision in the previous financial year	**–**	4,000
Depreciation of property, plant and equipment	**86,389**	266,972
Directors' remuneration:		
- non-fee emoluments	**464,244**	1,023,742
Fair value adjustment on long term payables	**(9,501)**	(5,602)
Fair value adjustment on long term receivables	**–**	(40,286)
Interest expense:		
- bank overdraft	**–**	50,845
- hire purchase	**3,992**	15,805
- term loans	**35,899**	79,960
- trade financing	**6,206**	20,380
Interest income:		
- fixed deposits with licensed banks	**(16,888)**	(34,134)
Inventories written down	**18,909**	169,893
Loss/(Gain) on disposal of:		
- property, plant and equipment	**–**	14,417
- investments in subsidiaries	**(823,376)**	(8,576,348)
- investments in an associate	**(7,799)**	–
Loss on foreign exchange:		
- realised	**1,365**	2,103
- unrealised	**3,297**	10,761
Rental of premises	**58,327**	130,651
Reversal of allowance for impairment losses on receivables	**(32,104)**	(205,212)
Staff costs	**1,131,568**	2,468,971

(b) The cash flows attributable to the discontinued operations are the following:

	THE GROUP	
	2016	**2015**
	RM	**RM**
Net cash for operating activities	**(254,229)**	(1,401,419)
Net cash from/(for) investing activities	**194,068**	(3,391,750)
Net cash (for)/from financing activities	**(256,391)**	3,399,126
Net cash for discontinued operations	**(316,552)**	(1,394,043)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

27. EARNINGS/(LOSS) PER SHARE

	THE GROUP	
	2016	**2015**
Continued operations		
Profit/(Loss) attributable to owners of the Company (RM)	**15,892,136**	(784,035)
Number of shares at 1 January	**91,859,900**	90,252,400
Effect of exercise of ESOS	**–**	1,550,315
Weighted average number of ordinary shares in issue	**91,859,900**	91,802,715
Basic earnings/(loss) per share (Sen)	**17.30**	(0.85)
Discontinued operations		
(Loss)/Profit attributable to owners of the Company (RM)	**(60,895)**	6,076,762
Number of shares at 1 January	**91,859,900**	90,252,400
Effect of exercise of ESOS	**–**	1,550,315
Weighted average number of ordinary shares in issue	**91,859,900**	91,802,715
Basic (loss)/earnings per share (Sen)	**(0.07)**	6.62

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to basic earnings/(loss) per share

28. ACQUISITION OF A SUBSIDIARY (FYE 31 DECEMBER 2015)

On 15 September 2015, a wholly-owned subsidiary of the Company, Emas Kiara Properties Sdn. Bhd. acquired 100% equity interests in MB Max Sdn. Bhd. The acquisition of this subsidiary is to enable the Group to expand its business into property development.

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

	THE GROUP 2015 RM
Equipment	2,579
Property development cost	54,603,571
Contract assets	23,048,736
Current tax assets	2,000,000
Deposits and prepayments	49,363
Cash and bank balances	735,970
Trade payables and accruals	(34,307,036)
Deferred tax liabilities	(5,293,730)
Net identifiable assets and liabilities	40,839,453
Add: Goodwill on acquisition (Note 9)	4,160,547
Total purchase consideration	45,000,000
Less: Cash and bank balances of the subsidiary acquired	(735,970)
Total purchase consideration, to be settled by cash	44,264,030

(a) The goodwill is attributable mainly to the control premium paid. In addition, the purchase consideration also included benefits derived from the expected revenue growth of the subsidiary and, its future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for tax purposes.

(b) The subsidiary has contributed revenue of RM4,890,046 and profit after tax of RM1,164,375 to the Group since the date of acquisition.

If the acquisition was effective at the beginning of the current financial year, the Group's revenue and profit after tax for the current financial year would have been RM20,015,940 and RM4,696,706 respectively.

(c) Except as disclosed in Note 37, there were no acquisitions of new subsidiaries in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
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29. DISPOSAL OF SUBSIDIARIES

During the financial year, the Company disposed of its entire equity interest in Noblecorp Builders Sdn. Bhd., Emas Kiara Electrical Sdn. Bhd. and Kiaratex Exports Pte. Ltd.

In previous financial year, the Company disposed of its entire equity interest in Emas Kiara Sdn. Bhd., Noblecorp Lands Sdn. Bhd., Noblecorp Property (Sabah) Sdn. Bhd., Noblecorp Construction Sdn. Bhd., and Noblecorp Engineering Sdn. Bhd. The Group also partially disposed of its equity interest in Inesa Sdn. Bhd.

The financial effects of the disposal at the date of disposal are summarised below:

	THE GROUP		THE COMPANY	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Investment in subsidiaries	**–**	–	**3,043,670**	6,000,000
Property, plant and equipment	**3,612,805**	5,349,150	**–**	–
Land held for property development	**–**	30,009,952	**–**	–
Property development cost	**–**	376,921	**–**	–
Inventories	**1,037,777**	–	**–**	–
Trade receivables	**3,922,897**	–	**–**	–
Other receivables	**3,249,256**	3,241,968	**–**	–
Contract assets	**575,292**	–	**–**	–
Amount owing by related companies	**403,797**	656,363	**–**	–
Fixed deposits with licensed banks	**1,504,309**	–	**–**	–
Cash and bank balances	**274,160**	1,379,189	**–**	–
Trade payables	**(1,441,902)**	–	**–**	–
Other payables	**(5,172,939)**	(832,685)	**–**	–
Contract liabilities	**(1,002,942)**	–	**–**	–
Amount owing to related companies	**(2,585,322)**	(9,127,090)	**–**	–
Borrowings	**(2,315,355)**	(975,762)	**–**	–
Fair value of retained interests in an associate	**–**	(2,016)	**–**	–
Non-controlling interest	**(139,981)**	(17,852)	**–**	–
Carrying amount of net assets disposed of	**1,921,852**	30,058,138	**3,043,670**	6,000,000
Add: Gain/(Loss) on disposal of subsidiaries	**823,376**	8,576,348	**(298,442)**	5,672,419
Consideration received, satisfied in cash	**2,745,228**	38,634,486	**2,745,228**	11,672,419
Less: Cash and bank balances of subsidiaries disposed of	**(1,778,469)**	(403,427)	**–**	–
Net cash inflow from the disposal of subsidiaries	**966,759**	38,231,059	**2,745,228**	11,672,419

30. EMPLOYEE BENEFITS

	THE GROUP	
	2016	2015
	RM	RM
Salaries, wages, bonuses and allowances	**2,608,681**	3,619,877
Defined contribution plan	**253,016**	419,515
Other employee benefits	**(5,889)**	11,680
	2,855,808	4,051,072

31. CAPITAL COMMITMENT

	THE GROUP	
	2016	2015
	RM	RM
Capital expenditure contracted but not provided for:		
- property, plant and equipment	**133,510**	3,103,900

32. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unsecured				
Performance bond issued in favour of third parties for contract work undertaken by the Group	**252,448**	4,678,272	**–**	–
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	**–**	–	**7,137,000**	13,915,800

NOTES TO THE FINANCIAL STATEMENTS
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33. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere, in the financial statements, the Group has related party relationships with its directors, significant investors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following significant transactions with the related parties during the financial year:

	THE GROUP	
	2016 RM	2015 RM
Companies of which certain directors or their family members have substantial financial interests		
Contractor – Building works paid/payable	**43,246,460**	–
Contractor – Built-in furniture, loose furniture and electrical appliances	**1,731,637**	–
Sales of property units	**17,373,936**	–
Family members of certain directors		
Sales of property units	**3,697,735**	–

34. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) The key management personnel compensation during the financial year are as follows:

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors				
Directors of the Company				
Short term employee benefits				
- fees				
- Executive	**–**	8,877	**–**	–
- Non-executive	**181,366**	111,123	**181,366**	111,123
- salaries, bonuses and other benefits				
- Executive	**484,620**	1,130,000	**–**	–
- Non-executive	**37,000**	23,500	**37,000**	23,500
Defined contribution plans	**47,280**	121,700	**–**	–
Benefits-in-kind	**–**	50,349	**–**	–
	750,266	1,445,549	**218,366**	134,623
Directors of the Subsidiaries				
Short term employee benefits				
- fees	**33,387**	–	**–**	–
- salaries, bonuses and other benefits	**646,019**	–	**–**	–
Defined contribution plans	**75,042**	–	**–**	–
	754,448	–	**–**	–
Total directors' remuneration	**1,504,714**	1,445,549	**218,366**	134,623
Other key management personnel				
Short term employee benefits	**–**	819,253	**–**	–
Defined contribution plans	**–**	86,964	**–**	–
Benefit-in-kind	**–**	16,326	**–**	–
Total compensation for other key management personnel	**–**	922,543	**–**	–

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34. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:

	THE COMPANY 2016	2015
	Number of Directors	
Executive Directors		
RM50,000 – RM100,000	**1**	–
RM100,001 – RM150,000	**1**	1
RM150,001 – RM200,000	**2**	–
RM500,001 – RM550,000	**–**	1
RM650,001 – RM700,000	**–**	1
Non-executive Directors		
Below RM50,000	**2**	3
RM100,001 – RM150,000	**1**	–

35. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as its chief operating decision makers in order to allocate resources to segments and to assess their performance on a quarterly basis. For the management purposes, the Group is organised into the following business segments based on their products and services as follows:

Property Development	:	Developing property projects and leasing of properties.
Geosynthetic Engineering	:	Trading, marketing and installation of geosynthetic products and technical fabrics for technical, engineering and industrial applications.
Others	:	General trading, investment holding, property investment holding and provision of management services.

The reportable segments have changed from the previous reporting period due to the disposal of subsidiaries as disclosed in Note 7 to the financial statements.

(a) The Executive Directors assesses the performance of the reportable segments based on operating profit or loss. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Borrowings and investment related activities are managed on a group basis and are not allocated to operating segments.

(b) Segment assets and liabilities information are not included in the internal management reports. Hence, no disclosure is made on segment assets and liabilities.

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS

THE GROUP |------------------------- Continuing Operations -------------------------|

2016	Property Development RM	Geosynthetic Engineering (Trading & Installation) RM	Others RM	Elimination RM	Total RM	Discontinued Operations RM	Total RM
Revenue							
External sales	96,501,267	26,179,471	16,280	–	122,697,018	4,316,570	127,013,588
Inter-segment sales	–	–	14,603	(14,603)	–	–	–
Total	96,501,267	26,179,471	30,883	(14,603)	122,697,018	4,316,570	127,013,588
Results							
Segment results	29,322,066	(1,671,398)	(2,557,751)	(14,603)	25,078,314	(38,997)	25,039,317
Finance costs					(622,151)	(63,518)	(685,669)
Income tax expense					(8,564,027)	–	(8,564,027)
Consolidated profit/ (loss) after tax					15,892,136	(102,515)	15,789,621
Included in segments results are:							
Allowance for impairment losses on receivables	–	(1,212,805)	–	–	(1,212,805)	(67,955)	(1,280,760)
Bad debts written off	–	(578,980)	–	–	(578,980)	–	(578,980)
Depreciation of property, plant and equipment	(74,868)	(391,552)	(130,055)	–	(596,475)	(86,389)	(682,864)
Loss on disposal of property, plant and equipment	–	(142,739)	–	–	(142,739)	–	(142,739)
Property, plant and equipment written off	–	–	(166,352)	–	(166,352)	–	(166,352)
Inventories written down	–	(19,446)	–	–	(19,446)	(18,909)	(38,355)
Reversal of allowance for impairment loss on receivables	–	804,055	–	–	804,055	32,104	836,159
Write-back in value of inventories	–	40,555	–	–	40,555	–	40,555

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

THE GROUP	I------------------------- Continuing Operations -------------------------I						
2015	Property Development RM	Geosynthetic Engineering (Trading & Installation) RM	Others RM	Elimination RM	Total RM	Discontinued Operations RM	Total RM
Revenue							
External sales	4,890,045	34,369,770	4,672,156	–	43,931,971	16,990,662	60,922,633
Inter-segment sales	–	77,336	–	(77,336)	–	–	–
Total	4,890,045	34,447,106	4,672,156	(77,336)	43,931,971	16,990,662	60,922,633
Results							
Segment results	1,620,764	2,469,659	(4,137,244)	–	(46,821)	6,305,853	6,259,032
Finance costs					(272,884)	(261,126)	(534,010)
Income tax expense					(464,330)	(7,400)	(471,730)
Consolidated (loss)/profit after tax					(784,035)	6,037,327	5,253,292
Included in segments results are:							
Allowance for impairment losses on receivables	–	(606,076)	–	–	(606,076)	(321,773)	(927,849)
Depreciation of property, plant and equipment	(3,977)	(83,090)	(254,576)	–	(341,643)	(266,972)	(608,615)
Inventories written down	–	(48,974)	–	–	(48,974)	(169,893)	(218,867)
Loss on disposal of property, plant and equipment	–	–	–	–	–	(14,417)	(14,417)
Property, plant and equipment written off	–	–	(78,860)	–	(78,860)	–	(78,860)
Reversal of allowance for impairment loss on receivables	–	550,147	–	–	550,147	205,212	755,359
Write-back in value of inventories	–	–	120,903	–	120,903	–	120,903

35. OPERATING SEGMENTS (CONT'D)

35.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

	REVENUE	
	2016 RM	2015 RM
Domestic	**127,013,588**	54,756,069
India	**–**	6,166,564
	127,013,588	60,922,633

The information for non-current assets by geographical segments is not presented as the non-current assets are located in Malaysia.

35.3 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

35.4 DISAGGREGATION OF REVENUE FROM CONTINUING OPERATIONS

Revenue from contracts with customers is disaggregated by primary geographical market, major products/services lines and timing of revenue recognition as below:

2016	Property Development RM	Geosynthetic Engineering (Trading & Installation) RM	Others RM	THE GROUP RM
Major Products and Services				
Property development	**96,501,267**	**–**	**–**	**96,501,267**
Geosynthetic and related products	**–**	**26,179,471**	**–**	**26,179,471**
Others	**–**	**–**	**16,280**	**16,280**
	96,501,267	**26,179,471**	**16,280**	**122,697,018**
Timing of Revenue Recognition				
At a point of time	**–**	**5,787,476**	**16,280**	**5,803,756**
Over time	**96,501,267**	**20,391,995**	**–**	**116,893,262**
	96,501,267	**26,179,471**	**16,280**	**122,697,018**

Revenue from contracts with customers disaggregated by primary geographical market is not presented for FYE 31 December 2016 as it is generated predominantly from Malaysia only.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. OPERATING SEGMENTS (CONT'D)

35.4 DISAGGREGATION OF REVENUE FROM CONTINUING OPERATIONS (CONT'D)

Revenue from contracts with customers is disaggregated by primary geographical market, major products/services lines and timing of revenue recognition as below (Cont'd):

2015	Property Development RM	Geosynthetic Engineering (Trading & Installation) RM	Others RM	THE GROUP RM
Primary Geographical Markets				
Malaysia	4,890,045	28,203,206	4,672,156	37,765,407
India	–	6,166,564	–	6,166,564
	4,890,045	34,369,770	4,672,156	43,931,971
Major Products and Services				
Property development	4,890,045	–	–	4,890,045
Geosynthetic and related products	–	34,369,770	–	34,369,770
Others	–	–	4,672,156	4,672,156
	4,890,045	34,369,770	4,672,156	43,931,971
Timing of Revenue Recognition				
At a point of time	–	8,257,060	4,672,156	12,929,216
Over time	4,890,045	26,112,710	–	31,002,755
	4,890,045	34,369,770	4,672,156	43,931,971

36. FINANCIAL INSTRUMENTS

36.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to practice value creation for shareholders whilst practices the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to foreign currency risk, liquidity risk, interest rate risk and credit risk. Information on the management of the related exposures is detailed below.

(a) Market risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar, Singapore Dollar and Indian Rupee. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:

Foreign Currency Exposure

THE GROUP **2016**	**United States Dollar RM**	**Indian Rupee RM**
Financial Assets		
Trade and other receivables	**1,227,370**	**–**
Cash and cash equivalents	**161,819**	**–**
	1,389,189	**–**
Financial Liabilities		
Trade and other payables	**827,546**	**308,400**
Net financial assets/(liabilities)	**561,643**	**(308,400)**
Currency exposure	**561,643**	**(308,400)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

THE GROUP 2015	United States Dollar RM	Singapore Dollar RM	Indian Rupee RM
Financial Assets			
Trade and other receivables	1,878,935	2,066,515	–
Cash and cash equivalents	–	18,151	108,859
	1,878,935	2,084,666	108,859
Financial Liabilities			
Trade and other payables	1,279,255	1,718,552	415,257
Borrowings	–	2,190,709	–
	1,279,255	3,909,261	415,257
Net financial assets/(liabilities)	599,680	(1,824,595)	(306,398)
Less: Net financial liabilities denominated in the respective entities' functional currencies	–	1,824,595	–
Currency exposure	599,680	–	(306,398)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the profit/loss after tax and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio of mix of fixed and floating rate borrowings.

The Group obtains its external financing through long-term and short-term borrowings which are based on floating rates. The Group actively reviews its borrowings in order to access to cheaper funding in a low interest rate environment.

The Group's fixed rate receivables, borrowings and fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit/loss after tax and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables and cash and cash equivalents. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an on-going basis. For cash and cash equivalents, the Group seek to ensure that cash assets are invested safely and profitably by assessing counterparty risks and allocating placement limits for various creditworthy financial institutions. As for derivative financial instruments, the Group enters into the contracts with various reputable counterparties to minimise the credit risks. The Group considers the risk of material loss in the event of non-performance by the above parties to be unlikely. The Group's maximum exposure to credit risk is equal to the carrying value of those financial instruments.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Group provides both performance guarantee to third parties for contract works undertaken by certain subsidiaries and corporate guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the progress of these contract works to ensure that the agreed terms of the contract works are duly fulfilled by the subsidiaries. The Company also monitor the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Exposure To Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis

THE GROUP	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2016				
Not past due	**16,340,918**	**–**	**–**	**16,340,918**
Retention monies receivables	**3,115,145**	**(481,778)**	**(139,887)**	**2,493,480**
Past due:				
- less than 3 months	**16,109,698**	**–**	**–**	**16,109,698**
- 3 to 6 months	**4,853,872**	**–**	**–**	**4,853,872**
- more than 6 months	**1,461,345**	**–**	**–**	**1,461,345**
- more than 1 year	**7,729,752**	**(4,974,915)**	**(756,683)**	**1,998,154**
	49,610,730	**(5,456,693)**	**(896,570)**	**43,257,467**
2015				
Not past due	10,233,472	–	–	10,233,472
Retention monies receivables	3,357,369	(481,778)	(196,180)	2,679,411
Past due:				
- less than 3 months	4,338,093	–	–	4,338,093
- 3 to 6 months	2,941,731	–	–	2,941,731
- more than 6 months	1,934,940	–	(10,317)	1,924,623
- more than 1 year	9,309,930	(4,974,915)	(1,297,532)	3,037,483
	32,115,535	(5,456,693)	(1,504,029)	25,154,813

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis (Cont'd)

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

Property Development Segment

The management is of the opinion that the recoverability of the amount owed by the purchasers is dully recoverable, due to the following reasons:

(1) the transfer of the property to the purchaser is subject to the full payment of the outstanding amount;

(2) most of the purchasers have end financing arrangements, and payments are slow because of the credit processes of the end financiers; and

(3) in the event the sale is terminated for non-payment, the Group will be able to recover the property.

Other Segments

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

THE GROUP	Note	Contractual Interest %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2016							
Non-derivative Financial Liabilities							
Hire purchase payables	18.1	**2.38 – 4.94**	**554,444**	**608,305**	**228,420**	**379,885**	**–**
Term loans	18.2	**4.67 – 5.85**	**3,357,644**	**4,169,328**	**301,875**	**2,220,633**	**1,646,820**
Bank overdraft	18	**4.35**	**703,073**	**703,073**	**703,073**	**–**	**–**
Trade and other payables (excluding contract liabilities)	20	**6.59**	**26,837,514**	**26,837,514**	**26,837,514**	**–**	**–**
			31,452,675	**32,318,220**	**28,070,882**	**2,600,518**	**1,646,820**
2015							
Non-derivative Financial Liabilities							
Hire purchase payables	18.1	2.38 – 3.52	579,951	621,912	271,409	350,503	–
Term loans	18.2	4.13 – 5.85	4,639,800	5,845,320	632,803	2,521,849	2,690,668
Bank overdraft	18	7.85	1,708,794	1,708,794	1,708,794	–	–
Trade and other payables (excluding contract liabilities)	20	6.59	58,114,228	58,114,228	57,675,520	438,708	–
			65,042,773	66,290,254	60,288,526	3,311,060	2,690,668

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

THE COMPANY	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2016			
Non-derivative Financial Liabilities			
Other payables and accruals	**6,425,276**	**6,425,276**	**6,425,276**
2015			
Non-derivative Financial Liabilities			
Other payables and accruals	6,140,173	6,140,173	6,140,173

36.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

There was no change in the Group's approach to capital management during the financial year.

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

36. FINANCIAL INSTRUMENTS (CONT'D)

36.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Financial Assets				
Available-for-sale Financial Assets				
Club membership (Note 10)	**50,000**	50,000	**–**	–
Loans and Receivables Financial Assets				
Trade and other receivables (excluding contract assets, prepayments and GST receivable) (Note 11)	**44,231,883**	26,655,006	**48,639,520**	47,297,797
Cash and cash equivalents (Note 15)	**23,120,609**	21,870,725	**16,021,415**	17,299,430
	67,352,492	48,525,731	**64,660,935**	64,597,227
Financial Liabilities				
Other Financial Liabilities				
Trade and other payables (excluding contract liabilities) (Note 20)	**26,837,514**	58,114,228	**6,425,276**	6,140,173
Borrowings (Note 18)	**4,615,161**	6,928,185	**–**	–
	31,452,675	65,042,413	**6,425,276**	6,140,173

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

36. FINANCIAL INSTRUMENTS (CONT'D)

36.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:

THE GROUP	Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
2016					
Financial Assets					
Other investment - Club membership	**–**	**70,000**	**–**	**70,000**	**50,000**
Financial Liabilities					
Hire purchase payables	**–**	**558,641**	**–**	**558,641**	**554,444**
Term loans	**–**	**3,357,644**	**–**	**3,357,644**	**3,357,644**
2015					
Financial Assets					
Other investment - Club membership	–	85,000	–	85,000	50,000
Financial Liabilities					
Hire purchase payables	–	571,054	–	571,054	579,591
Term loans	–	4,639,800	–	4,639,800	4,639,800

(a) The fair values of hire purchase payables and term loans are determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 15 April 2016, the Company entered into a conditional share sale agreement with KFCSB for the proposed acquisition of 400,000 ordinary shares, representing the entire equity interest, in Cocoa Valley Development Sdn. Bhd. ("Proposed Acquisition") for a consideration of RM76.0 million to be satisfied via the issuance of approximately 65.5 million new ordinary shares of RM0.50 each in the Company ("Consideration Share") at an issue price of RM1.16 per Consideration Share.

38. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 18 January 2017, the Company had completed the abovementioned Proposed Acquisition in Note 37 to the financial statements.

39. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:

THE GROUP	**As previously reported RM**	**Reclassification RM**	**As restated RM**
Statements Financial Position (Extract):			
NON-CURRENT ASSETS			
Trade and other receivables	2,679,411	(2,400,192)	279,219
CURRENT ASSETS			
Trade and other receivables	50,479,579	2,400,192	52,879,771
NON-CURRENT LIABILITIES			
Trade and other payables	3,146,017	(2,707,309)	438,708
CURRENT LIABILITIES			
Trade and other payables	56,269,916	2,707,309	58,977,225

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

39. COMPARATIVE FIGURES (CONT'D)

The following figures have been reclassified to conform with the presentation of the current financial year:

THE GROUP	As previously reported RM	Reclassification RM	As restated RM
Statements of Profit or Loss and Other Comprehensive Income (Extract):			
Continued operations			
REVENUE	60,261,932	(16,329,961)	43,931,971
COST OF SALES	(50,522,717)	13,758,323	(36,764,394)
OTHER INCOME	1,712,759	(468,596)	1,244,163
DISTRIBUTION COSTS	(1,037,209)	426,767	(610,442)
ADMINISTRATIVE EXPENSES	(8,218,701)	3,160,039	(5,058,662)
OTHER EXPENSES	(3,637,733)	848,276	(2,789,457)
FINANCE COSTS	(479,236)	206,352	(272,884)
SHARE OF PROFIT IN AN ASSOCIATE	230	(230)	–
TAX EXPENSE	(471,730)	7,400	(464,330)
Discontinued operations			
PROFIT AFTER TAX FROM DISCONTINUED OPERATIONS	7,645,697	(1,608,370)	6,037,327

SUPPLEMENTARY **INFORMATION**

40. DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

	THE GROUP		THE COMPANY	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Total retained profits of the Company and its subsidiaries:				
- realised	**26,428,028**	6,646,955	**19,011,829**	21,658,198
- unrealised	**(1,936,387)**	(5,475,036)	**(25,000)**	(25,000)
	24,491,641	1,171,919	**18,986,829**	21,633,198
Less: Consolidation adjustments	**20,465,085**	26,973,324	**–**	–
At 31 December	**44,956,726**	28,145,243	**18,986,829**	21,633,198

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

1. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the Company's External Auditors and a firm affiliated to the External Auditors' firm by the Group and the Company for Financial Year Ended 2016 ("FY2016") are as follows:

	Fees (RM)	
Audit Services	**Company**	**Group**
Audit fees	45,000	148,000
Non-audit fees	75,058	81,812
Total	**120,058**	**229,812**

2. Material Contract

Save as disclosed below, there is no material contracts entered with the Company and/or subsidiaries involving directors' and/or major shareholders' interest:

On 15 April 2016, the MB World Group Berhad ("MBWG") entered into a conditional share sale agreement with Kim Feng Capital Sdn. Bhd. ("KF Capital"), a major shareholder of MBWG for the proposed acquisition of 400,000 ordinary shares, representing the entire equity interest, in Cocoa Valley Development Sdn. Bhd. ("CV Development") for a consideration of RM76.0 million to be satisfied via the issuance of 65,517,241 new ordinary shares of RM0.50 each in the Company ("Consideration Share") at an issue price of RM1.16 per Consideration Share.

On 18 January 2017, MBWG had completed the acquisition of CV Development following the fulfilment of all the SSA's Conditions Precedent as stated in the Proposed Acquisition and approved by the shareholders on 7 September 2016 and the issuance of 3,750,000 Consideration Shares in respect of the First Payment to KF Capital. Following the acquisition, CV Development became a subsidiary of MBWG.

The second payment to be satisfied by the issue of 61,767,241 Consideration Shares is expected to be completed 6 months after the issuance of the first payment on 18 January 2017.

3. Recurrent Related Party Transactions of a Revenue or Trading Nature

At its Annual General Meeting held on 25 May 2016 and Extraordinary General Meeting held on 7 September 2016, the Company obtained two mandate from its shareholders for the Company and its subsidiaries to enter into Recurrent Related Party Transactions.

Pursuant to Paragraph 10.09(2)(b) and Section 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of the transactions conducted pursuant to the mandate during the FY2016 are disclosed in Note 33 on page 108 of this Annual Report.

The company will be seeking renewal of the shareholders' mandate for Recurrent Related Party Transactions and a new shareholders mandate for new Recurrent Related Party Transactions at the forthcoming Annual General Meeting to be convened on 22 May 2017.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2016

Registered Owner	Location	Approximate Land Area/ Built-up Area	Description/ Existing Use	Tenure	Date of Acquisition	Net Book Value as at 31.12.2016 (RM)	Age of Building (Years)
Noblecorp Capital Sdn. Bhd.	Lot 58917 No. 3422 Jalan Pekeliling Tanjung 27/1 Kawasan Perindustrian Indahpura 81000 Kulaijaya Johor	2,801.2 sq m (Land) 1,236 sq m (Building)	Single storey detached factory with double storey office	Freehold	18.12.2012 (Date of Sale & Purchase Agreement)	814,041 (Land) 2,330,632 (Building)	4

The Group does not have a policy on revaluation of landed properties and neither has the Group re-valued its land properties during the Financial Year Ended 31 December, 2016.

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 31 MARCH 2017

Issued and fully paid up capital	:	RM47,804,950-00 comprised of 95,609,900 ordinary shares fully paid
Class of shares	:	Ordinary shares
Voting rights	:	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS ACCORDING TO STATISTICAL SUMMARY OF THE RECORD OF DEPOSITORS AS AT 31 MARCH 2017

Size of Shareholdings	No. of Shareholders (Unit)	No. of Shares held (Unit)	Percentage (%)
Less than 100 shares	9	399	0.0004
100 to 1,000 shares	163	126,927	0.1327
1,001 to 10,000 shares	282	1,331,149	1.3923
10,001 to 100,000 shares	155	5,818,624	6.0858
100,001 to less than 5% of issued shares	57	39,573,801	41.3909
5% and above of issued shares	1	48,759,000	50.9979
TOTAL	667	95,609,900	100.0000

LIST OF 30 LARGEST SHAREHOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 31 MARCH 2017

No.	Name of Shareholders	No. of Shares Held (Unit)	Percentage (%)
1	KIM FENG CAPITAL SDN BHD	48,759,000	50.9979
2	SHIYA SDN BHD	4,432,150	4.6357
3	PLUS AMBER SDN BHD	4,333,600	4.5326
4	HANA SENTOSA SDN BHD	3,618,000	3.7841
5	LEONG MEI FOONG	2,990,000	3.1273
6	EMLINK TRADING SDN BHD	2,827,000	2.9568
7	SIM SEE KIONG	1,644,000	1.7195
8	NG KOK BOON	1,500,000	1.5689
9	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HING SOH TEE (E-JBU)	1,492,700	1.5612
10	SEE CHII WEI	1,220,456	1.2765
11	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOCHEW HOLDING SDN BHD	1,055,000	1.1034
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	1,000,000	1.0459
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAW SIEW HOOI (E-TSA)	954,000	0.9978
14	NGSINAR SDN BHD	929,000	0.9717

No.	Name of Shareholders	No. of Shares Held (Unit)	Percentage (%)
15	CINDI SIM	920,000	0.9622
16	CHEONG HUI SHEAN	895,600	0.9367
17	PEE PHEK YEN	895,600	0.9367
18	WONG WENG HO	547,800	0.5730
19	FAN CHUEN YEE	540,000	0.5648
20	YEO CHIN KIANG	434,900	0.4549
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW CHOO KIANG	413,000	0.4320
22	FAN CHUEN YEE	400,000	0.4184
23	HO LI HUA	335,700	0.3511
24	TEE KOK SUAH	325,000	0.3399
25	CHANG TAI TECK	300,000	0.3138
26	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW MENG HEAN (J DEDAP-CL)	273,000	0.2855
27	WONG WENG HO	262,800	0.2749
28	KWUN YOUNG HWAN	260,200	0.2721
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH SIEW LIN (E-TMR)	259,000	0.2709
30	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD (HOUSE ACCOUNT)	253,800	0.2655
	TOTAL	84,071,306	87.9317

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 31 MARCH 2017

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2017

(As per Register of Substantial Shareholders)

		I---------------------------- No. of Shares Held ----------------------------I			
No.	**Name of Shareholders**	**Direct Interest (Unit)**	**Percentage (%)**	**Deemed Interest (Unit)**	**Percentage (%)**
1	KIM FENG CAPITAL SDN BHD	48,770,000	51.0094	-	-
2	CINDI SIM	920,000	0.9622	48,770,000*	51.0094
3	SIMON SIM YOW YUNG	-	-	48,770,000*	51.0094

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2017

(As per Register of Directors' Shareholdings)

		I---------------------------- No. of Shares Held ----------------------------I			
No.	**Name of Directors**	**Direct Interest (Unit)**	**Percentage (%)**	**Deemed Interest (Unit)**	**Percentage (%)**
1	CINDI SIM	920,000	0.9622	48,770,000*	51.0094
2	SIMON SIM YOW YUNG	-	-	48,770,000*	51.0094
3	NG LIANG KHIANG	-	-	2,429,000^	2.5405
4	WONG YEAN NI	-	-	-	-
5	DATO' IKMAL HAJIZ BIN HASHIM	-	-	-	-
6	CHONG JIUN SHYANG	-	-	-	-
7	PANG SIEW HENG	-	-	-	-

* Deemed interest by virtue of her/his interest in shares held by Kim Feng Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

^ Deemed interest by virtue of his interest in NgSinar Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 and 1,500,000 shares held by his son pursuant to Section 59 (11)(c) of the Companies Act, 2016.

NOTICE OF
18TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 18th Annual General Meeting of MB WORLD GROUP BERHAD (formerly known as Emas Kiara Industries Berhad) will be held at the Hibiscus Room, Amansari Residence Resort, Jalan Persiaran Seri Alam, Bandar Seri Alam, 81750 Johor Bahru, Johor on Monday, the 22nd day of May, 2017 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the Financial Year Ended 31 December 2016 ("FY2016") together with the Reports of the Directors and Auditors thereon. (See Explanatory Note 1)

2. To re-elect the following Directors retiring by rotation pursuant to Article 114 of the Company's Constitution.
   - MR. SIMON SIM YOW YUNG — ORDINARY RESOLUTION 1
   - MR. PANG SIEW HENG — ORDINARY RESOLUTION 2

3. To approve the payment of Directors' Fees of RM201,000 (FY2016: RM181,366) for the Financial Year Ending 31 December 2017 ("FY2017"). ORDINARY RESOLUTION 3

4. To approve and ratify the payment of Directors' Benefits for the period commencing from 31 January 2017 up to the date of the next Annual General Meeting. ORDINARY RESOLUTION 4 (See Explanatory Note 2)

5. To re-appoint Messrs Crowe Horwath as Auditors of the Company for the FY2017 and to authorise the Directors to fix their remuneration. ORDINARY RESOLUTION 5

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:

6. *ORDINARY RESOLUTION*
   PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS MANDATE FOR RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

   "**THAT** approval be and is hereby given for the Proposed Renewal of the Shareholders' Mandate and Proposed New Shareholders' Mandate for MB WORLD GROUP BERHAD (formerly known as Emas Kiara Industries Berhad) Group of Companies to enter into the category of recurrent transactions of a revenue or trading nature falling within the nature of transactions set out in the table in Section 2.3 of the Circular to Shareholders dated 27 April 2017 with the related parties falling within the classes of persons set out in Section 2.2 in the Circular, such transactions which are necessary for the Group's day-to-day operations and carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders. ORDINARY RESOLUTION 6

   AND THAT the authority conferred by such Mandate shall continue to be in force until:

   (a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by resolution passed at the meeting, the authority is renewed;

   (b) the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 340 of the Companies Act, 2016 (but must not extend to such extension as may be allowed pursuant to Section 340 (4) of the Companies Act, 2016); or

NOTICE OF 18TH ANNUAL GENERAL MEETING

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

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to this Ordinary Resolution."

7. *ORDINARY RESOLUTION*
AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 75 AND 76 OF THE COMPANIES ACT, 2016

"**THAT** pursuant to Section 75 and 76 of the Companies Act, 2016, the Directors be and are hereby empowered to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company at any point of time and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." ORDINARY RESOLUTION 7

8. To transact any other business for which due notice shall have been given in accordance with the Company's constitution and/or the Companies Act, 2016.

BY ORDER OF THE BOARD

LEE WEE HEE (MAICSA 0773340)
POW JULIET (MAICSA 7020821)
Secretaries

Date : 27 April 2017

NOTES :

1. This Agenda item is meant for discussion only and do not require a formal approval of the shareholders and hence, is not put forward for voting.

2. <u>Directors' Benefits</u>
The Directors' benefits comprise of meeting allowance of RM500 per meeting and RM1,000 for outstation travelling expenses payable to each Non-Executive Director, where applicable, for their attendance of Board and Committee meetings.

PROXY :

i. Pursuant to Section 334 of the Companies Act, 2016, a member shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.

ii. A member may appoint more than one (1) proxy to attend the meeting provided that the member specifies the proportion of the members' shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.

iii. Where a Member of the Company is an Authorised Nominee as defined under the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account. Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

iv. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation under its common seal or hand of its attorney duly authorised. A proxy may, but need not be a member of the Company. A Member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy.

v. The instrument appointing a proxy and the power of attorney shall be left at the office at Suite 5.11 & 5.12, 5th Floor, Menara TJB, No. 9, Jalan Syed Mohd Mufti, 80000 Johor Bahru, Johor Darul Takzim at least forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of poll, otherwise the person so named shall not be entitled to vote in respect thereof and in default the instrument of proxy shall not be treated as valid. A Member shall not be precluded from attending and voting in person at any general meeting after lodging the instrument of proxy but such attendance shall automatically revoke the proxy's authority.

vi. In respect of deposited securities, only members whose names appear on the Record of Depositors on 16 May 2017, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Statement Regarding Effect of Resolutions under Special Business

ix Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature ("Proposed Shareholders' Mandate").
The Ordinary Resolution No. 6 proposed in Agenda 6 is to seek a renewal of the Shareholders' Mandate and new shareholders' Mandate to allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature and to enable the Company to comply with Paragraph 10.09, Part E of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The mandate will take effect from the date of passing the Ordinary Resolution until the next Annual General Meeting of the Company.

x. Authority to Allot and Issue Shares pursuant to Section 75 and 76 of the Companies Act, 2016.
The Ordinary Resolution No. 7 proposed in Agenda 7 is to seek a renewal of the general mandate to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration. As at date of the Notice, the Company has not issued any new shares under this general mandate.

VOTING BY POLL:

Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, all resolutions set out in this notice are to be voted by poll.

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PROXY FORM

MB WORLD GROUP
金鳳集團

MB WORLD GROUP BERHAD
(485144-H)
(formerly known as Emas Kiara Industries Berhad)

I/We ______________________________ (NRIC No. ______________________)

of (full address) ____

a member/members of MB WORLD GROUP BERHAD *(formerly known as Emas Kiara Industries Berhad)* hereby appoint

Name of Proxy *(Full Name)*	**NRIC No. / Passport No.**	**% of Shareholding to be Represented** *(Refer to Note ii)*
Address		

*and/or failing him/her

Name of Proxy *(Full Name)*	**NRIC No. / Passport No.**	**% of Shareholding to be Represented** *(Refer to Note ii)*
Address		

as *my/our proxy to vote for *me/us and on *my/our behalf at the 18th Annual General Meeting of the Company to be held on Monday, the 22nd day of May, 2017 at 10.00 a.m. held at the Hibiscus Room, Amansari Residence Resort, Jalan Persiaran Seri Alam, Bandar Seri Alam, 81750 Johor Bahru, Johor and at every adjournment thereof to vote as indicated below in respect of the following Resolutions:-

ORDINARY BUSINESS		FOR	AGAINST
Ordinary Resolution 1	Re-election of MR. SIMON SIM YOW YUNG		
Ordinary Resolution 2	Re-election of MR. PANG SIEW HENG		
Ordinary Resolution 3	Approval of Directors' Fee for Financial Year Ending 31-12-17		
Ordinary Resolution 4	To approve and ratify the payment of Directors' Benefits for the period commencing from 31 January 2017 up to the date of the next Annual General Meeting		
Ordinary Resolution 5	Re-appointment of Auditors		

SPECIAL BUSINESS		FOR	AGAINST
Ordinary Resolution 6	Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions		
Ordinary Resolution 7	Authority to allot and issue shares pursuant to Section 75 and 76 of the Companies Act, 2016		

(Please indicate with a "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

No. of shares held :	

Dated this ______ day of ______________ 2017.

____
Signature of member/s

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PROXY :

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POSTAGE

The Company Secretary
MB WORLD GROUP BERHAD
(Company No. 485144-H)

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5th Floor Menara TJB,
No. 9 Jalan Syed Mohd. Mufti,
80000, Johor Bahru,
Johor Darul Takzim.

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